

**LORD ASSET MANAGEMENT TRUST**

**THOMAS WHITE INTERNATIONAL FUND**

**INVESTOR CLASS: TWWDX CLASS I: TWWIX**

**THOMAS WHITE EMERGING MARKETS FUND**

**INVESTOR CLASS: TWEMX CLASS I: TWIIX**

**THOMAS WHITE AMERICAN OPPORTUNITIES FUND**

**INVESTOR CLASS: TWAOX**

**STATEMENT OF ADDITIONAL INFORMATION**

**MARCH 1, 2019**

**This Statement of Additional Information dated March 1, 2019 is not a prospectus. It should be read in conjunction with the Prospectus of the *Thomas White International Fund*, *Thomas White Emerging Markets Fund*, and *Thomas White American Opportunities Fund* dated March 1, 2019, which may be obtained without charge upon request to:**

**THOMAS WHITE FUNDS FAMILY  
c/o U.S. Bank Global Fund Services  
P.O. Box 701  
Milwaukee, Wisconsin 53201  
Telephone: 1-800-811-0535**

This Statement of Additional Information incorporates by reference financial statements of the Funds from the Funds' most recent annual and semi-annual reports to shareholders. You can obtain a copy of this report by calling 1-800-811-0535.

## TABLE OF CONTENTS

<u>GENERAL INFORMATION AND HISTORY</u>	1
<u>INVESTMENT OBJECTIVES AND POLICIES</u>	1
<u>Equity Securities—Common and Preferred Stock</u>	1
<u>Convertible Securities</u>	2
<u>Repurchase Agreements</u>	2
<u>Loans of Portfolio Securities</u>	3
<u>Temporary Investments and Cash Management</u>	3
<u>Debt Securities</u>	3
<u>Futures Contracts</u>	5
<u>Options on Securities, Indices and Futures</u>	6
<u>Foreign Currency Hedging Transactions</u>	8
<u>Depository Receipts</u>	10
<u>Foreign Securities</u>	10
<u>Brady Bonds</u>	14
<u>Illiquid and Restricted Investments or Securities</u>	15
<u>Other Investment Companies</u>	16
<u>Real Estate Investment Trust</u>	16
<u>Borrowing</u>	17
<u>Cybersecurity</u>	17
<u>Investment Restrictions</u>	18
<u>Additional Restrictions</u>	20
<u>DISCLOSURE OF PORTFOLIO HOLDINGS</u>	20
<u>MANAGEMENT OF THE TRUST</u>	23
<u>Board Leadership Structure</u>	25
<u>Trustee Qualifications</u>	25
<u>Board Oversight of Risk Management</u>	26
<u>Board Committees</u>	27
<u>Ownership of Securities</u>	27
<u>Board Compensation</u>	29
<u>PRINCIPAL SHAREHOLDERS</u>	29
<u>INVESTMENT MANAGEMENT SERVICES</u>	32
<u>Investment Management Agreement</u>	32
<u>Management Fees</u>	33
<u>The Advisor</u>	35
<u>Other Accounts Managed</u>	35
<u>Conflicts of Interest</u>	35

<u>Compensation</u>	36
<u>Code of Ethics</u>	36
<u>Proxy Voting Policies and Procedures</u>	36
<u>OTHER SERVICES</u>	39
<u>Distribution Services</u>	39
<u>Administrative Services Plan – (Investor Class Shares)</u>	39
<u>Business Management Services</u>	40
<u>Administrative and Accounting Services</u>	40
<u>Securities Lending Activities</u>	41
<u>Transfer Agent</u>	42
<u>Custodians</u>	42
<u>Legal Counsel</u>	42
<u>Independent Registered Public Accounting Firm</u>	42
<u>Reports to Shareholders</u>	42
<u>BROKERAGE ALLOCATION</u>	43
<u>Trading Policies</u>	45
<u>PURCHASE, REDEMPTION AND PRICING OF SHARES</u>	45
<u>TAX STATUS</u>	46
<u>Tax Aspects of Each Fund</u>	47
<u>Distributions</u>	48
<u>Original Issue Discount and Market Discount</u>	49
<u>Passive Foreign Investment Companies</u>	49
<u>Foreign Taxes</u>	50
<u>Section 1256 Contracts</u>	51
<u>Constructive Sales</u>	52
<u>Foreign Currency</u>	52
<u>Sales, Exchanges, and Redemptions of Shares</u>	53
<u>Backup Withholding</u>	53
<u>Foreign Shareholders</u>	54
<u>Redemption Fee</u>	54
<u>DESCRIPTION OF SHARES</u>	55
<u>FINANCIAL STATEMENTS</u>	55

## GENERAL INFORMATION AND HISTORY

The *Thomas White International Fund* (“International Fund”), *Thomas White Emerging Markets Fund* (“Emerging Markets Fund”) and *Thomas White American Opportunities Fund* (“American Opportunities Fund”) (together, the “Funds”) are each diversified series of Lord Asset Management Trust (the “Trust”), an open-end, management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”). The Trust is a Delaware statutory trust organized on February 9, 1994. The Funds are the Trust’s only series of shares and are advised by ***Thomas White International, Ltd.*** (the “Advisor” or “TWI”), an investment advisor registered with the Securities and Exchange Commission (“SEC”).

## INVESTMENT OBJECTIVES AND POLICIES

Each Fund’s principal investment strategies and the risks associated with the same are described in the “Fund Summary” and “More Information about the Funds” sections of the Prospectus. The following discussion provides additional information about those principal investment strategies and related risks, as well as information about investment strategies (and related risks) that a Fund may utilize, even though they are not considered to be “principal” investment strategies. Accordingly, an investment strategy (and related risk) that is described below, but which is not described in a Fund’s Prospectus, should not be considered to be a principal strategy (or related risk) applicable to that Fund.

### **Equity Securities—Common and Preferred Stock**

The Funds may invest in common stock. Common stock represents an equity (ownership) interest in a company, and usually possesses voting rights and earns dividends. Dividends on common stock are not fixed but are declared at the discretion of the issuer. Common stock generally represents the riskiest investment in a company. In addition, common stock generally has the greatest appreciation and depreciation potential because increases and decreases in earnings are usually reflected in a company’s stock price.

The Funds may invest in preferred stock. Preferred stock is a class of stock having a preference over common stock as to the payment of dividends and the recovery of investment should a company be liquidated, although preferred stock is usually junior to the debt securities of the issuer. Preferred stock typically does not possess voting rights and its market value may change based on changes in interest rates.

The fundamental risk of investing in common and preferred stock is the risk that the value of the stock might decrease. Stock values fluctuate in response to the activities of an individual company or in response to general market and/or economic conditions. Historically, common stocks have provided greater long-term returns and have entailed greater short-term risks than preferred stocks, fixed-income and money market investments. The market value of all securities, including common and preferred stocks, is based upon the market’s perception of value and not necessarily the book value of an issuer or other objective measures of a company’s worth. If you invest in a Fund, you should be willing to accept the risks of the stock market and should consider an investment in the Fund only as a part of your overall investment portfolio.

## **Convertible Securities**

The Funds may invest in convertible securities. The Funds also may also invest in U.S. or foreign securities convertible into foreign common stock. Convertible securities include debt securities, preferred stock or other securities that may be converted into or exchanged for a given amount of common stock of the same or a different issuer during a specified period and at a specified price in the future. A convertible security entitles the holder to receive interest on debt or the dividend on preferred stock until the convertible security matures or is redeemed, converted or exchanged.

Convertible securities rank senior to common stock in a company's capital structure but are usually subordinated to comparable nonconvertible securities. Convertible securities have unique investment characteristics in that they generally: (1) have higher yields than common stocks, but lower yields than comparable non-convertible securities; (2) are less subject to fluctuation in value than the underlying stocks since they have fixed income characteristics; and (3) provide the potential for capital appreciation if the market price of the underlying common stock increases. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security is called for redemption, a Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party.

Investment in convertible securities generally entails less risk than an investment in the issuer's common stock. Convertible securities are typically issued by smaller capitalization companies whose stock price may be volatile. Therefore, the price of a convertible security may reflect variations in the price of the underlying common stock in a way that nonconvertible debt does not. The extent to which such risk is reduced, however, depends in large measure upon the degree to which the convertible security sells above its value as a fixed income security.

## **Repurchase Agreements**

Repurchase agreements are contracts under which the buyer of a security simultaneously commits to resell the security to the seller at an agreed-upon price and date. The repurchase price will reflect an agreed upon rate of interest not tied to the coupon rate of the underlying security. Under the 1940 Act, repurchase agreements are considered to be loans collateralized by the underlying security. Under a repurchase agreement, the seller is required to maintain the value of the securities subject to the repurchase agreement at not less than their repurchase price plus accrued interest. The Advisor will monitor the value of such securities daily to determine that the value equals or exceeds the repurchase price. However, if the seller should default on its obligation to repurchase the underlying security, the Funds may experience delay or difficulty in exercising their rights to realize upon the security and might incur a loss if the value of the security declines, as well as costs in liquidating the security. The Funds will enter into repurchase agreements only with parties who meet creditworthiness standards approved by the Board of Trustees (the "Board"), i.e., banks or broker-dealers which have been determined by the Advisor to present no serious risk of becoming involved in bankruptcy proceedings within the

time frame contemplated by the repurchase transaction. Although the Funds may enter into repurchase agreements without limitation, they have no present intention of doing so.

### **Loans of Portfolio Securities**

The International Fund and the Emerging Markets Fund may lend to banks and broker-dealers portfolio securities with an aggregate market value of up to one-third of its total assets (including collateral received with respect to loans of portfolio securities). Such loans must be secured by collateral (consisting of any combination of cash, U.S. Government securities or irrevocable letters of credit) in an amount at least equal (on a daily marked-to-market basis) to the current market value of the securities loaned. The Funds retain all or a portion of the interest received on investment of the cash collateral or receive a fee from the borrower. The Funds may terminate the loans at any time and obtain the return of the securities loaned. The Funds will continue to receive any interest or dividends paid on the loaned securities. The Funds will continue to be able to exercise voting rights with respect to the securities by recalling the securities in order to regain the right to vote the securities. In the event that the borrower defaults on its obligations to return borrowed securities, because of insolvency or otherwise, a Fund could experience delays and costs in gaining access to the loaned securities and could suffer a loss to the extent that the value of the collateral falls below the market value of the borrowed securities.

### **Temporary Investments and Cash Management**

The Funds may, because of adverse market conditions, decide to take a temporary defensive position. Each Fund may invest up to 100% of its total assets in the following instruments:

1. Short-term (less than 12 months to maturity) and medium-term (not greater than 5 years to maturity) obligations issued or guaranteed by either the U.S. Government or the governments of foreign countries or their agencies;
2. Finance company and corporate commercial paper;
3. Demand notes;
4. Other short-term obligations;
5. Obligations of banks (including certificates of deposit, time deposits and bankers' acceptances);
6. Repurchase agreements with banks and broker-dealers with respect to the above listed securities;
7. Money market funds; or
8. Cash or cash equivalents.

The Funds may also invest in such instruments for purposes of cash management.

### **Debt Securities**

Bonds and other debt instruments are methods for an issuer to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest, and must repay the

amount borrowed at maturity. Debt securities have varying degrees of quality and varying levels of sensitivity to changes in interest rates.

The Funds may invest in debt securities which are rated in any rating category by Moody's Investors Service, Inc. ("Moody's") or by Standard & Poor's Ratings Services ("S&P"), or which are not rated by Moody's or S&P. With respect to the International Fund and American Opportunities Fund only, as an operating policy, which may be changed without shareholder approval, each Fund will not invest or hold more than 5% of its net assets in debt securities rated Baa or lower by Moody's or BBB or lower by S&P or, if unrated, are of equivalent investment quality as determined by the Advisor. Such securities are not considered to be "investment grade" and are sometimes referred to as "junk bonds." The Board may consider a change in this operating policy on behalf of the International Fund and American Opportunities Fund if, in its judgment, economic conditions change such that a higher level of investment in high risk, lower-quality debt securities would be consistent with the interests of a Fund and its shareholders. High risk, lower-quality debt securities are considered to be speculative with respect to the issuer's ability to pay interest and repay principal.

The market value of debt securities generally varies in response to changes in interest rates and the financial condition of each issuer. During periods of declining interest rates, the value of debt securities generally increases. Conversely, during periods of rising interest rates, the value of such securities generally declines. These changes in market value will be reflected in each Fund's respective net asset value ("NAV"). There is currently a heightened risk associated with rising interest rates due to the continued economic recovery, and the fact that the Federal Reserve Board ended its quantitative easing program in 2014, and has begun, and may continue to raise interest rates.

Although they may offer higher yields than those of higher rated securities, low-rated and unrated debt securities generally involve greater volatility of price and risk of principal and income, including the possibility of default by, or bankruptcy of, the issuers of the securities. In addition, the markets in which low-rated and unrated debt securities are traded are more limited than those in which higher rated securities are traded. The existence of limited markets for particular securities may diminish the Funds' ability to sell the securities at fair value either to meet redemption requests or to respond to changes in the economy or in the financial markets and could adversely affect and cause fluctuations in the daily NAV of the Funds' shares.

Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the values and liquidity of low-rated debt securities, especially in a thinly traded market. Analysis of the creditworthiness of issuers of low-rated debt securities may be more complex than for issuers of higher rated securities, and the ability of the Funds to achieve their investment objectives may, to the extent of investment in low-rated debt securities, be more dependent upon such creditworthiness analysis than would be the case if the Funds were investing in higher rated securities.

Low-rated debt securities may be more susceptible to real or perceived adverse economic and competitive industry conditions than investment grade securities. The prices of low-rated debt securities have been found to be less sensitive to interest rate changes than higher rated

investments, but more sensitive to adverse economic downturns or individual corporate developments. A projection of an economic downturn or of a period of rising interest rates, for example, could cause a decline in low-rated debt securities prices because the advent of a recession could lessen the ability of a highly leveraged company to make principal and interest payments on its debt securities. If the issuer of low-rated debt securities defaults, the Funds may incur additional expenses to seek recovery. The low-rated bond market is relatively new, and many of the outstanding low-rated bonds have not endured a major business recession.

The Funds may accrue and report interest on bonds structured as zero coupon bonds or pay-in-kind securities as income even though they receive no cash interest until the security's maturity or payment date. In order to qualify for beneficial tax treatment afforded regulated investment companies, the Funds must distribute substantially all of their net investment income to shareholders (see "Tax Status"). Thus, the Funds may have to dispose of their portfolio securities under disadvantageous circumstances to generate cash in order to satisfy the distribution requirement.

