



THOMAS WHITE FUNDS

CAPTURING VALUE WORLDWIDESM

THOMAS WHITE AMERICAN OPPORTUNITIES FUND (Ticker – TWAOX)

June 30, 2010

SECOND QUARTER 2010 COMMENTARY

After the sustained uptrend over the previous four quarters, U.S. domestic equity prices corrected during the second quarter of 2010. Volatility returned to equity markets as weaker than expected economic data led to fears about the durability of the recovery. Also weighing down domestic equities were restrictive regulatory proposals for the financial services and energy industries, in addition to weak sentiment across the broader global markets due to concerns about rising public debt. Nevertheless, the equity price recovery near the end of the second quarter indicates that most of the fears have subsided and investor sentiment has improved.

The Thomas White American Opportunities Fund returned -9.09% for the quarter ended June 30, 2010, outperforming the benchmark Russell Midcap Index, which returned -9.87%. The Fund returned +18.73%, -9.56%, -1.44% and +4.43% for the trailing one-, three-, five- and ten-year periods, respectively, while the benchmark returned 25.13%, -8.19%, +1.22% and +4.24% for the same periods. Since inception, the Fund has annualized +4.90% versus +6.10% for the benchmark.

Economic data reported during the review period have been less than encouraging. However, it should be noted that the U.S. economy continues to recover faster than any of the developed economies in Europe as well as Japan. Economic activity has shown sustained improvement for more than a year since spring 2009, though private demand has not recovered as quickly as expected. Most forecasters, including most recently the IMF, expect the domestic economy to expand by around 3% this year, which is not significantly below the long term average. There is nothing unusual about the uneven nature of current economic trends, as historically most recoveries have followed this pattern. Even the slower than expected recovery in the labor market should be viewed against the dramatic escalation in job losses during the recession. It is only to be expected that, after a deep recession, employers will be more guarded in new hiring, and thus, unemployment will likely remain high for a while. This will inevitably have a calming effect on consumer spending as income levels will remain unchanged, as is currently the case.

Portfolio Review

The Thomas White American Opportunities Fund is designed to outperform the benchmark during declining markets, such as those seen during the second quarter of 2010. As of the end of the review period, the Fund led the benchmark by 19 basis points in annualized returns over the 10-year period, but lagged the benchmark for other periods. Portfolio turnover was low during the quarter, as we believe the Fund is now well-positioned in terms of sector diversification.

During the second quarter, auto dealer **AutoNation, Inc.** (+7.9%) and auto component manufacturer **Wabco Holdings, Inc.** (+5.2%) added value as vehicle sales continued to rebound. Toys and games manufacturer **Hasbro, Inc.** (+7.4%) outperformed on reported buyout interest from private equity groups. The strong revenue outlook in select overseas markets lifted restaurant operator **Yum! Brands, Inc.** (+1.9%), while off-price and heavy discount retailers such as **BJ's Wholesale Club, Inc.** (+0.1%) and **Ross Stores, Inc.** (-0.3%) benefitted as consumers downshifted to value retailers in recent quarters. Healthcare REITs **Nationwide Health Properties, Inc.** (+1.8%) and **Ventas, Inc.** (-1.1%), commercial property REIT **Realty Income Corp** (-1.2%), as well as irrigation and landscaping equipment manufacturer **The Toro Company** (-0.1%) also returned more than the portfolio mean during the quarter.

Not surprisingly, several of the underperformers in the Fund's portfolio during the quarter were stocks that are exposed to discretionary consumer spending. They included ocean cruise line operator **Royal Caribbean Cruises Ltd.** (-31.0%), animation movies producer **DreamWorks Animation** (-27.5%), furniture and home appliance rental services provider **Aaron's, Inc.** (-23.2%), and manufacturer of recreation vehicles **Thor Industries, Inc.** (-21.4%). **Plains Exploration & Production Co.** (-31.3%), which has energy assets in the Gulf of Mexico, lost value on market fears about production restrictions after the recent oil rig accident in the region. Aerospace and defense

contractor **Alliant Techsystems, Inc.** (-23.7%) was affected by the government decision to abandon a major space program, while defense products and services provider **L-3 Communications Holdings, Inc.** (-22.7%) declined after losing a contract. Business communication services provider **Level 3 Communications Inc.** (-32.7%), industrial services company **Harsco Corp.** (-26.4%), as well as electronic storage devices maker **Western Digital Corp.** (-22.6%) also lost value during the quarter.