## **Futures Contracts**

The Funds may buy and sell financial futures contracts, stock and bond index futures contracts, foreign currency futures contracts and options on any of these for hedging purposes only. A financial futures contract is an agreement between two parties to buy or sell a specified debt security at a set price on a future date. An index futures contract is an agreement to take or make delivery of an amount of cash based on the difference between the value of the index at the beginning and at the end of the contract period. A futures contract on a foreign currency is an agreement to buy or sell a specified amount of a currency for a set price on a future date.

Although some financial futures contracts call for making or taking delivery of the underlying securities, in most cases these obligations are closed out before the settlement date. The closing of a contractual obligation is accomplished by purchasing or selling an identical offsetting futures contract. Other financial futures contracts by their terms call for cash settlements.

The Funds may buy and sell index futures contracts with respect to any stock or bond index traded on a recognized stock exchange or board of trade. An index futures contract is a contract to buy or sell units of an index at a specified future date at a price agreed upon when the contract is made. The index futures contract specifies that no delivery of the actual securities making up the index will take place. Instead, settlement in cash must occur upon the termination of the contract, with the settlement being the difference between the contract price and the actual level of the index at the expiration of the contract.

When a Fund enters into a futures contract, it must make an initial deposit, known as "initial margin," as a partial guarantee of its performance under the contract. As the value of the security, index or currency fluctuates, either party to the contract is required to make additional margin payments, known as "variation margin," to cover any additional obligation it may have under the contract. In addition, at the time a Fund purchases a futures contract, an amount of cash, or liquid securities equal to the market value of the contract will be deposited in a



segregated account with the Fund's custodian. When selling a futures contract, a Fund will maintain with its custodian liquid assets that, when added to the amounts deposited with a futures commission merchant or broker as margin, are equal to the market value of the instruments underlying the contract. Alternatively, a Fund may "cover" its position by owning the instruments underlying the contract or, in the case of an index futures contract, owning a portfolio with a volatility substantially similar to that of the index on which the futures contract is based, or holding a call option permitting the Fund to purchase the same futures contract at a price no higher than the price of the contract written by the Fund (or at a higher price if the difference is maintained in liquid assets with the Fund's custodian).

Pursuant to claims for exemption filed with the Commodity Futures Trading Commission ("CFTC") and/or the National Futures Association on behalf of the Funds and the Advisor, the Funds and the Advisor are not deemed to be a "commodity pool" or "commodity pool operator" under the Commodity Exchange Act and are not subject to registration or regulation as such under the Commodity Exchange Act. If a Fund were subject to registration or regulation under the Commodity Exchange Act, it may be subject to additional compliance and other expenses.

The risks involved in futures transactions include those relating to a Fund's ability to reduce or eliminate its futures positions, which will depend upon the liquidity of the secondary markets for such futures. The Funds intend to purchase or sell futures only on exchanges or boards of trade where there appears to be an active secondary market, but there is no assurance that a liquid secondary market will exist for any particular contract at any particular time. Use of futures for hedging may involve risks because of imperfect correlations between movements in the prices of the futures on the one hand and movements in the prices of the securities being hedged or of the underlying security, currency or index on the other. Successful use of futures by the Funds for hedging purposes also depends upon the Advisor's ability to predict correctly movements in the direction of the market, as to which no assurance can be given.

### **Options on Securities, Indices and Futures**

The Funds may write (i.e., sell) covered put and call options and purchase put and call options on securities, securities indices and futures contracts that are traded on United States and foreign exchanges and in the over-the-counter markets.

An option on a security or a futures contract is a contract that gives the purchaser of the option, in return for the premium paid, the right to buy a specified security or futures contract (in the case of a call option) or to sell a specified security or futures contract (in the case of a put option) from or to the writer of the option at a designated price during the term of the option. An option on a securities index gives the purchaser of the option, in return for the premium paid, the right to receive from the seller cash equal to the difference between the closing price of the index and the exercise price of the option.

The Funds may write a call or put option only if the option is "covered." A call option on a security or futures contract written by a Fund is "covered" if the Fund owns the underlying security or futures contract covered by the call or has an absolute and immediate right to acquire that security without additional cash consideration (or for additional cash consideration held in a

segregated account by its custodian) upon conversion or exchange of other securities held in its portfolios. A call option on a security or futures contract is also covered if a Fund holds a call on the same security or futures contract and in the same principal amount as the call written where the exercise price of the call held (a) is equal to or less than the exercise price of the call written or (b) is greater than the exercise price of the call written if the difference is maintained by a Fund in cash or liquid securities in a segregated account with its custodian. A put option on a security or futures contract written by a Fund is “covered” if a Fund maintains cash or fixed income securities with a value equal to the exercise price in a segregated account with its custodian, or else holds a put on the same security or futures contract and in the same principal amount as the put written where the exercise price of the put held is equal to or greater than the exercise price of the put written.

Each Fund will cover call options on securities indices that it writes by owning securities whose price changes, in the opinion of the Advisor, are expected to be similar to those of the index, or in such other manner as may be in accordance with the rules of the exchange on which the option is traded and applicable laws and regulations. Nevertheless, where a Fund covers a call option on a securities index through ownership of securities, such securities may not match the composition of the index. In that event, the Fund will not be fully covered and could be subject to risk of loss in the event of adverse changes in the value of the index. Each Fund will cover put options on securities indices that it writes by segregating assets equal to the option’s exercise price, or in such other manner as may be in accordance with the rules of the exchange on which the option is traded and applicable laws and regulations.

A Fund will receive a premium from writing a put or call option, which increases its gross income in the event the option expires unexercised or is closed out at a profit. If the value of a security, index or futures contract on which a Fund has written a call option falls or remains the same, that Fund will realize a profit in the form of the premium received (less transaction costs) that could offset all or a portion of any decline in the value of the portfolio securities being hedged. If the value of the underlying security, index or futures contract rises, however, that Fund will realize a loss in its call option position, which will reduce the benefit of any unrealized appreciation in its investments. By writing a put option, a Fund assumes the risk of a decline in the underlying security, index or futures contract. To the extent that the price changes of the portfolio securities being hedged correlate with changes in the value of the underlying security, index or futures contract, writing covered put options will increase a Fund’s losses in the event of a market decline, although such losses will be offset in part by the premium received for writing the option.

The Funds may also purchase put options to hedge their investments against a decline in value. By purchasing a put option, the Funds will seek to offset a decline in the value of the portfolio securities being hedged through appreciation of the put option. If the value of the Funds’ investments does not decline as anticipated, or if the value of the option does not increase, their loss will be limited to the premium paid for the option plus related transaction costs. The success of this strategy will depend, in part, on the accuracy of the correlation between the changes in value of the underlying security, index or futures contract and the changes in value of the Funds’ security holdings being hedged.

The Funds may purchase call options on individual securities or futures contracts to hedge against an increase in the price of securities or futures contracts that they anticipate purchasing in the future. Similarly, the Funds may purchase call options on a securities index to attempt to reduce the risk of missing a broad market advance, or an advance in an industry or market segment, at a time when the Funds hold uninvested cash or short-term debt securities awaiting investment. When purchasing call options, the Funds will bear the risk of losing all or a portion of the premium paid if the value of the underlying security, index or futures contract does not rise.

There are several risks associated with transactions in options. For example, there are significant differences between the securities and options markets that could result in an imperfect correlation between these markets, causing a given transaction not to achieve its objectives. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events.

There can be no assurance that a liquid market will exist when a Fund seeks to close out an option position. If a Fund was unable to close out an option that it had purchased on a security or a securities index, it would have to exercise the option in order to realize any profit or the option may expire worthless. If trading were suspended in an option purchased by a Fund, it would not be able to close out the option. If restrictions on exercise were imposed, that Fund might be unable to exercise an option it has purchased. Trading also may be interrupted, for example, because of supply and demand imbalances arising from a lack of either buyers or sellers, or the options exchange could suspend trading after the price has risen or fallen more than the maximum specified by the exchange. Except to the extent that a call option on a security or securities index written by a Fund is covered by an option on the same security or index purchased by that Fund, movements in the security or index may result in a loss to that Fund. However, such losses may be mitigated by changes in the value of that Fund's securities during the period the option was outstanding.

Although the Funds may be able to offset to some extent any adverse effects of being unable to liquidate an option position, they may experience losses in some cases as a result of such inability. The value of over-the-counter options purchased by each Fund, as well as the cover for options written by each Fund are considered not readily marketable and are subject to each Fund's limitation on investments in securities that are not readily marketable. See "Investment Objectives and Policies – Investment Restrictions."

### **Foreign Currency Hedging Transactions**

In order to hedge against foreign currency exchange rate risks, the Funds may enter into forward foreign currency exchange contracts and foreign currency futures contracts, as well as purchase put or call options on foreign currencies, as described below. The Funds may also conduct their foreign currency exchange transactions on a spot (i.e., cash) basis at the spot rate prevailing in the foreign currency exchange market. Some price spread on currency exchange (to cover service charges) will be incurred when a Fund converts assets from one currency to another.

The Funds may enter into forward foreign currency exchange contracts (“forward contracts”) to attempt to minimize the risk to the Funds from adverse changes in the relationship between the U.S. dollar and foreign currencies. A forward contract is an obligation to purchase or sell a specific currency for an agreed price at a future date, which is individually negotiated and privately traded by currency traders and their customers. A Fund generally will not enter into a forward contract with a term of greater than one year. A Fund may enter into a forward contract, for example, when it enters into a contract for the purchase or sale of a security denominated in a foreign currency in order to “lock in” the U.S. dollar price of the security. In addition, for example, when a Fund believes that a foreign currency may suffer or enjoy a substantial movement against another currency, it may enter into a forward contract to sell an amount of the former foreign currency approximating the value of some or all of its portfolio securities denominated in such foreign currency. This second investment practice is generally referred to as “cross-hedging.” A Fund may cross-hedge with respect to the currency of a particular country in amounts approximating actual or anticipated positions in securities denominated in that currency. When a Fund owns or anticipates owning securities in countries whose currencies are linked, the Advisor may aggregate those positions as to the currency being hedged. Because in connection with each Fund’s forward foreign currency transactions, an amount of its assets equal to the amount of the purchase will be held aside or segregated to be used to pay for the commitment, each Fund will always have cash, cash equivalents or high quality debt securities available in an amount sufficient to cover any commitments under these contracts or to limit any potential risk. The segregated assets will be marked-to-market on a daily basis. While these contracts are not presently regulated by the CFTC, the CFTC may in the future assert authority to regulate forward contracts. In such event, the Funds’ ability to utilize forward contracts in the manner set forth above may be restricted. Forward contracts may limit potential gain from a positive change in the relationship between the U.S. dollar and foreign currencies. Unanticipated changes in currency prices may result in poorer overall performance for the Funds than if they had not engaged in such contracts.

A Fund has no limitation on the percentage of assets it may commit to forward contracts, subject to its stated investment objective and policies, as long as the amount of assets set aside to cover forward contracts would not impede portfolio management or the Fund’s ability to meet redemption requests. Although forward contracts will be used primarily to protect the Funds from adverse currency movements, they also involve the risk that anticipated currency movements will not be accurately predicted.

The Funds may purchase and write put and call options on foreign currencies for the purpose of protecting against declines in the dollar value of foreign portfolio securities and against increases in the dollar cost of foreign securities to be acquired. As is the case with other kinds of options, however, the writing of an option on foreign currency will constitute only a partial hedge up to the amount of the premium received, and a Fund could be required to purchase or sell foreign currencies at disadvantageous exchange rates, thereby incurring losses. The purchase of an option on foreign currency may constitute an effective hedge against fluctuation in exchange rates, although, in the event of rate movements adverse to its position, a Fund may forfeit the entire amount of the premium plus related transaction costs. Options on

foreign currencies to be written or purchased by the Funds will be traded on U.S. and foreign exchanges or over-the-counter.

The Funds may enter into exchange-traded contracts for the purchase or sale for future delivery of foreign currencies (“foreign currency futures”). This investment technique will be used only to hedge against anticipated future changes in exchange rates which otherwise might adversely affect the value of the Funds’ portfolio securities or adversely affect the prices of securities that the Funds intend to purchase at a later date. The successful use of foreign currency futures will usually depend on the ability of the Advisor to forecast currency exchange rate movements correctly. Should exchange rates move in an unexpected manner, the Funds may not achieve the anticipated benefits of foreign currency futures or may realize losses.

### **Depository Receipts**

American Depository Receipts (“ADRs”) are Depository Receipts typically issued by a U.S. bank or trust company which allow indirect ownership of securities issued by foreign corporations. Receipts are generally composed of one or more shares of an underlying security. European Depository Receipts and Global Depository Receipts are typically issued by foreign banks or trust companies, although they also may be issued by U.S. banks or trust companies, and evidence ownership of underlying securities issued by either a foreign or a U.S. corporation.

Depository Receipts may involve many of the risks of other investments in foreign securities. However, Depository Receipts may involve higher expenses than the underlying foreign security and they may trade at a discount or premium to the underlying foreign security. Depository Receipts also may be less liquid than the exchange-listed underlying foreign securities and they may not provide for voting and/or other shareholder rights. A Fund may invest in both sponsored and unsponsored Depository Receipts. In a sponsored Depository Receipt arrangement, the non-U.S. issuer assumes the obligation to pay some or all of the depository’s transaction fees. Under an unsponsored Depository Receipt arrangement, the non-U.S. issuer assumes no obligations and the depository’s transaction fees are paid directly by the Depository Receipt holders. Because unsponsored Depository Receipt arrangements are organized independently and without the cooperation of the issuer of the underlying securities, available information concerning the non-U.S. issuer may not be as current as for sponsored Depository Receipts. For purposes of the Funds’ investment policies, the Funds’ investments in Depository Receipts (other than ADRs) will be deemed to be investments in the underlying securities.

### **Foreign Securities**

Each Fund has the right to purchase securities in any foreign country, developed or underdeveloped. Investors should consider carefully the substantial risks involved in investing in securities issued by companies and governments of foreign nations, which are in addition to the usual risks inherent in domestic investments. There is the possibility of expropriation, nationalization or confiscatory taxation, taxation of income earned in foreign nations or other taxes imposed with respect to investments in foreign nations, foreign exchange controls (which may include suspension of the ability to transfer currency from a given country), default in

foreign government securities, political or social instability or diplomatic developments which could affect investments in securities of issuers in foreign nations, particularly those with developing markets, and could impact the value or liquidity of a Fund's investments and its ability to meet its investment objective. Some countries may withhold portions of interest and dividends at the source.

In addition, in many countries there is less publicly available information about issuers than is available in reports about companies in the United States. Foreign companies are not generally subject to uniform disclosure, accounting, auditing and financial reporting standards, and auditing practices and requirements may not be comparable to those applicable to U.S. companies. Further, the Funds may encounter difficulties or be unable to pursue legal remedies and obtain judgments in foreign courts. Commission rates in foreign countries, which are sometimes fixed rather than subject to negotiation as in the United States, are likely to be higher. Further, the settlement period of securities transactions in foreign markets may be longer than in domestic markets, which may affect the timing of the Funds' receipt of proceeds from its portfolio securities transactions. In many foreign countries, there is less government supervision and regulation of business and industry practices, stock exchanges, brokers and listed companies than in the United States. The foreign securities markets of many of the countries in which the Funds may invest may also be smaller, less liquid, and subject to greater price volatility than those in the United States.

Furthermore, foreign securities may be impacted by economic sanctions and other government restrictions. For example, economic sanctions or other government restrictions may be imposed on foreign companies in various sectors in which a Fund may invest. Such restrictions may negatively impact the value or liquidity of a Fund's investments, and could impair a Fund's ability to meet its investment objective or invest in accordance with its investment strategy. Among other things, such restrictions may prohibit a Fund from investing in securities issued by companies subject to such restrictions. In addition, these restrictions may require a Fund to freeze its existing investments in certain foreign securities, which would prohibit a Fund from buying, selling, receiving or delivering those securities or other financial instruments. As a result, such restrictions may limit a Fund's ability to meet a large number of shareholder redemption requests.

Foreign securities also may be impacted by financial markets in the countries and regions in which they trade. During the recent global financial crisis, financial markets in certain countries and regions experienced significant volatility due, in part, to concerns about rising levels of government debt and the prevalence of increased budget deficits. As a result, economies in certain countries and regions suffered through prolonged economic downturns. Although some economies have shown signs of recovery, any recovery may be slow as other countries in the same region may continue to face difficult challenges, including, for example, high unemployment rates, significant levels of government debt, continuing trade deficits and lack of access to capital. As a result, any material negative developments in a region could have a negative impact on the value and liquidity of these investments, which could harm the Funds' performance. Furthermore, due to the economic integration of certain regions, a downturn in one country in a region may have a negative impact on the economies of other countries in the same region.

The Funds also are subject to the risk that geopolitical events, such as war, terrorism and related events, may disrupt securities markets and adversely affect the global economy and the economies of specific countries and regions, as well as markets generally. War, terrorism and related geopolitical events have caused, and could in the future cause, increased short-term market volatility and may have negative long-term effects on such economies. Geopolitical events could also adversely affect individual issuers or related groups of issuers, securities markets, interest rates, investor sentiment and other factors affecting the value of the Funds' investments.

Certain countries and regions are especially prone to natural disasters, such as flooding, drought and earthquakes. The occurrence of such disasters may adversely affect companies in which a Fund is invested. As a result, natural disasters may impact the performance of the Fund.

Certain foreign governments have implemented, or may in the future implement, political and/or economic reforms to existing government policies designed to enhance economic growth or improve government operations. Due to the inherent difficulty in reforming such complicated systems, these reforms may not have their intended affect, and could possibly detrimentally effect economic growth or government operations. In such a scenario, companies in which a Fund is invested may be adversely affected and, as a result, the Fund may experience adverse consequences.

In a 2016 referendum, citizens of the United Kingdom ("UK") voted to withdraw from the European Union ("EU"), which caused significant volatility in global financial markets. The UK formally notified the European Council of its intention to withdraw from the EU (commonly referred to as "Brexit") by invoking Article 50, which triggered a two-year period of negotiations on the terms of Brexit. There is significant uncertainty regarding the final terms and consequences of Brexit, as well as if Brexit will ultimately occur. During this period of uncertainty, the UK and European economies and the broader global economy may experience increased volatility and illiquidity, and companies that conduct a significant amount of business in the UK or Europe may experience lower revenue and/or profit growth, all of which may adversely affect the value of a Fund's investments. Brexit also may cause other EU member states to contemplate departing the EU, which would likely perpetuate political and economic instability in the region and cause additional market disruption in global financial markets.

The economies of many foreign countries rely heavily on international trade and are accordingly affected by protective trade barriers and the economic conditions of their trading partners. In addition, the economies of certain foreign countries rely heavily on commodity exports (*e.g.*, minerals, oil and other natural resources) and are vulnerable to weakness in world prices for their commodity exports. International trade tensions may arise from time to time which can result in trade tariffs, embargoes, trade limitations or trade wars. Recent changes in the political climate between China and the United States has intensified concerns about trade tariffs and a trade war. Both countries have imposed tariffs on certain imported goods from the other. These tariffs and additional tariffs or other actions taken by China or the United States in the future could trigger significant reduction in international trade, oversupply of certain manufactured goods, substantial price reductions of goods and possible failure of individual

companies and/or large segments of China's export industry, which could have a negative impact on a Fund. Events such as these are difficult to predict and may or may not occur in the future.

With respect to the Funds' exposure to currency transactions, the Funds endeavor to buy and sell foreign currencies on as favorable a basis as practicable. Some price spread in currency exchange (to cover service charges) will be incurred, particularly when the Funds change investments from one country to another or when proceeds of the sale of shares in U.S. dollars are used for the purchase of securities in foreign countries. Even though certain foreign currencies may be convertible into U.S. dollars, the conversion rates may be artificial to the actual market values and may be adverse to the Funds' shareholders. Also, some countries may adopt policies, which would prevent the Funds from transferring cash out of the country, or withhold portions of interest and dividends at the source.

The Funds may be affected either unfavorably or favorably by fluctuations in the relative rates of exchange between the currencies of different nations, by exchange control regulations and by indigenous economic and political developments. Through the flexible policies of the Funds, the Advisor endeavors to avoid unfavorable consequences and to take advantage of favorable developments in particular nations where from time to time it places the investments of the Funds.

The exercise of these flexible policies may include decisions to purchase securities with substantial risk characteristics and other decisions such as changing the emphasis on investments from one nation to another and from one type of security to another. Some of these decisions may later prove profitable and others may not. No assurance can be given that profits, if any, will exceed losses.

Investments in companies domiciled in developing countries may be subject to potentially higher risks than investments in developed countries. These risks may include (i) less social, political and economic stability; (ii) the small current size of the markets for such securities and the currently low or nonexistent volume of trading, which result in a lack of liquidity and in greater price volatility; (iii) certain national policies which may restrict the Funds' investment opportunities, including restrictions on investment in issuers or industries deemed sensitive to national interests; (iv) foreign exchanges and broker-dealers may be subject to less regulation and scrutiny by government regulators; (v) foreign taxation; (vi) the absence of developed legal structures governing private or foreign investment or allowing for judicial redress for injury to private property; (vii) the absence of a capital market structure or market-oriented economy; (viii) certain national policies which may seize or confiscate securities held by foreign investors and suspend or limit an issuer's ability to make dividend and interest payments; (ix) certain national policies to suspend or limit repatriation of invested capital, profits and dividends; (x) limited public information regarding an issuer, which may result in greater difficulty in determining market valuations of the securities; and (xi) infrequent financial reporting, substandard disclosure, and differing accounting standards may make it difficult to ascertain the financial health of an issuer. The risks also include the possibility that favorable economic developments in developing economies may be slowed or reversed by unanticipated political or social events in such countries. For example, the governments of a number of countries have expropriated large amounts of private property in the past, in many cases without adequate



compensation, and there can be no assurance that such expropriation will not occur in the future. In the event of such expropriation, the Funds could lose a substantial portion of any investments they have made in the affected countries.

In addition, many developing countries' economic growth is highly dependent on exports and inflows of external capital, making such countries more vulnerable to economic downturns. The recent global financial crisis weakened the global demand for developing country exports, and restricted international credit supplies, highlighting the sensitivity of developing countries' economies to the ups and downs of the world economy.

Many developing market countries in which a Fund may invest lack the political, social, and economic stability characteristics of the United States. Political instability among developing market countries can be common and may be caused by an uneven distribution of wealth, social unrest, labor strikes, civil wars, and religious oppression.

Currencies of developing market countries are subject to significantly greater risks than currencies of developed countries. Some developing market currencies may not be internationally traded or may be subject to strict controls by local governments, resulting in undervalued or overvalued currencies. Some developing market countries have, or may in the future, implement currency conversion restrictions. Such restrictions could prevent or restrict a company's ability to make dividend or interest payments in the original currency of the obligation (e.g., U.S. dollars).

In the absence of willful misfeasance, bad faith or gross negligence on the part of the Advisor, any losses resulting from the holding of the Funds' portfolio securities in foreign countries and/or with securities depositories will be at the risk of the shareholders.

### **Brady Bonds**

The Funds may invest a portion of their assets in certain debt obligations customarily referred to as "Brady Bonds," which are created through the exchange of existing commercial bank loans to sovereign entities for new obligations in connection with debt restructuring under a plan introduced by former U.S. Secretary of the Treasury, Nicholas F. Brady. They may be collateralized or uncollateralized and issued in various currencies (although most are U.S. dollar-denominated), and they are actively traded in the over-the-counter secondary market.

U.S. dollar-denominated, collateralized Brady Bonds, which may be fixed rate par bonds or floating rate discount bonds, are generally collateralized in full as to principal by U.S. Treasury zero coupon bonds which have the same maturity as the Brady Bonds. Interest payments on these Brady Bonds generally are collateralized on a one-year or longer rolling-forward basis by cash or securities in an amount that, in the case of fixed rate bonds, is equal to at least one year of interest payments or, in the case of floating rate bonds, initially is equal to at least one year's interest payments based on the applicable interest rate at that time and is adjusted at regular intervals thereafter. Certain Brady Bonds are entitled to "value recovery payments" in certain circumstances, which in effect constitute supplemental interest payments, but generally are not collateralized. Brady Bonds are often viewed as having three or four valuation

components: (i) the collateralized repayment of principal at final maturity; (ii) the collateralized interest payments; (iii) the uncollateralized interest payments; and (iv) any uncollateralized repayment of principal at maturity (these uncollateralized amounts constitute the “residual risk”). In light of the residual risk of Brady Bonds and, among other factors, the history of defaults with respect to commercial bank loans by public and private entities of countries issuing Brady Bonds, investments in Brady Bonds are considered speculative.

### **Illiquid and Restricted Investments or Securities**

In October 2016, the Securities and Exchange Commission (“SEC”) adopted a liquidity risk management rule, Rule 22e-4 (the “Liquidity Rule”), that requires the Funds to establish a liquidity risk management program by June 1, 2019. The Liquidity Rule defines the term “illiquid investments” to mean any investment that a Fund reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the investment. Illiquid investments may include securities and other financial instruments that do not have a readily available market, repurchase agreements which have a maturity of longer than seven calendar days, certain Rule 144A securities (as described below) and time deposits maturing in more than seven calendar days, unless, based upon a review of the relevant market, trading and investment-specific considerations, those investments are determined not to be illiquid. Each Fund may not acquire any illiquid investment if, immediately after the acquisition, the Fund would have invested more than 15% of its net assets in illiquid investments. If the limitation on illiquid investments is exceeded, other than by a change in market values, the condition will be reported to the Board and, when required by the Liquidity Rule, to the SEC. If investments that were liquid at the time of purchase subsequently become illiquid and result in a Fund holding illiquid investments in excess of 15% of its net assets, the Fund will no longer purchase additional illiquid investments and may reduce its holdings of illiquid investments in an orderly manner, but it is not required to dispose of illiquid holdings immediately if it is not in the interest of the Fund. A Fund may be unable to dispose of its holdings in illiquid investments at then current market prices and may have to dispose of such investments over extended periods of time.

Each Fund may also invest in securities that are subject to contractual or legal restrictions on subsequent transfer because they were sold (i) in private placement transactions between their issuers and their purchasers, or (ii) in transactions between qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act of 1933, as amended (the “1933 Act”). As a result of the absence of a public trading market, such restricted securities may be less liquid and more difficult to value than publicly traded securities. Although restricted securities may be resold in privately negotiated transactions, the prices realized from the sales could, due to illiquidity, be less than those originally paid by the Funds or less than their fair value. In addition, issuers whose securities are not publicly traded may not be subject to the disclosure and other investor protection requirements that may be applicable if their securities were publicly traded. If any privately placed or Rule 144A securities held by the Funds are required to be registered under the securities laws of one or more jurisdictions before being resold, the Funds may be required to bear the expenses of registration. Investment in Rule 144A securities could have the effect of increasing the level of the Funds’ illiquidity to the extent that qualified institutional buyers

become, for a time, uninterested in purchasing such securities. Rule 144A securities determined to be liquid are not subject to the 15% limitation on investments in illiquid investments.

### **Other Investment Companies**

To the extent permitted by applicable law, or any exemption from or interpretation thereof, each Fund may invest its assets in securities of other investment companies, or in pooled accounts or other investment vehicles. Certain markets are closed in whole or in part to equity investments by foreigners. A Fund may be able to invest in such markets solely or primarily through governmentally-authorized investment companies. Investment in another investment company may involve the payment of a premium above the value of the issuer's portfolio securities, and is subject to market availability. In the case of a purchase of shares of such a company in a public offering, the purchase price may include an underwriting spread. The Funds do not intend to invest in such circumstances unless, in the judgment of TWI, the potential benefits of such investment justify the payment of any applicable premium or sales charge. As a shareholder in an investment company, a Fund would bear its ratable share of that investment company's expenses, including its advisory and administration fees. At the same time a Fund would continue to pay its own management fees and other expenses.

### **Real Estate Investment Trusts**

The Funds may invest in real estate investment trusts ("REITs"). REITs are pooled investment vehicles that invest primarily in either real estate or real estate related loans. Generally, REITs can be classified as equity REITs, mortgage REITs or hybrid REITs. Equity REITs invest a majority of their assets directly in real property and derive their income primarily from rents and capital gains from appreciation realized through property sales. Mortgage REITs invest a majority of their assets in real estate mortgages and derive their income primarily from income payments. Hybrid REITs combine the characteristics of both equity and mortgage REITs. To the extent that a Fund invests in REITs, the Fund is also subject to the risks associated with the direct ownership of real estate, including but not limited to: declines in the value of real estate; risks related to general and local economic conditions; possible lack of availability of mortgage funds; overbuilding; extended vacancies of properties; increased competition; increases in property taxes and operating expenses; changes in zoning laws; losses due to costs resulting from the clean-up of environmental problems; liability to third parties for damages resulting from environmental problems; casualty or condemnation losses; limitations on rents; changes in neighborhood values and the appeal of properties to tenants; and changes in interest rates.