Outlook

We believe that apprehensions about a double-dip recession are likely exaggerated. While select economic indicators have slowed in recent months, in our opinion, several other factors remain supportive of continued economic expansion. It is worth mentioning that the moderation in demand growth in important sectors is mostly because the uplifting effect of stimulus measures has eased. However, unlike several developed countries in Europe, the U.S. administration remains convinced that fiscal tightening at this point will hurt the recovery. Though the policy options are limited because of the high fiscal deficit, it is likely that the government will be inclined to sustain higher public spending.

Consumer price inflation has been weak over the last year, despite the robust recovery, and is forecasted to remain subdued. This will allow the Federal Reserve to maintain low interest rates for a longer period. Even if the Fed starts tightening its monetary policy later this year or early next year, interest rates will still be significantly lower than the long term average. Besides, the increased demand for U.S. securities due to global financial uncertainties has kept yields very low. As a result, long term mortgages and corporate debt are very attractively priced. The larger banks have started easing lending standards for better rated borrowers, while a recent Fed survey indicates that loan conditions for small businesses are not getting any tighter.

Most sectors are now enjoying strong earnings expansion, though top line growth is relatively subdued in select sectors. Despite the recent dollar appreciation, global demand for American goods has not declined, as evidenced by the positive export growth in May. Further, the sustained growth in imports this year suggests that domestic demand continues to revive. The proposed regulatory restrictions for the banking, financial services, and energy sectors will likely lead to a more subdued earnings outlook for those sectors. However, in our opinion, the effect of the proposed restrictions is unlikely to be as severe as feared. Also, the earnings drag from the proposed regulations has mostly been factored into the current valuations for these sectors.

Finally, as the earnings recovery has been impressive in recent quarters, the cash available at American firms is now the highest in several decades. While part of the cash surpluses will be returned to shareholders through stock repurchases, businesses are in a better position to finance capacity expansions without further equity dilution. In our opinion, the high cash levels may also lead to increased mergers and acquisitions in the future.

Thank you for staying invested in the Thomas White American Opportunities Fund. We are confident that equities will deliver superior long term returns and we remain committed to helping you achieve your investment goals.

Thomas White Emerging Markets Fund (Ticker: TWEMX) Launched June 28, 2010

We at Thomas White are pleased to announce the addition of the Thomas White Emerging Markets Fund to the Thomas White Funds Family. The Emerging Markets Fund will invest primarily in securities of companies located in or whose businesses are closely associated with the world's emerging markets countries. The new fund will offer investors an opportunity to gain increased exposure to equity assets in some of the fastest growing economies in the world. As global economic power shifts to the large emerging economies, we believe firms in these markets are likely to enjoy better growth opportunities in the future.



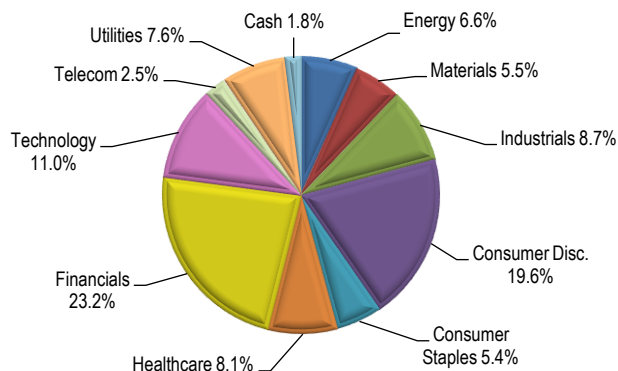
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PORTFOLIO WEIGHTINGS (As of 6/30/10)



TOP TEN HOLDINGS (As of 6/30/10)