Some REITs may have limited diversification and may be subject to risks inherent to investments in a limited number of properties, in a narrow geographic area, or in a single property type. Equity REITs may be affected by changes in underlying property values. Mortgage REITs may be affected by the quality of the credit extended. REITs also involve risks such as refinancing, interest rate fluctuations, changes in property values, general or specific economic risk on the real estate industry, dependency on management skills, and other risks similar to small company investing. Although a Fund is not allowed to invest in real estate directly, it may acquire real estate as a result of a default on the REIT securities it owns. A Fund,

therefore, may be subject to certain risks associated with the direct ownership of real estate including difficulties in valuing and trading real estate, declines in the value of real estate, risks related to general and local economic conditions, adverse changes in the climate for real estate, environmental liability risks, increases in property taxes and operating expenses, changes in zoning laws, casualty or condemnation losses, limitation on rents, changes in neighborhood values, the appeal of properties to tenants and increases in interest rates.

REITs are dependent upon management skills and generally may not be diversified. REITs are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. In addition, REITs could possibly fail to maintain their exemptions from registration under the 1940 Act or fail to qualify for special tax treatment under the Internal Revenue Code of 1986, as amended (the “Code”). More specifically, a REIT will not incur any entity level taxation on income distributed to its shareholders or unitholders if it complies with certain requirements under the Code, including a requirement to distribute at least 90% of its taxable income for each taxable year. REITs pay dividends to their shareholders based upon available funds from operations. It is quite common for these dividends to exceed a REIT’s taxable earnings and profits, resulting in the excess portion of such dividends being designated as a return of capital. The Fund intends to include the gross dividends from such REITs in its distribution to its shareholders and, accordingly, a portion of the Fund’s distributions may also be designated as a return of capital.

### **Borrowing**

Each Fund may borrow up to one-third of the value of its total assets from banks to increase its holdings of portfolio securities. This means that each Fund must maintain continuous asset coverage of 300% of the amount borrowed. If the 300% asset coverage should decline as a result of market fluctuations or other reasons, the Fund would be required to sell some of its portfolio holdings within three days (not including Sundays and holidays) to reduce the debt and restore the 300% asset coverage, even though it may be disadvantageous from an investment standpoint to sell securities at that time.

Borrowing is a form of leverage, which generally will exaggerate the effect of any increase or decrease in the value of portfolio securities on a Fund’s NAV. Borrowings will be subject to interest and other costs.

### **Cybersecurity**

With the increasing use of the Internet and technology in connection with the Funds’ operations, the Funds are susceptible to greater operational and information security risks through breaches in cybersecurity. Cybersecurity breaches include, without limitation, infection by computer viruses and gaining unauthorized access to the Funds’ systems through “hacking” or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operations to be disrupted. Cybersecurity breaches may also occur in a manner that does not require gaining unauthorized access, such as denial-of-service attacks or situations where authorized individuals intentionally or unintentionally release confidential information stored on the Funds’ systems. A cybersecurity breach may cause disruptions and impact the Funds’ business operations, which could potentially result in financial losses, inability to

determine a Fund's NAV, violation of applicable law, regulatory penalties and/or fines, compliance and other costs. The Funds and their shareholders could be negatively impacted as a result. In addition, because the Funds work closely with the Advisor, intermediaries and other third-party service providers (e.g., custodians, transfer agent, administrator and distributor), indirect cybersecurity breaches may subject Fund shareholders to the same risks associated with direct cybersecurity breaches. Further, indirect cybersecurity breaches at an issuer of securities in which a Fund invests may similarly negatively impact Fund shareholders. While the Funds and their service providers have established information technology and data security programs and have in place business continuity plans and other systems designed to prevent losses and mitigate cyber security risk, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified or that cyber-attacks may be highly sophisticated.

## **Investment Restrictions**

Each Fund has imposed upon itself certain investment restrictions which, together with their investment objective, are fundamental policies except as otherwise indicated. No changes in a Fund's investment objective or these investment restrictions can be made without the approval of the Fund's shareholders. For this purpose, the provisions of the 1940 Act require the affirmative vote of the lesser of either (1) 67% or more of the shares of the Fund present at a shareholders' meeting at which more than 50% of the outstanding shares of the Fund are present or represented by proxy or (2) more than 50% of the outstanding shares of the Fund.

In accordance with these restrictions, a Fund will not:

1. Invest in real estate or mortgages on real estate (although the Fund may invest in marketable securities secured by real estate or interests therein or issued by companies or investment trusts which invest in real estate or interests therein); invest in interests (other than debentures or equity stock interests) in oil, gas or other mineral exploration or development programs; or purchase or sell commodity contracts (except futures contracts as described in the Fund's Prospectus).
2. Purchase any security (other than obligations of the U.S. Government, its agencies or instrumentalities) if, as a result, as to 75% of the Fund's total assets (i) more than 5% of the Fund's total assets would then be invested in securities of any single issuer, or (ii) the Fund would then own more than 10% of the voting securities of any single issuer.
3. Act as an underwriter; issue senior securities except as set forth in investment restrictions 5 and 6 below; or purchase on margin or sell short, except that the Fund may make margin payments in connection with futures, options and currency transactions.
4. Loan money, except that the Fund may (i) purchase a portion of an issue of publicly distributed bonds, debentures, notes and other evidences of indebtedness, (ii) enter into repurchase agreements and (iii) lend its portfolio securities.

5. Borrow money, except that the Fund may borrow money from banks in an amount not exceeding one-third of the value of its total assets (including the amount borrowed).
6. Mortgage, pledge or hypothecate its assets (except as may be necessary in connection with permitted borrowings); provided, however, this does not prohibit escrow, collateral or margin arrangements in connection with its use of options, futures contracts and options on future contracts.
7. Invest 25% or more of its total assets in a single industry. For purposes of this restriction, a foreign government is deemed to be an “industry” with respect to securities issued by it.
8. Participate on a joint or a joint and several basis in any trading account in securities. (See “Brokerage Allocation-Trading Policies” as to transactions in the same securities for the Funds and/or other clients with the same advisor.)
9. Invest in physical commodities.

The following interpretations apply to, but are not a part of, the Funds’ fundamental restrictions (and therefore may be modified by a Fund’s Board without the approval of the Fund’s shareholders):

If a Fund receives from an issuer of securities held by that Fund subscription rights to purchase securities of that issuer, and if that Fund exercises such subscription rights at a time when that Fund’s portfolio holdings of securities of that issuer would otherwise exceed the limits set forth in Investment Restrictions 2 or 7 above, it will not constitute a violation if, prior to receipt of securities upon exercise of such rights, and after announcement of such rights, that Fund has sold at least as many securities of the same class and value as it would receive on exercise of such rights.

With respect to Investment Restriction 5 above, a Fund will not purchase securities while its borrowing exceeds 5% of its total assets.

Except with respect to Investment Restriction 6 above (and Additional Restriction 2 below), whenever any investment policy or investment restriction states a maximum percentage of a Fund’s assets, which may be invested in any security or other property, it is intended that such maximum percentage limitation be determined immediately after and as a result of that Funds’ acquisition of such security or property. Any change in the percentage of a Fund’s assets committed to certain securities or investment techniques resulting from market fluctuations or other changes in the Fund’s total assets may warrant corrective action by the Advisor, such as selling or closing out the investment in a manner intended to minimize market or tax consequences to the Fund. The values of the Funds’ assets are calculated as described in its Prospectus.

With respect to Investment Restriction 6 above, the Funds will not mortgage, pledge or hypothecate its assets in an amount exceeding one-third of the value of its total assets.

### **Additional Restrictions**

The International Fund and American Opportunities Fund have adopted the following additional restrictions which are not fundamental and which may be changed without shareholder approval, to the extent permitted by applicable law, regulation or regulatory policy. Under these restrictions, each Fund may not:

1. Purchase more than 10% of a company's outstanding voting securities.
2. Invest more than 15% of the Fund's net assets in securities that are not readily marketable (including repurchase agreements maturing in more than seven days and over-the-counter options purchased by the Funds), including no more than 10% of their total assets in restricted securities. Rule 144A securities determined by the Board to be liquid are not subject to the limitation on investment in illiquid securities.

### **DISCLOSURE OF PORTFOLIO HOLDINGS**

It is the policy of the Trust to protect the confidentiality of the Funds' portfolio holdings and prevent the selective disclosure of non-public information about those portfolio holdings. The Funds' service providers, to which a Fund may disclose non-public information about its portfolio holdings, are required to comply with this policy. No information concerning the portfolio holdings of the Fund may be disclosed to any unaffiliated third party, except as provided below. The Board has adopted formal procedures governing compliance with the Trust's policies.

The Trust or its duly authorized service providers may distribute the following information concerning each Fund's portfolio before disclosure of portfolio holdings is required or authorized, provided that the information, or information regarding each Fund's portfolio holdings from which the information is derived, has been publicly disclosed (via the Funds' website or otherwise): (1) top ten holdings and the total percentage of the Fund's assets such aggregate holdings represent; (2) sector information and the total percentage of the Fund's assets held in each sector; and (3) any other analytical data that does not identify any specific portfolio holding. The Trust or its duly authorized service providers may publicly disclose holdings of the Funds in accordance with regulatory requirements, such as periodic portfolio disclosure in filings with the SEC. A summary or list of the Funds' completed purchases and sales may only be made available after the public disclosure of its portfolio holdings.

Portfolio managers and other senior officers or spokespersons of the Funds may disclose or confirm the ownership of any individual portfolio holding position to reporters, brokers, shareholders, consultants or other interested persons only if such information has been previously publicly disclosed. For example, a portfolio manager discussing a particular Fund may indicate that he or she likes and/or owns for the Fund a security only if the Fund's

ownership of such security has previously been publicly disclosed (and the statement is otherwise accurate and not misleading).

The Funds may, from time to time, disclose portfolio holdings information prior to the public disclosure of such information. For example, there are numerous mutual fund evaluation services such as Standard & Poor's, Morningstar or Lipper Analytical Services, and due diligence departments of broker-dealers and wirehouses that regularly analyze the portfolio holdings of mutual funds in order to monitor and report on various attributes including style, capitalization, maturity, yield, beta, etc. These services and departments then distribute the results of their analysis to the public, paid subscribers and/or in-house brokers.

Any non-public information concerning the Funds' portfolio holdings is subject to the following conditions:

- (1) Any disclosure of the Funds' securities holdings must serve a legitimate business purpose of the Funds and must be in the best interest of the Funds' shareholders, and neither the Funds nor the Funds' Advisor receives compensation in connection with the disclosure of portfolio holdings. In making such a determination, the Trust's Chief Compliance Officer ("CCO"), subject to the oversight of the Board, must conclude that the anticipated benefits and risks to the Funds and their shareholders justify the purpose of the disclosure. A further determination must be made to ensure that any conflicts of interest between the Funds, their shareholders, and any third party are resolved prior to disclosure;
- (2) the recipient of the non-public portfolio holdings information has agreed to not distribute the portfolio holdings or results of the analysis to third parties, other departments or persons who are likely to use the information for purposes of purchasing or selling the Funds before the portfolio holdings or results of the analysis become public information; and
- (3) the recipient signs a written confidentiality agreement to this effect. Persons and entities unwilling to execute an acceptable confidentiality agreement may only receive portfolio holdings information that has otherwise been publicly disclosed in accordance with these Disclosure Policies. Any confidentiality agreement must be in form and substance acceptable to the Trust's legal counsel and CCO. At a minimum, subject to such deviations as are reasonable and consistent with reasonably protecting the confidentiality of the portfolio information, such confidentiality agreement should generally provide that:
  - (a) the portfolio information is the confidential property of the Funds (and their service provider, if applicable) and may not be shared or used directly or indirectly for any purpose except as expressly provided in the confidentiality agreement;
  - (b) the recipient of the portfolio information agrees to limit access to the portfolio information to its employees (and agents) who, on a need to know basis, are



- (i) authorized to have access to the portfolio information and
  - (ii) subject to confidentiality obligations, including duties not to trade on non-public information, no less restrictive than the confidentiality obligations contained in the confidentiality agreement;
- (c) upon written request, the recipient agrees to promptly return or destroy, as directed, the portfolio information; and
- (d) portfolio information may be deemed to no longer be confidential if
- (i) it is already known to the recipient prior to disclosure by the Funds;
  - (ii) it becomes publicly known without breach of the confidentiality agreement by the recipient;
  - (iii) it is received from a third party and, to the knowledge of the recipient, the disclosure by such third party is not a breach of any agreement to which such third party is subject; or
  - (iv) it is authorized by the Funds or their agents to be disclosed.

The policies may not be waived, or exceptions be made, without the consent of the CCO, subject to the conditions above for non-public disclosure of portfolio holdings. Notwithstanding anything in the Trust's procedures to the contrary, the Board and CCO may, on a case-by-case basis, impose additional restrictions on the dissemination of portfolio information. Nothing contained herein is intended to prevent the disclosure of portfolio holdings information as may required by applicable laws and regulations. For example, the Funds or any of their affiliates or service providers may file any report required by applicable law, respond to requests from regulators, and comply with valid subpoenas.

Pursuant to the procedures, the Funds' portfolio holdings may be disclosed in certain circumstances that the Board has determined do not pose a risk of abuse of the Funds or their shareholders. For example, the trading desks of the Funds' Advisor may periodically distribute lists of applicable investments held by its clients (including the Funds) for the purpose of facilitating efficient trading of such investments and receipt of relevant research (although the Advisor presently does not distribute or intend to distribute such information). The Funds' Advisor may periodically distribute a list of the issuers and securities which are covered by its research department as of a particular date. The list of issuers and securities may represent securities currently held by the Funds and securities which may be purchased for the Funds. However, in no case will a list specifically identify an issuer's securities as either currently held or anticipated to be held by the Funds or identify Fund position sizes.

Each violation of these policies must be reported to the CCO. If the CCO, in the exercise of his or her duties, deems that such violation constitutes a "Material Compliance Matter" within

the meaning of Rule 38a-1 under the 1940 Act, he/she shall report it to the Board, as required by Rule 38a-1.

## MANAGEMENT OF THE TRUST

The Trust is governed by a Board of Trustees, which is responsible for protecting the interests of the shareholders of each Fund. The Trustees are experienced executives and professionals who normally meet each quarter to oversee the activities of the Trust and the Funds. A majority of Trustees are not considered to be “interested persons” of the Trust as that term is defined in the 1940 Act (“Independent Trustees”).

The name, principal occupation during the past five years and other information with respect to each of the Trustees and officers of the Trust are as follows:

Name, Address and Age	Position held with Trust	Term of Office <sup>(1)</sup> and Length of Time Served	Principal Occupation During Past Five Years	Number of Portfolios in Fund Complex overseen by Trustee	Other Directorships Held by Trustee During the Past Five Years
<b><i>Interested Trustee</i></b>					
Douglas M. Jackman <sup>(2)</sup> c/o Thomas White International, Ltd. 425 S. Financial Pl. Suite 3900 Chicago, IL 60605 Age: 52	Trustee, President	Indefinite Term; Since November 2018	President of Thomas White International, Ltd. (since 2018); Executive Vice President of Thomas White International, Ltd. (1996-2018).	3	None
<b><i>Independent Trustees</i></b>					
Arthur J. Fiocco, Jr. c/o Thomas White International, Ltd. 425 S. Financial Pl. Suite 3900 Chicago, IL 60605 Age: 61	Trustee	Indefinite Term; Since December 2015	Vice President of Operations of Baxter International, Inc. (medical products) (since 2016, prior to which he was a director (since 2015)); Former Corporate Vice President of Hospira, Inc. (pharmaceutical company) (2004-2014).	3	None
Geri Sands Hansen c/o Thomas White International, Ltd. 425 S. Financial Pl. Suite 3900 Chicago, IL 60605 Age: 55	Trustee	Indefinite Term; Since November 2018	Retired; Co-Founder and Chief Investment Officer of Attucks Asset Management, LLC (2001-2015).	3	None

<b>Name, Address and Age</b>	<b>Position held with Trust</b>	<b>Term of Office<sup>(1)</sup> and Length of Time Served</b>	<b>Principal Occupation During Past Five Years</b>	<b>Number of Portfolios in Fund Complex overseen by Trustee</b>	<b>Other Directorships Held by Trustee During the Past Five Years</b>
Elizabeth Montgomery c/o Thomas White International, Ltd. 425 S. Financial Pl. Suite 3900 Chicago, IL 60605 Age: 74	Trustee	Indefinite Term; Since 2001	Retired; former President, Graham Group (management consulting).	3	None
Robert W. Thomas c/o Thomas White International, Ltd. 425 S. Financial Pl. Suite 3900 Chicago, IL 60605 Age: 73	Trustee	Indefinite Term; Since 2006	Retired; former President of Thomas Laboratories, Inc. (pharmaceutical company).	3	None
John N. Venson c/o Thomas White International, Ltd. 425 S. Financial Pl. Suite 3900 Chicago, IL 60605 Age: 71	Trustee	Indefinite Term; Since 1994	Retired; former Dean of the California School of Podiatric Medicine (2008-2017); Doctor of Podiatric Medicine.	3	None
William H. Woolverton c/o Thomas White International, Ltd. 425 S. Financial Pl. Suite 3900 Chicago, IL 60605 Age: 67	Trustee, Chairman	Indefinite Term; Since December 2015	Managing Director of DMS Governance Ltd. (fund governance) (since 2016); Former Senior Managing Director and General Counsel of Gottex Fund Management (investment advisory firm) (2005-2016).	3	None
<b><i>Officers of the Trust who are not Trustees</i></b>					
J. Ryan Conner 425 S. Financial Pl. Suite 3900 Chicago, IL 60605 Age: 38	Secretary and Chief Compliance Officer	Indefinite Term; Since 2010	Senior Vice President of Thomas White International, Ltd.	N/A	N/A
David M. Sullivan II 425 S. Financial Pl. Suite 3900 Chicago, IL 60605 Age: 46	Vice President and Treasurer	Indefinite Term; Since 2000	Treasurer of the Thomas White Funds; Executive Vice President of Thomas White International, Ltd.	N/A	N/A

(1) The Trustees serve indefinitely until their death, resignation or removal. The President, Treasurer and Secretary of the Trust each hold office until his or her successor is duly elected and qualified; all other officers hold office at the pleasure of the Trustees.

(2) Mr. Jackman may be deemed to be an “interested person” of the Trust, as that term is defined in the 1940 Act, by virtue of his position with the Advisor.

## **Board Leadership Structure**

Mr. William H. Woolverton serves as the Chairman of the Board and in this capacity he presides at all meetings of the Trustees, is responsible for the administration of the Trust and oversees the functioning of the Board's activities. The Chairman may perform such other functions as may be requested by the Board from time to time. Except for any duties specified herein or pursuant to the Trust's Trust Instrument and By-Laws, the designation of Chairman does not impose on Mr. Woolverton any duties, obligations or liability that are greater than the duties, obligations or liability imposed on such person as a member of the Board. Mr. Woolverton is an Independent Trustee, and a majority of the Board is comprised of Independent Trustees. In accordance with applicable regulations regarding the governance of the Trust, the Independent Trustees meet in a separate quarterly session in conjunction with each quarterly meeting of the Board during which they review matters relating to their independent oversight of the Trust. The Board believes its leadership structure, in which the Chairman of the Board is not affiliated with TWI, is appropriate, in light of the services that TWI provides to the Trust and potential conflicts of interest that could arise from these relationships.

The Board has designated various standing committees, as further discussed below, each of which has a Chairman who is an Independent Trustee. The Board may also designate working groups or ad hoc committees as it deems appropriate, from time to time.

The Board regularly reviews this leadership structure and believes it to be appropriate because it allows the Board to exercise informed judgment over matters under its purview, and it allocates areas of responsibilities among committees of Trustees and the full Board in a manner that enhances effective oversight.

## **Trustee Qualifications**

There are no specific required qualifications for Board membership. The Board believes that the different perspectives, viewpoints, professional experience, education and individual attributes of each Trustee represent a diversity of experiences and skills. In addition to the table above, the following is a brief discussion of the specific experience, qualifications, attributes and skills that led to the conclusion that each person identified below is qualified to serve as a Trustee.

*Arthur J. Fiocco, Jr.* – Through his experience as a director of a public operating company in the pharmaceuticals industry, Mr. Fiocco has experience with a variety of financial, management, regulatory and operational issues. He also has management experience through his prior position as a corporate officer of a privately held operating company in the pharmaceuticals industry.

*Geri Sands Hansen* – As a senior executive with over thirty years of experience working in the financial services industry in various roles, including as a founder and Chief Investment Officer of a private investment management firm, and as an investment consultant, research analyst and economist, Ms. Hansen has experience with a variety of business, management and financial matters.

*Douglas M. Jackman* – Through his position as President of TWI, which he joined in 1995, Mr. Jackman has experience in the investment management industry, including in the management and operation of registered investment companies, enabling him to provide management input and investment guidance to the Board. Mr. Jackman also has prior experience in the financial services industry developed prior to joining TWI in 1995.

*Elizabeth Montgomery* – As a private investor and former management consultant, Ms. Montgomery has experience with a variety of business and financial matters. She also has experience as a longstanding member of the Board.

*Robert W. Thomas* – As a former president of an operating company, Mr. Thomas has experience with a variety of financial, management, regulatory and operational issues. In addition, Mr. Thomas also serves as Chairman of the Trust’s Audit Committee.

*John N. Venson* – Through his prior position as an officer of TWI, the investment advisor to the Fund, Dr. Venson has experience in the management and operation of registered investment companies. Dr. Venson also has experience with business and management matters as a result of his prior service as the Chief Operating Officer of a private entity. He also has management experience through his prior position as Dean & Chief Academic Officer of the California School of Podiatric Medicine. In addition, he also has experience as a longstanding member of the Board.

*William H. Woolverton* – As managing director of a fund governance services firm, and as a former general counsel of a private investment management firm, Mr. Woolverton has relevant experience with a wide variety of legal, financial, management, regulatory and operational issues. Mr. Woolverton also has experience with business, legal and regulatory matters as a former partner of a law firm and as a former general counsel of a private investment management firm that manages various registered investment companies.

### **Board Oversight of Risk Management**

Each Fund is subject to various risks including, among others, investment, financial, compliance, valuation and operational risks. Day-to-day risk management functions are included within the responsibilities of the Advisor, and other service providers who carry out the Fund’s investment management and business affairs. The Advisor and other service providers each have their own, independent interest in risk management, and their policies and procedures for carrying out risk management functions will depend, in part, on their individual priorities, resources and controls.

The Board has not established a standing risk oversight committee. Instead, in fulfilling its risk oversight responsibilities, the Board regularly solicits and/or receives reports from the Advisor, the Funds’ CCO and from legal counsel to the Trust. The Board has designated the CCO to oversee the risk management processes, procedures and controls for the Trust. In this role, the CCO reports directly to the Board’s Independent Trustees and provides quarterly reports to the Board, in addition to an annual report to the Board in accordance with each Fund’s compliance policies and procedures and applicable regulatory requirements. The CCO also

regularly provides the Board with updates on the application of a Fund's compliance policies and procedures and how these procedures are designed to mitigate risk. In addition, as part of the Board's periodic review of a Fund's advisory and other service provider arrangements, the Board may consider risk management aspects of their operations and the functions for which they are responsible. The Board may, at any time and in its discretion, change the manner in which it conducts its risk oversight role in response to various relevant factors.

### **Board Committees**

The Board has an Audit Committee, Nominating Committee and a Valuation Committee, each of which are comprised of all of the Independent Trustees of the Trust. The Audit Committee oversees the Trust's accounting and financial reporting policies and practices and oversees the quality and objectivity of the Trust's financial statements and the independent audit thereof. The members of the Audit Committee include all of the Board's Independent Trustees, currently, Messrs. Fiocco, Thomas, Venson and Woolverton, and Mmes. Hansen and Montgomery. The Audit Committee met two times during the fiscal year ended October 31, 2018.

The purpose of the Nominating Committee is to evaluate the qualifications of candidates and make nominations for independent director or trustee membership on the Board. The members of the Nominating Committee include all of the Board's Independent Trustees, currently, Messrs. Fiocco, Thomas, Venson and Woolverton, and Mmes. Hansen and Montgomery. The Nominating Committee met one time during the fiscal year ended October 31, 2018.

The Board has delegated day-to-day valuation issues to the Valuation Committee. The function of the Valuation Committee is to value securities held by any of the Funds for which current and reliable market quotations are not readily available. Such securities are valued at their respective fair values as determined in good faith by the Valuation Committee, and the actions of the Valuation Committee are subsequently reviewed and ratified by the Board. The members of the Valuation Committee include all of the Board's Independent Trustees, currently, Messrs. Fiocco, Thomas, Venson and Woolverton, and Mmes. Hansen and Montgomery. The Valuation Committee meets quarterly and also on an as needed basis when deemed necessary in order to value a security requiring a fair valuation by the Committee. The Valuation Committee met four times during the fiscal year ended October 31, 2018.

### **Ownership of Securities**

Set forth in the table below is the dollar range of equity securities owned beneficially by each Trustee in the Funds, as of December 31, 2018, using the following ranges: None, \$1-\$10,000, \$10,001-\$50,000, \$50,001-\$100,000, or over \$100,000.

Name of Trustee	Dollar Range of Equity Securities in the Funds	Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by Trustee in Family of Investment Companies
<b><i>Interested Trustee</i></b>		
Douglas M. Jackman	International Fund – Over \$100,000 Emerging Markets Fund – Over \$100,000 American Opportunities Fund – Over \$100,000	Over \$100,000
<b><i>Independent Trustees</i></b>		
Arthur J. Fiocco, Jr.	International Fund – \$1-\$10,000 Emerging Markets Fund – \$1-\$10,000 American Opportunities Fund – \$10,001-\$50,000	\$10,001-\$50,000
Geri Sands Hansen	International Fund – None Emerging Markets Fund – None American Opportunities Fund – None	None
Elizabeth Montgomery	International Fund – Over \$100,000 Emerging Markets Fund – \$50,001-\$100,000 American Opportunities Fund – \$50,001-\$100,000	Over \$100,000
Robert W. Thomas	International Fund – \$50,001-\$100,000 Emerging Markets Fund – \$10,001-\$50,000 American Opportunities Fund – \$50,001-\$100,000	Over \$100,000
John N. Venson	International Fund – None Emerging Markets Fund – None American Opportunities Fund – \$1-\$10,000	\$1-\$10,000
William H. Woolverton	International Fund – \$1-\$10,000 Emerging Markets Fund – \$1-\$10,000 American Opportunities Fund – \$10,001-\$50,000	\$10,001-\$50,000

No Independent Trustee or immediate family member has during the two most recently completed calendar years had: (i) any material interest, direct or indirect, in any transaction or series of similar transactions, in which the amount involved exceeds \$120,000; (ii) any securities interest in the Advisor or its affiliates (other than the Trust); or (iii) any direct or indirect relationship of any nature, in which the amount involved exceeds \$120,000, with: (a) the Funds; (b) an officer of the Funds; (c) an investment company, or person that would be an investment company but for the exclusions provided by sections 3(c)(1) and 3(c)(7) of the 1940 Act, having the same investment advisor as the Funds or having an investment advisor that directly or indirectly controls, is controlled by, or is under common control with the Advisor; (d) an officer of an investment company, or a person that would be an investment company but for the exclusions provided by sections 3(c)(1) and 3(c)(7) of the 1940 Act, having the same investment advisor as the Funds or having an investment advisor that directly or indirectly controls, is controlled by, or is under common control with the Advisor; (e) the Advisor; (f) an officer of the Advisor; (g) a person directly or indirectly controlling, controlled by, or under common control with the Advisor; or (h) an officer of a person directly or indirectly controlling, controlled by, or under common control with the Advisor of the Funds.

## Board Compensation

The Trust pays each Trustee of the Trust who is not an officer or employee of the Advisor a fee of \$4,000 for each Board of Trustees meeting and a \$10,000 annual retainer. The \$10,000 annual retainer is distributed exclusively in shares of the Funds as directed by each Trustee. Neither the Trust nor the Funds maintain any pension or retirement plans, and no pension or retirement benefits are accrued as Trust or Fund expenses. For the fiscal year ended October 31, 2018, the Trust paid the following compensation to the current Trustees of the Trust:

	Aggregate Compensation <sup>(1)</sup>	Pension or Retirement Benefits Accrued as Fund Expenses	Estimated Annual Benefits Upon Retirement	Total Compensation
Thomas S. White, Jr. <sup>(2)</sup>	\$0	\$0	\$0	\$0
Douglas M. Jackman <sup>(3)</sup>	\$0	\$0	\$0	\$0
John N. Venson	\$26,000	\$0	\$0	\$26,000
Robert W. Thomas	\$26,000	\$0	\$0	\$26,000
Elizabeth Montgomery	\$26,000	\$0	\$0	\$26,000
William H. Woolverton	\$26,000	\$0	\$0	\$26,000
Arthur J. Fiocco, Jr.	\$26,000	\$0	\$0	\$26,000
Geri Sands Hansen <sup>(3)</sup>	\$0	\$0	\$0	\$0

<sup>(1)</sup> Trustee fees and expenses are allocated among the Funds in the Trust.