Company	Industry	Weight
Assurant Inc	Insurance	2.76%
Oil States International Inc	Energy	2.63%
Realty Income Corp	Financial Diversified	2.25%
Yum! Brands Inc	Services	2.17%
Reynolds American Inc	Consumer Staple	2.12%
Ventas Inc	Financial Diversified	2.00%
Commerce Bancshares Inc	Banking	1.98%
Hasbro Inc	Services	1.80%
Health Care Reit Inc	Financial Diversified	1.77%
Watson Pharmaceutical	Health Care	1.76%

Top 10 Holdings Weight: 21.24%
Total Number of Holdings: 88

YEARLY TOTAL RETURNS^{1,2}

Year	TWAOX	Russell Midcap Index
2010 YTD	-2.42%	-2.06%
2009	21.41%	40.48%
2008	-36.55%	-41.46%
2007	5.04%	5.60%
2006	10.49%	15.26%
2005	8.76%	12.65%
2004	20.11%	20.22%
2003	34.55%	40.05%
2002	-9.89%	-16.19%
2001	6.12%	-5.62%
2000	5.24%	8.25%

PORTFOLIO CHARACTERISTICS (As of 6/30/10)

	TWAOX	Russell Midcap Index*
P/E (Excluding Neg. Earnings)	14.6x	16.6x
P/E IBES FY1	13.0x	13.8x
Price/Book	1.6x	1.8x
Dividend Yield	2.2%	1.7%
5yr Earning Growth	13.5%	5.8%
PEG Ratio	1.1x	2.9x
Wtd Avg Mkt Cap	\$6.17B	\$6.09B
Wtd Median Mkt Cap	\$5.02B	\$5.53B
Turnover (1 year)	73.99%	-

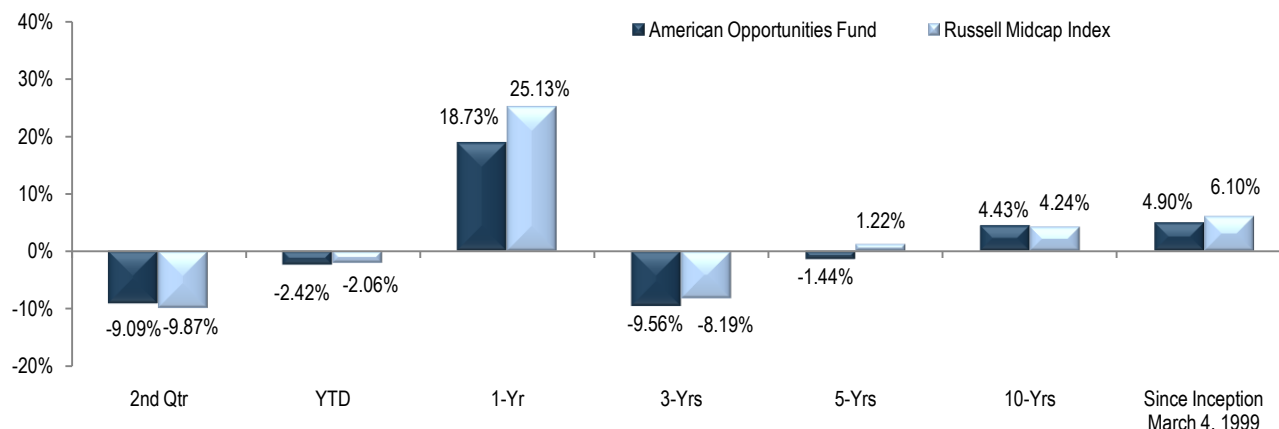
Market Cap Exposure

Large Cap (over \$15 billion)	7.61%
Mid Cap (\$1.75-\$15 billion)	86.36%
Small Cap (under \$1.75 billion)	6.03%

*Source: Bank of New York Mellon Corp

AVERAGE ANNUAL RETURNS^{1,2}

(As of 6/30/10)



Performance data is based upon past performance, which is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data quoted. Please call 1-800-811-0535 to obtain performance data as of the most recent month-end.

1. Total return includes reinvestment of dividends and capital gains and reflects fee waivers/reimbursements, in the absence of which total returns would have been lower. You should consider the investment objectives, risks, charges and expenses of the Fund before investing. For a prospectus containing this and other information, please call 1-800-811-0535 or visit the Fund's website at www.thomaswhite.com.

2. The Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which measures the performance of the 1,000 largest US companies based on total market capitalization. The index is unmanaged and returns assume the reinvestment of dividends. It is not possible to invest directly in an index.



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FUND FACTS

Ticker Symbol:	TWAOX
CUSIP:	543917306
Benchmark:	Russell Midcap Index
Inception Date:	3/4/99
Minimum Initial Investment:	Non-Retirement Plan \$2,500 Retirement Plan \$1,000
Redemption Fee:	2% within first 60 calendar days

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FEES AND EXPENSES¹

Gross Expenses	1.74%
Less reimbursement	<u>(0.39%)</u>
Net Expenses	1.35%

PORTFOLIO MANAGER

THOMAS S. WHITE, JR. The Funds' President and Portfolio Manager



Mr. White is the founder and Chairman of Thomas White International, Ltd., and the President and Portfolio Manager of the Thomas White Funds.

Mr. White has over 40 years of investment experience, commencing in 1966 when he began his career at Goldman Sachs after graduating from Duke University. He was an officer of Lehman Brothers and later worked for Blyth Eastman Dillon. As Managing Director of Morgan Stanley, Mr. White was the CIO for the institutional value style portfolios and funds at Morgan Stanley Asset Management for 14 years.

Mr. White, as head of the firm's Global Investment Team, is responsible for the management of the firm's domestic, international and global portfolios. The Global Investment Team is supported by the firm's security analysts who produce investment research covering nearly 4,500 companies in over 45 countries around the world.

THOMAS WHITE INTERNATIONAL FIRM OVERVIEW

Thomas White International employs a relative value methodology and analyzes companies based on a very broad set of fundamental criteria. Its disciplined investment approach has been successful in adding considerable value through security selection, independent of the value added from emerging markets exposure.

The firm was established to spread its investment research across multiple domestic and international equity classes. Thomas White International manages separate accounts in six primary equity styles, which share a common value investment philosophy and process. These equity styles include U.S. Large-Cap, U.S. Mid-Cap, U.S. Small-Cap, International, Emerging Markets and Global Equities.

The firm's portfolios are typically built with 40 – 150 securities, depending on the equity style, and exhibit moderate tracking error. Despite the firm's emphasis on relative valuation, all portfolios are designed to maintain a style- neutral orientation.

Organization

Thomas White International, a Chicago-based asset management and equity research firm founded in 1992, had \$1.02 billion in assets under management as of June 30, 2010. The firm is employee-owned with significant concentration of ownership among the most senior investment professionals, and fosters a strong investment culture, while maintaining high standards of compliance and commitment.

All of the firm's employees are invested in its products. However, employees are restricted from investing in individual securities. Investment professionals may earn part of their total compensation through bonuses. Bonuses are based on each individual's overall contribution to the firm.

Investment Process

Thomas White International is well-known for having a research-driven culture, as its data intensive, fundamental research serves as the foundation of the firm's investment process.

The firm performs its global equity research on a stock universe of over 4,500 developed and emerging market companies based on industry/country specific sub-universe valuation groups. Through these sub-groups, the firm's analysts perform quantitative investment research on the most attractively valued securities, including an assessment of accounting and management.

Following the analysts' quantitative research and assessment, companies are then grouped into rankings based on their expected relative returns.

The most attractive companies are then subject to additional qualitative analysis, where the team focuses on the quality of accounting and management. Securities are purchased if the qualitative analysis verifies the portfolio manager's assessment that the stock will return to fair value.

Given the firm's bottom-up orientation, position weightings are primarily the result of research ranking strength. This may cause a portfolio to vary in terms of sector and country exposures when compared to its benchmark. Typically, this deviation is more pronounced for country weightings than for sector allocation.

For the International and Global Equity products, the portfolio manager maintains the latitude to invest in emerging market equities, which have proven to be a notable source of performance.

1. Gross Expenses are based on the most recent prospectus. The Advisor has agreed to reimburse the American Opportunities Fund to the extent that the Fund's total operating expenses exceed 1.35% of the Fund's average daily net assets during the current fiscal year. In the absence of this reimbursement, performance would have been lower.



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