<sup>(2)</sup> Mr. White resigned from the Board effective September 28, 2018.

<sup>(3)</sup> Trustees elected at a special shareholder meeting held November 30, 2018 and were not members of the Board during the most recent fiscal year end.

## PRINCIPAL SHAREHOLDERS

As of January 31, 2019, shareholders who owned, beneficially or of the record, 5% or more of the outstanding shares of any Class of shares of the Funds are listed below:

Fund	Name and Address of Owner	Number of Shares Owned	Percent of Class <sup>(1)</sup>
Thomas White International Fund (Investor Class)	Charles Schwab & Co., Inc. Special Custody A/C FBO Customers Attn: Mutual Funds 211 Main St San Francisco, CA 94105-1905	667,833	33.60%
	National Financial Services LLC For the Exclusive Benefit of its Customers Attn: Mutual Funds Dept., 4 <sup>th</sup> FL 499 Washington Blvd Jersey City, NJ 07310-1995	430,617	21.66%
	Northern Trust Cust FBO Thomas E. Rodgers Jr. A/C 0243910 PO Box 92956 Chicago, IL 60675-2956	239,130	12.03%



<b>Fund</b>	<b>Name and Address of Owner</b>	<b>Number of Shares Owned</b>	<b>Percent of Class<sup>(1)</sup></b>
	Catherine N Manos Trust 1448 North Lake Shore Dr Chicago, IL 60610-1799	114,771	5.77%(2)
	TD Ameritrade, Inc. For the Exclusive Benefit of its Clients PO Box 2226 Omaha, NE 68103-2226	104,126	5.24%
Thomas White International Fund (Class I)	Merrill Lynch Pierce Fenner & Smith For the Sole Benefit of its Customers 4800 Deer Lake Dr E Jacksonville, FL 32246-6484	2,598,946	38.90%
	National Financial Services LLC For the Exclusive Benefit of its Customers Attn: Mutual Funds Dept, 4 <sup>th</sup> FL 499 Washington Blvd Jersey City, NJ 07310-1995	1,638,453	24.52%
	University of Dubuque 2000 University Ave Dubuque, IA 52001-5099	832,528	12.46%
	Charles Schwab & Co., Inc. Special Custody A/C FBO Customers Attn: Mutual Funds 211 Main St San Francisco, CA 94105-1905	614,136	9.19%
Thomas White Emerging Markets Fund (Investor Class)	Catherine Manos Trust 1448 North Lake Shore Dr Chicago, IL 60610- 1799	71,114	43.26%(2)
	U.S. Bank, N/A Cust Thomas S White JR IRA Rollover 1555 RiverCenter Drive, Suite 302 Milwaukee, WI 53212	55,670	33.88%
	Charles Schwab & Co., Inc. Special Custody A/C FBO Customers Attn Mutual Funds 211 Main St San Francisco, CA 94105-1905	12,017	7.31%
	Robert Graham Revocable Trust U/A 03/07/2008 1448 North Lake Shore Dr. Chicago, IL 60610-1897	8,870	5.40%(2)

<b>Fund</b>	<b>Name and Address of Owner</b>	<b>Number of Shares Owned</b>	<b>Percent of Class<sup>(1)</sup></b>
Thomas White Emerging Markets Fund (Class I)	National Financial Services LLC For the Exclusive Benefit of its Customers Attn: Mutual Funds Dept, 4 <sup>th</sup> FL 499 Washington Blvd Jersey City, NJ 07310-1995	2,168,217	66.04%
	NABANK & Co. P.O. Box 2180 Tulsa, OK 74101-2180	664,763	20.25%
	Charles Schwab & Co., Inc. Special Custody A/C FBO Customers Attn: Mutual Funds 211 Main St San Francisco, CA 94105-1905	167,586	5.10%
Thomas White American Opportunities Fund (Investor Class)	National Financial Services LLC For the Exclusive Benefit of its Customers Attn: Mutual Funds Dept, 4 <sup>th</sup> FL 499 Washington Blvd Jersey City, NJ 07310-1995	1,485,051	57.36%
	University of Dubuque 2000 University Ave Dubuque, IA 52001-5099	520,102	20.09%
	Charles Schwab & Co., Inc. Special Custody A/C FBO Customers Attn: Mutual Funds 211 Main St San Francisco, CA 94105-1905	148,930	5.75%
	Trustees of Thomas White International Ltd 401K Plan U/A 01/13/1997 440 S. LaSalle St, Ste 3900 Chicago, IL 60605-5030	138,079	5.33%

(1) A party holding in excess of 25% of the outstanding voting securities of a Fund may be deemed to control the Fund based on the substantial ownership interest held and the party's resultant ability to influence voting on certain matters submitted to shareholders for their consideration and approval.

(2) Indicates beneficial ownership.

As of January 31, 2019, the Trustees and officers of the Trust as a group owned approximately 1.7% of the Investor Class shares of the Emerging Markets Fund, approximately 2.5% of the Investor Class shares of the American Opportunities Fund and less than 1.0% of the other classes of shares available for purchase in the Funds.

## INVESTMENT MANAGEMENT SERVICES

### Investment Management Agreement

The Advisor of the Funds is *Thomas White International, Ltd.*, (the “Advisor” or “TWI”), an Illinois corporation with offices in Chicago, Illinois. Each Investment Management Agreement between the Advisor and the Trust, on behalf of a Fund, is in effect for an initial two-year term. Thereafter, each Agreement continues from year to year, subject to approval annually by the Board or by vote of a majority of the outstanding shares of the Fund (as defined in the 1940 Act) and also, in either event, with the approval of a majority of those Trustees who are not parties to the Agreement or interested persons of any such party in person at a meeting called for the purpose of voting on such approval.

The Investment Management Agreements require the Advisor to furnish the Funds with investment research and advice. In so doing, without cost to the Funds, the Advisor may receive certain research services described below. The Advisor is not required to furnish any personnel, overhead items or facilities for the Funds, including daily pricing or trading desk facilities, although such expenses are paid by investment advisors of some other investment companies. It is currently expected that these expenses will be borne by the Funds, although certain of these expenses may be borne by the Advisor. In addition, the Advisor may pay, out of its own assets and at no cost to the Funds, amounts to certain broker-dealers or other financial intermediaries in connection with the provision of administrative services and/or with the distribution of the Funds’ shares. For the fiscal year ended October 31, 2018, the Advisor paid broker-dealers and other intermediaries out of its own assets for costs associated with these administrative and distribution services, approximately \$246,375 on behalf of the International Fund, or 0.09% of the Fund’s average daily net assets, approximately \$29,410 on behalf of the Emerging Markets Fund, or 0.07% of the Fund’s average daily net assets, and approximately \$110,517 on behalf of the American Opportunities Fund, or 0.25% of the Fund’s average daily net assets.

Specifically, the Advisor paid the indicated amounts to the following recipients during the Funds’ last fiscal year:

Broker-Dealer or Other Intermediary	Amount
Fidelity	\$229,817
Charles Schwab	\$67,665
Merrill Lynch	\$49,817
Pershing	\$14,369
TD Ameritrade	\$9,564
UBS	\$8,682
Vanguard	\$3,868
Wells Fargo	\$804
Raymond James	\$688
Wyoming Financial	\$507
E-Trade	\$428
RBC	\$92

Investors may be able to obtain more information about these payments and services from their brokers and other financial intermediaries and should so inquire if they would like additional information.

The Investment Management Agreements provide that the Advisor will select brokers and dealers for execution of the Funds' portfolio transactions consistent with the Trust's brokerage policies (see "Brokerage Allocation"). Although the services provided by broker-dealers in accordance with the brokerage policies incidentally may help reduce the expenses of or otherwise benefit the Advisor and other investment advisory clients of the Advisor, as well as the Funds, the value of such services is indeterminable and the Advisor's fee is not reduced by any offset arrangement by reason thereof.

When the Advisor determines to buy or sell the same securities for the Funds that the Advisor has selected for one or more of its other clients, the orders for all such securities transactions are placed for execution by methods determined by the Advisor, with approval by the Board, to be impartial and fair, in order to seek good results for all parties (see "Brokerage Allocation-Trading Policies"). Records of securities transactions of persons who know when orders are placed by the Funds are available for inspection at least four times annually by the CCO so that the Independent Trustees can be satisfied that the procedures are generally fair and equitable for all parties.

The Investment Management Agreements further provide that the Advisor shall have no liability to the Trust, the Funds or any shareholder of the Funds for any error of judgment, mistake of law, or any loss arising out of any investment or other act or omission in the performance by the Advisor of its duties under the Agreement or for any loss or damage resulting from the imposition by any government of exchange control restrictions which might affect the liquidity of the Funds' assets, or from acts or omissions of custodians or securities depositories, or from any wars or political acts of any foreign governments to which such assets might be exposed, except for any liability, loss or damage resulting from willful misfeasance, bad faith or gross negligence on the Advisor's part or reckless disregard of its duties under the Investment Management Agreements. Each Investment Management Agreement will terminate automatically in the event of its assignment, and may be terminated by the Trust on behalf of the Funds at any time without payment of any penalty on 60 days' written notice, with the approval of a majority of the Trustees of the Trust in office at the time or by vote of a majority of the outstanding Shares of the Funds (as defined by the 1940 Act).

The Trust uses the names "*Lord Asset Management*" and "*Thomas White*" in the names of the Trust and the Funds, respectively, by license from the Advisor and would be required to stop using those names if *Thomas White International, Ltd.*, ceased to be the Advisor of the Funds. The Advisor has the right to use those names in connection with other enterprises, including other investment companies.

## **Management Fees**

For its services, each Fund pays the Advisor a monthly fee that is accrued daily at the rate of 0.85% annually of the Fund's average daily net assets. The following chart indicates the aggregate investment advisory fees for each Fund for the fiscal years ended October 31, 2018, 2017 and 2016:

	Advisory Fees Incurred	Waived Fees and/or Expenses Reimbursed by Advisor	Recouped Fees and Expenses to Advisor	Net Fees Paid to the Advisor
<b>The International Fund</b>				
Year Ended October 31, 2018	\$2,443,157	\$503,806	\$0	\$1,939,351
Year Ended October 31, 2017	\$3,878,284	\$651,357	\$0	\$3,226,927
Year Ended October 31, 2016	\$4,859,698	\$563,299	\$0	\$4,296,399
<b>The Emerging Markets Fund</b>				
Year Ended October 31, 2018	\$342,088	\$163,204	\$0	\$178,884
Year Ended October 31, 2017	\$531,084	\$198,526	\$0	\$332,558
Year Ended October 31, 2016	\$681,305	\$149,938	\$0	\$531,367
<b>The American Opportunities Fund</b>				
Year Ended October 31, 2018	\$373,395	\$37,957	\$0	\$335,438
Year Ended October 31, 2017	\$346,622	\$0	\$0	\$346,622
Year Ended October 31, 2016	\$303,517	\$0	\$0	\$303,517

The Advisor has agreed to reimburse the Funds through February 29, 2020 to the extent that: the total operating expenses of the American Opportunities Fund's Investor Class exceed (as a percentage of average daily net assets) 1.34%; the total operating expenses of the International Fund's Investor Class and Class I shares exceed (as a percentage of average daily net assets) 1.24% and 0.99%, respectively; and the total operating expenses of the Emerging Markets Fund's Investor Class and Class I shares exceed (as a percentage of average daily net assets) 1.34% and 1.09%, respectively.

Each Fund has agreed to repay the Advisor for fees that were waived or reimbursed for a period up to three years after such waiver or reimbursement was made to the extent that such repayment would not cause the expenses of the Fund to exceed the established limit. As of October 31, 2018, the Funds had the following amounts subject to repayment to the Advisor:

Fund	Share Class	Year Fees Waived	Repayment Expires	Balance
International Fund	Investor Class	2016	2019	\$185,995
International Fund	Investor Class	2017	2020	\$115,940
International Fund	Investor Class	2018	2021	\$47,574
International Fund	Class I	2016	2019	\$376,987
International Fund	Class I	2017	2020	\$535,417
International Fund	Class I	2018	2021	\$465,425
Emerging Markets Fund	Investor Class	2017	2020	\$2,618
Emerging Markets Fund	Investor Class	2018	2021	\$3,875
Emerging Markets Fund	Class I	2016	2019	\$150,335
Emerging Markets Fund	Class I	2017	2020	\$195,908
Emerging Markets Fund	Class I	2018	2021	\$159,329
American Opportunities Fund	Investor Class	2018	2021	\$37,957

Each Fund also pays other expenses such as the fees of its custodian, transfer agent, and auditors, the cost of compliance with Federal and state laws, proxy solicitations, shareholder

reports, taxes, insurance premiums, legal fees and the fees of Trustees who are not otherwise affiliated with the Funds or the Advisor.

The Advisor may recoup any waived amount from a Fund pursuant to the expense limitation agreements if such reimbursement does not cause the Fund to (i) exceed existing expense limitations or the expense limitation in effect at the time the expense was waived, and (ii) the reimbursement is made within three years after the year in which the Advisor incurred the expense. For the fiscal year ended October 31, 2018, the Advisor recouped the following amount:

Fund	Share Class	Recoupment Amount
International Fund	Investor Class	\$9,193

## The Advisor

The Advisor is owned by certain executive officers and employees of the Advisor. Mr. Jackman and other officers of the Advisor also serve as a Trustee or officers of the Trust, as indicated above, and are therefore affiliated persons of the Advisor and the Funds.

## Other Accounts Managed

The table below identifies accounts, other than the Funds, for which Wei Li, Ph.D., CFA, Douglas M. Jackman, CFA, Jinwen Zhang, Ph.D., CFA, Jianzhong (John) Wu, Ph.D., CFA, Ramkumar Venkatramani, CFA and Rex Mathew, CFA, CMA, the Funds' Portfolio Managers, were either jointly or primarily responsible for the day-to-day portfolio management, for the fiscal year ended October 31, 2018.

Other Accounts	Total Number of Accounts	Total Assets (in millions)	Total Number of Accounts with Performance Based Fees	Total Assets of Accounts with Performance Based Fees (in millions)
Registered Investment Companies	0	\$0	0	\$0
Other Pooled Investment Vehicles	3	\$108.2	0	\$0
Other Accounts	894	\$485.5	0	\$0

## Conflicts of Interest

The Portfolio Managers also manage other accounts. At times, those responsibilities potentially could conflict with the interests of the Funds. That may occur whether the investment strategies of the other accounts are the same as, or different from, a Fund's investment objectives and strategies. For example, the Portfolio Managers may need to allocate investment opportunities between a Fund and another account having similar objectives or strategies, or may need to execute transactions for another account that could have a negative impact on the value of securities held by a Fund. Not all accounts advised by TWI have the same management fee. If the management fee structure of another account is more advantageous to TWI than the fee

structure of a Fund, TWI could have an incentive to favor the other account. At various times, the Portfolio Managers may manage other accounts with investment objectives and strategies that are similar to those of a Fund, or may manage accounts with investment objectives and strategies that are different from those of the Funds.

## Compensation

Each Portfolio Manager’s compensation is based on a competitive, fixed salary paid by TWI, and a discretionary bonus based on TWI’s economic performance.

Set forth in the table below is the dollar range of equity securities held in the Funds beneficially owned by each Portfolio Manager as of December 31, 2018, using the following ranges: None, \$1-\$10,000, \$10,001-\$50,000, \$50,001-\$100,000, \$100,001-\$500,000, \$500,001-\$1,000,000 or over \$1,000,000.

<b>Portfolio Manager</b>	<b>Dollar Range of Equity Securities Beneficially Owned</b>
Wei Li, Ph.D., CFA	International Fund – \$100,001-\$500,000 Emerging Markets Fund – \$100,001-\$500,000 American Opportunities Fund – \$100,001-\$500,000
Douglas M. Jackman, CFA	International Fund – \$100,001-\$500,000 Emerging Markets Fund – \$100,001-\$500,000 American Opportunities Fund – \$100,001-\$500,000
Jinwen Zhang, Ph.D., CFA	International Fund – \$10,001-\$50,000 Emerging Markets Fund – \$50,001-\$100,000 American Opportunities Fund – \$50,001-\$100,000
Jianzhong (John) Wu, Ph.D., CFA	International Fund – \$100,001-\$500,000 Emerging Markets Fund – \$50,001-\$100,000 American Opportunities Fund – \$10,001-\$50,000
Ramkumar Venkatramani, CFA	International Fund – None Emerging Markets Fund – None American Opportunities Fund – None
Rex Mathew, CFA, CMA	International Fund – \$10,001-\$50,000 Emerging Markets Fund – \$50,001-\$100,000 American Opportunities Fund – \$1-\$10,000

## Code of Ethics

The Trust and the Advisor (and its affiliates) each have adopted a code of ethics, as is required by applicable law, which is designed to prevent affiliated persons of the Trust and the Advisor from engaging in deceptive, manipulative, or fraudulent activities in connection with securities held or to be acquired by the Funds (which may also be held by certain persons subject to a code). There can be no assurance that the codes will be effective in preventing such activities.

## Proxy Voting Policies and Procedures

The Board has adopted the proxy voting policies and procedures for the Trust (“Trust Proxy Voting Policies and Procedures”) that delegate the authority to vote proxies related to

portfolio securities of each of the Funds to the Advisor. The Advisor has adopted its own proxy voting policies and procedures that the Advisor will use when exercising voting authority on behalf of the Funds (the “Advisor Proxy Voting Policies and Procedures”). Under the Trust Proxy Voting Policies and Procedures, the Board will provide the Trust’s consent to vote in matters where the Advisor seeks such consent because of a conflict of interest that arises in connection with a particular vote, or for other reasons.

#### *Summary of Advisor Proxy Voting Policies and Procedures*

All proxies are voted in accordance with the Advisor’s responsibility to act solely in the best interest of its clients and in a manner that maximizes the economic value of the underlying shares. As such, the Advisor’s general proxy voting policy is to elect capable directors and vote against various techniques that inhibit the highest market valuation for company shares. Securities that are part of a securities lending program and on loan may not be voted on by the Advisor. Each vote is analyzed on an individual basis in accordance with the Advisor’s stated policy, which is summarized below. The Advisor will disclose any material conflicts of interest that arise to the Board and obtain the consent or instruction of a majority of the Board before casting its vote. The Advisor may, if directed by a client based on the contractual relationship or otherwise, vote as instructed by the client for certain issues or securities.

The president of the Advisor has appointed a compliance officer who shall administer and oversee the proxy voting process. The compliance officer will determine the votes for issues that are not addressed in categories of issues section of the Advisor Proxy Voting Policies and Procedures in accordance with the Advisor’s stated policy. The Advisor Proxy Voting Policies and Procedures divides the Advisor’s voting policies into two basic categories: (1) Management Proposals and (2) Shareholder Proposals. The following examples illustrate the Advisor Proxy Voting Policies and Procedures with respect to certain typical proxy votes. This summary is not an exhaustive list of all the issues that may arise or of all matters addressed in the Advisor Proxy Voting Policies and Procedures. Whether the Advisor supports or opposes a proposal will depend on the specific facts and circumstances described in the proxy statement and other available information.

(1) *Management Proposals.* The Advisor generally will support nominees to the board of directors so long as the nominees have shown responsibility to the welfare of the shareholders. The Advisor would vote for a dissident slate of nominees if it favored a potential acquirer in a takeover battle. The Advisor will reject any proposal to dismantle cumulative voting provisions. The Advisor will vote to oppose the institution of a classified board, and will vote in favor of its repeal wherever one has already been installed. It typically supports managements’ choice of auditors. The Advisor generally will vote with the management in the case of mergers provided that the proposed acquisition is not clearly harmful to the acquiring firm. The Advisor generally will support director and officer indemnification provisions, except that the Advisor may vote against such measure if they are accompanied by a number of anti-takeover defenses and/or in those cases where it favors a potential acquirer in a challenge for corporate control.



The Advisor will vote against proposals to authorize blank check preferred stock, unless the management's argument in defense of the proposal to authorize such stock is rational. Authorization of common stock will be subject to great scrutiny. Certain stock/option plans or amendments to existing plans would not be supported by the Advisor, such as those plans that keep a substantial block of voting stock in friendly hands. The Advisor will support all one-share-one-vote provisions and will resist any proposals that would dilute the voting power of its clients' shares. The Advisor will not support the use of any employee stock ownership plan as a weapon against takeovers.

For all other management proposals, the Advisor will judge each on a case-by-case basis. In cases where it appears there is no possible principal/agent problem on the part of management and in which management has not shown itself to be incompetent, the Advisor will defer to the decisions of the management. If the management may have a stake in the outcome, the Advisor will subject the proposal to greater analysis. Generally, the Advisor will not support any strategy that enhances management entrenchment or results in the dilution of shareholders' governance capacity.

(2) *Shareholder Proposals.* Generally, the Advisor favors shareholder proposals that promote participation by all shareholders in corporate matters. The Advisor supports equal access to proxy materials and will vote against any proposal that would curtail such access. The Advisor's policy is to vote in support of any shareholder proposal to require confidential voting. Generally the Advisor will vote in favor of cumulative voting provisions and in opposition of their removal. The Advisor will generally vote against the restoration of preemptive rights. The Advisor generally will vote in support of any proposal that would weaken or reduce poison pill provisions. The Advisor will vote to opt out of state takeover laws whenever possible. The Advisor will vote against payment of greenmail. The Advisor generally will vote in favor of proposals for minimum stock ownership by directors, but will review each case with respect to the proper level of minimum stock ownership. The Advisor will not support shareholder proposals based upon social/political considerations, unless such considerations are of economic consequence to its clients' investments. The Advisor generally will vote against any proposal for any targeted share placement where the placement would serve to entrench management and inhibit the full valuation of the Funds' shares. The Advisor generally will abstain from or reject any proposals to disclose employee or director compensation.

The Funds are required to file Form N-PX with their complete proxy voting records for the 12 months ended June 30<sup>th</sup>, no later than August 31<sup>st</sup> of each year. The most recently filed Form N-PX is available without charge: (1) from the Funds, upon request by calling 1-800-811-0535; and (2) on the SEC's web site at [www.sec.gov](http://www.sec.gov).

## OTHER SERVICES

### **Distribution Services**

Quasar Distributors, LLC, 777 East Wisconsin Avenue, Milwaukee, Wisconsin 53202 (“Quasar”), serves as each Fund’s principal underwriter in a continuous public offering of each Fund’s shares. Pursuant to a distribution agreement between the Funds and Quasar dated March 1, 2011 (the “Distribution Agreement”), Quasar acts as each Fund’s principal underwriter and distributor and provides certain administration services and promotes and arranges for the sale of each Fund’s shares. Quasar is a registered broker-dealer under the Securities Exchange Act of 1934, as amended, and is a member of the Financial Industry Regulatory Authority (“FINRA”).

The Distribution Agreement between the Funds and Quasar has an initial term of two years and subsequently will continue in effect for a one-year term only if such continuance is specifically approved at least annually by the Board or by vote of a majority of a Fund’s outstanding voting securities and, in either case, by a majority of the Independent Trustees. The Distribution Agreement is terminable without penalty by the Trust on behalf of the Fund on a 60-day written notice when authorized either by a majority vote of the Fund’s shareholders or by vote of a majority of the Board, including a majority of the Independent Trustees, or by Quasar on a 60-day written notice, and will automatically terminate in the event of its “assignment” (as defined in the 1940 Act). The Advisor is responsible for the payment of the fees and expenses payable to the Distributor under the Distribution Agreement.

### **Administrative Services Plan – (Investor Class Shares)**

The Funds have adopted an Administrative Services Plan pursuant to which each Fund is authorized to make payments to certain types of service providers for providing administrative services with respect to shares of the Funds attributable to or held in the name of the service provider for its clients or customers with whom they have a servicing relationship. Under the terms of the Administrative Services Plan, Investor Class shares of a Fund (as applicable) are authorized to make payments up to a maximum rate of 0.25% of the average daily net assets of the Class attributable to or held in the name of the service provider for providing the types of applicable administrative services covered under the terms of the Plan.

Prior to March 1, 2017, the International Fund and Emerging Markets Fund offered Class A shares and those Funds were authorized to make payments up to a maximum rate of 0.25% of the average daily net assets of the Class A shares attributable to or held in the name of the service provider for providing the types of applicable administrative services covered under the terms of the plan. The Administrative Services Plan was discontinued with regard to Class A shares effective February 28, 2017.

For the fiscal years ended October 31, 2018, 2017 and 2016, total fees paid according to the Administrative Services Plan were as follows:

	International Fund		Emerging Markets Fund		American Opportunities Fund
	Class A	Investor Class	Class A	Investor Class	Investor Class
Fiscal year ended October 31, 2018	–	\$64,842	–	\$543	\$105,061
Fiscal year ended October 31, 2017	\$217	\$232,277	\$34	\$347	\$3,858
Fiscal year ended October 31, 2016	\$451	\$489,481	\$90	\$474	\$2,596

### Business Management Services

Pursuant to the Business Management Agreement, the Advisor provides certain business management services to the Funds, including, without limitation, monitoring of the Funds’ relationships with third-party service providers and assisting with necessary and appropriate services to the Board of the Trust. For these services, the Advisor is entitled to receive a fee from each Fund at a rate of 0.035% of the Fund’s average daily net assets.

For the fiscal years ended October 31, 2018, 2017, and 2016, total fees paid according to the Business Management Agreement were as follows:

	International Fund	Emerging Markets Fund	American Opportunities Fund
Fiscal year ended October 31, 2018	\$100,601	\$14,086	\$15,375
Fiscal year ended October 31, 2017	\$159,694	\$21,868	\$14,273
Fiscal year ended October 31, 2016	\$200,105	\$28,054	\$12,497

### Administrative and Accounting Services

U.S. Bancorp Fund Services, LLC doing business as U.S. Bank Global Fund Services, (“Fund Services”), 615 East Michigan Street, Milwaukee, Wisconsin 53202, acts as administrator to the Funds pursuant to an administration agreement (the “Administration Agreement”). Fund Services provides certain administrative services to the Funds, including, among other responsibilities, coordinating the negotiation of contracts and fees with, and the monitoring of performance and billing of, the Funds’ independent contractors and agents; preparation for signature by an officer of the Trust of all documents required to be filed for compliance by the Trust and the Funds with applicable laws and regulations excluding those of the securities laws of various states; arranging for the computation of performance data, including NAV and yield; responding to shareholder inquiries; and arranging for the maintenance of books and records of the Funds, and providing, at its own expense, office facilities, equipment and personnel necessary to carry out its duties. In this capacity, Fund Services does not have any responsibility or authority for the management of the Funds, the determination of investment policy, or for any matter pertaining to the distribution of Fund shares.

In addition, the Trust has entered into a Fund Accounting Servicing Agreement with Fund Services pursuant to which Fund Services has agreed to maintain the financial accounts and records of the Funds and provide other accounting services to the Funds.

For its fund accounting and administration services, Fund Services is entitled to receive fees, payable monthly, based on a schedule of charges agreed on from time to time. For the fiscal years ended October 31, 2018, 2017 and 2016, total fees paid according to the Administration Agreement were as follows:

	International Fund	Emerging Markets Fund	American Opportunities Fund
Fiscal year ended October 31, 2018	\$192,964	\$37,858	\$32,656
Fiscal year ended October 31, 2017	\$270,135	\$46,355	\$27,897
Fiscal year ended October 31, 2016	\$320,352	\$55,574	\$24,983

### Securities Lending Activities

The following table provides certain information about the International Fund's and Emerging Markets Fund's securities lending activities for the fiscal year ended October 31, 2018:

	International Fund	Emerging Markets Fund
Gross income earned by the Fund from securities lending activities (including income from cash collateral reinvestment)	\$23,793	\$5,314
Fees and/or compensation paid by the Fund for securities lending activities and related services		
Fees paid to securities lending agent from a revenue split	\$11,896	\$2,657
Fees paid for any cash collateral management service (including fees deducted from a pooled cash collateral reinvestment vehicle) that are not included in a revenue split	\$0	\$0
Administrative fees that are not included in a revenue split	\$0	\$0
Fees paid for indemnification that are not included in a revenue split	\$0	\$0
Rebates paid to borrowers	\$0	\$(46)
Other fees that are not included in a revenue split	\$0	\$0
Aggregate fees/compensation paid by the Fund for securities lending activities	\$(11,896)	\$(2,611)
Net income from securities lending activities	\$11,897	\$2,657

During the fiscal year ended October 31, 2018, the International Fund's and Emerging Markets Fund's securities lending agent, The Northern Trust Company, provided the following services for the International Fund and Emerging Markets Fund in connection with their securities lending activities: (i) identifying borrowers and entering into loans with approved entities subject to the guidelines or restrictions provided by the Funds; (ii) receiving and holding collateral from borrowers, and facilitating the investment and reinvestment of cash collateral in US Treasury securities, other short-term securities and, with respect to the Emerging Markets Fund, a money market fund; (iii) monitoring daily the value of the loaned securities and collateral, including receiving and delivering additional collateral as necessary from/to borrowers; (iv) negotiating loan terms; (v) selecting securities to be loaned subject to guidelines or restrictions provided by the Funds; (vi) recordkeeping and account servicing, including providing quarterly reports on the securities lending program for Fund management and the Board of Trustees; (vii) monitoring dividend/distribution activity and material proxy votes

relating to loaned securities; and (viii) arranging for return of loaned securities to the Funds at loan termination.

The American Opportunities Fund did not engage in any securities lending activities during the fiscal year ended October 31, 2018.

### **Transfer Agent**

Fund Services acts as the transfer and dividend disbursing agent for each Fund pursuant to the transfer agency agreement (the “Transfer Agent Agreement”), under which Fund Services (i) issues and redeems shares, (ii) prepares and transmits payments for dividends and distributions declared by each Fund, (iii) prepares shareholder meeting lists and, if applicable, mail, receive and tabulate proxies, and (iv) provides a Blue Sky System which will enable each Fund to monitor the total number of shares sold in each state. Compensation for the services of the Transfer Agent is based on a schedule of charges agreed on from time to time.

### **Custodians**

The Northern Trust Company, 50 South LaSalle Street, Chicago, Illinois 60675, serves as Custodian to the assets of the International Fund and Emerging Market Fund while U.S. Bank, N.A., 615 East Michigan Street, Milwaukee, WI 53202, serves as Custodian of the American Opportunities Fund’s assets. The Custodians, and the branches and sub-custodians of each, generally do not hold certificates for the securities in their custody, but instead have book records with domestic and foreign securities depositories, which in turn have book records with the transfer agents of the issuers of the securities. Compensation for the services of the Custodians is based on a schedule of charges agreed on from time to time.

### **Legal Counsel**

Dechert LLP, 1900 K Street, N.W., Washington, D.C. 20006, is legal counsel for the Trust.

### **Independent Registered Public Accounting Firm**

Tait, Weller & Baker LLP (“Tait Weller”), Two Liberty Place, Suite 2900, Philadelphia, Pennsylvania 19102, is the independent registered public accounting firm for the Trust. In addition to audit services, Tait Weller provides assistance on accounting, internal control, tax and related matters.

### **Reports to Shareholders**

The Trust’s fiscal year ends on October 31. Shareholders will be provided at least semiannually with reports showing the portfolio of each Fund and other information, including an annual report with financial statements audited by the independent accountants.

## BROKERAGE ALLOCATION

The Investment Management Agreement provides that the Advisor is responsible for selecting members of securities exchanges, brokers and dealers (such members, brokers and dealers being hereinafter referred to as “brokers”) for the execution of the Trust’s portfolio transactions and, when applicable, the negotiation of commissions in connection therewith. All decisions and placements are made in accordance with the following principles:

1. Unless otherwise directed by the Board, purchase and sale orders will be placed with brokers who are selected by the Advisor in good faith as able to achieve “best execution” of such orders. “Best execution” means the best overall qualitative execution for the Funds, so that the total costs or proceeds to the Funds are the most favorable under the circumstances. The determination of what may constitute best execution in the execution of a securities transaction by a broker involves a number of considerations, including without limitation, the overall direct net economic result to the Funds (involving both price paid or received and any commissions and other costs paid), the efficiency with which the transaction is effected, the ability to effect the transaction at all where a large block is involved, availability of the broker to stand ready to execute possibly difficult transactions in the future, and the financial strength and stability of the broker. Such considerations are judgmental and are weighed by the Advisor in determining the overall reasonableness of brokerage commissions and quality of execution.
2. In selecting brokers for portfolio transactions, the Advisor takes into account its past experience as to brokers qualified to achieve “best execution,” including brokers who specialize in any foreign securities held by the Funds.
3. The Advisor is authorized to allocate brokerage business to brokers who provide brokerage and research services, as such services are defined in Section 28(e) of the Securities Exchange Act of 1934 (the “1934 Act”), for the Funds and/or other accounts, if any, for which the Advisor exercises investment discretion (as defined in Section 3(a)(35) of the 1934 Act) and, as to transactions as to which fixed minimum commission rates are not applicable, to cause the Funds to pay a commission for effecting a securities transaction in excess of the amount another broker would have charged for effecting that transaction, if the Advisor determines in good faith that such amount of commission is reasonable in relation to the value of the brokerage and research services provided by such broker, viewed in terms of either that particular transaction or the Advisor’s overall responsibilities with respect to the Funds and the other accounts, if any, as to which it exercises investment discretion. In reaching such determination, the Advisor is not required to place or attempt to place a specific dollar value on the research or execution services of a broker or on the portion of any commission reflecting either of said services. In demonstrating that such determinations were made in good faith, the Advisor shall be prepared to show that all commissions were allocated and paid for purposes contemplated by the Trust’s brokerage policy; that commissions were paid only for products or services which provide lawful and appropriate assistance to the Advisor in the performance of its investment decision-making responsibilities; and that the commissions paid were reasonable. The determination that commissions were reasonable shall be based on any

available information as to the level of commissions known to be charged by other brokers on comparable transactions, but there shall be taken into account the Trust's policies that (i) obtaining a low commission is deemed secondary to obtaining a favorable securities price, since it is recognized that usually it is more beneficial to the Funds to obtain a favorable price than to pay the lowest commission; and (ii) the quality, comprehensiveness and frequency of research services which are provided for the Trust and the Advisor are useful to the Advisor in performing its advisory services under its Investment Management Agreement with the Trust. Research services provided by brokers to the Advisor are considered to be in addition to, and not in lieu of, services required to be performed by the Advisor under its Investment Management Agreement. Research furnished by brokers through whom the Trust effects securities transactions may be used by the Advisor for any of its accounts, and not all such research may be used by the Advisor for the Trust. When execution of portfolio transactions is allocated to brokers trading on exchanges with fixed brokerage commission rates, account may be taken of various services provided by the broker, including quotations outside the United States for daily pricing of foreign securities held in a Fund's portfolio.

4. Purchases and sales of portfolio securities within the United States other than on a securities exchange shall be executed with primary market makers acting as principal except where, in the good faith judgment of the Advisor, execution of such transactions on an agency basis will achieve best execution.
5. The Trust has adopted procedures to prohibit the placement of portfolio trades with broker-dealers as direct or indirect compensation for the promotion or sales of shares of the Funds or any other investment company.

Insofar as known to management, no Trustee or officer of the Trust, nor the Advisor or any person affiliated with any of them, has any material direct or indirect interest in any broker employed by or on behalf of the Trust for the Funds. All portfolio transactions will be allocated to broker-dealers only when their prices and execution, in the good faith judgment of the Advisor, are equal to the best available within the scope of the Trust's policies. There is no fixed method used in determining which broker-dealers receive which order or how many orders. The following chart indicates the broker commissions paid by each Fund for the fiscal years ended October 31, 2018, 2017 and 2016:

	<b>Fiscal Year Ended October 31, 2018</b>	<b>Fiscal Year Ended October 31, 2017</b>	<b>Fiscal Year Ended October 31, 2016</b>
<b>The International Fund</b>	\$378,210 <sup>(1)</sup>	\$1,009,689	\$992,876
<b>The Emerging Markets Fund</b>	\$60,535 <sup>(2)</sup>	\$219,795	\$135,709
<b>The American Opportunities Fund</b>	\$9,288 <sup>(3)</sup>	\$16,479	\$24,239

- (1) \$378,210, representing \$278,145,601 of securities transactions, was paid to broker-dealers that provided research services to the Advisor.
- (2) \$60,535, representing \$36,162,789 of securities transactions, was paid to broker-dealers that provided research services to the Advisor.

(3) \$9,288, representing \$17,518,235 of securities transactions, was paid to broker-dealers that provided research services to the Advisor.

As of the fiscal year ended October 31, 2018, the Funds did not own securities of their “regular brokers or dealers” or their parents.

### **Trading Policies**

The Advisor serves as investment advisor to other clients. Accordingly, the respective portfolios of the Funds and such clients may contain many or some of the same securities. When the Funds and other clients of the Advisor are engaged simultaneously in the purchase or sale of the same security, the transactions will be placed for execution in a manner designed to be equitable to all parties. The larger size of the transaction may affect the price of the security and/or the quantity, which may be bought or sold for the Funds. If the transaction is large enough, brokerage commissions in certain countries may be negotiated below those otherwise chargeable.

### **PURCHASE, REDEMPTION AND PRICING OF SHARES**

The Prospectus describes the manner in which the Funds’ shares may be purchased and redeemed. Shares of each Fund are offered directly to the public by the Distributor.

Each Fund is obligated to redeem shares solely in cash up to the lesser of \$250,000 or 1% of its net assets during any 90-day period for any one shareholder. Subject to the above, each Fund reserves the right to pay redemption proceeds in whole or in part by a distribution in kind of securities from the portfolio of the Fund. If shares are redeemed in kind, the redeeming shareholder might incur transaction costs as well as taxable gains in converting the assets into cash. In addition, a redemption in liquid portfolio securities, would be treated as a taxable event and may result in the recognition of gain or loss for federal income tax purposes.

At the discretion of each Fund, investors may be permitted to purchase shares by transferring securities to a Fund that meet the respective Fund’s investment objective and policies. Securities transferred to the Funds will be valued in accordance with the same procedures used to determine the Funds’ NAV at the time of the next determination of NAV after such acceptance. Shares issued by the Funds in exchange for securities will be issued at NAV determined as of the same time. All dividends, interest, subscription, or other rights pertaining to such securities shall become the property of the respective Fund and must be delivered to that Fund by the investor upon receipt from the issuer. Investors who are permitted to transfer such securities will be required to recognize a gain or loss on such transfer, and pay tax thereon, if applicable, measured by the difference between the fair market value of the securities and investor’s basis therein. Securities will not be accepted in exchange for shares of the Funds unless: (1) such securities are, at the time of the exchange, eligible to be included in the respective Fund and current market quotations are readily available for such securities; (2) the investor represents and warrants that all securities offered to be exchanged are not subject to any restrictions upon their sale by the respective Fund under the 1933 Act or under the laws of the country in which the principal market for such securities exists, or otherwise; and (3) the value of any such security (except U.S. Government securities) being exchanged together with



other securities of the same issuer owned by the respective Fund, will not exceed 5% of the respective Fund's net assets immediately after the transaction.

NAV per Share is generally determined as of the close of business on the New York Stock Exchange ("NYSE"), which currently is 4:00 p.m. (Eastern time) every Monday through Friday (exclusive of national business holidays), under normal market conditions. The Trust's offices will be closed and each Fund's respective NAV will not be calculated on those days on which the NYSE is closed, which currently are: New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. If the NYSE is closed on a day it would normally be open for business or the NYSE has an unscheduled early closing on a day it has opened for business, due to inclement weather, technology problems or any other reason, the Funds reserve the right to treat that day as a business day and calculate each Fund's respective NAV as of, the normally scheduled close of regular trading on the NYSE for that day, so long as the Fund's management believes an adequate market remains to meet purchase and redemption orders for that day.

Trading in securities on European and Far Eastern securities exchanges and over-the-counter markets is normally completed well before the close of business in New York on each day on which the NYSE is open. Trading of European or Far Eastern securities generally, or in a particular country or countries, may not take place on every New York business day. Furthermore, trading takes place in various foreign markets on days which are not business days in New York and on which a Fund's NAV is not calculated. Each Fund calculates NAV per Share, and therefore effects sales, redemptions and repurchases of its Shares, as of the close of the NYSE once on each day on which that Exchange is open. Such calculation does not take place contemporaneously with the close of trading in many of the portfolio securities held by the Funds. If a significant market event impacting the value of a portfolio security occurs subsequent to the close of trading in the security, but prior to the calculation of a Fund's NAV per Share, and materially affects the NAV per Share of the Fund, the portfolio security may be valued at fair market value as determined by management under the supervision of the Board.

The Board may establish procedures under which each Fund may suspend the determination of NAV for the whole or any part of any period during which (1) the NYSE is closed other than for customary weekend and holiday closings, (2) trading on the NYSE is restricted, (3) an emergency exists as a result of which disposal of securities owned by each Fund is not reasonably practicable or it is not reasonably practicable for each Fund fairly to determine the value of its net assets, or (4) for such other period as the SEC may by order permit for the protection of the holders of the Funds' Shares.

A Fund will be deemed to have received a purchase or redemption order when an authorized broker or, if applicable, a broker's authorized designee, receives the order.

## **TAX STATUS**

Set forth below is a discussion of certain U.S. Federal income tax issues concerning the Funds and the purchases, ownership, and disposition of Shares. This discussion does not purport to be complete or to deal with all aspects of Federal income taxation that might be relevant to

shareholders in light of their particular circumstances. This discussion is based upon present provisions of the Internal Revenue Code of 1986, as amended (the “Code”), the regulations promulgated thereunder, and judicial and administrative ruling authorities, all of which are subject to change, which change may be retrospective. Prospective investors should consult their own tax advisors with regard to the Federal tax consequences of the purchase, ownership, or disposition of Shares, as well as the tax consequences arising under the laws of any state, foreign country, or other taxing jurisdiction.

### **Tax Aspects of Each Fund**

Each Fund intends to be taxed as a regulated investment company under Subchapter M of the Code. Accordingly, each Fund must, among other things, (a) derive in each taxable year at least 90% of its gross income from dividends, interest, payments with respect to securities loans, and gains from the sale or other disposition of stock, securities or foreign currencies, net income derived from an interest in a qualified publicly traded partnership, or other income derived with respect to its business of investing in such stock, securities or currencies; and (b) diversify its holdings so that, at the end of each fiscal quarter, (i) at least 50% of the value of such Fund’s total assets is represented by cash and cash items, U.S. Government securities, the securities of other regulated investment companies and other securities, with such other securities limited, in respect of any one issuer, to an amount not greater than 5% of the value of the Fund’s total assets and 10% of the outstanding voting securities of such issuer, and (ii) not more than 25% of the value of its total assets is invested in the securities (other than U.S. Government securities and the securities of other regulated investment companies) of any one issuer, in two or more issuers that the Fund controls and which are engaged in the same or similar trade or business or of one or more qualified publicly traded partnerships.

As a regulated investment company, a Fund generally is not subject to U.S. Federal income tax on income and gains that it distributes to shareholders, if at least 90% of the Fund’s investment company taxable income (which includes, among other items, dividends, interest and the excess of any net short-term capital gains over net long-term capital losses) and net tax-exempt income for the taxable year is distributed. Each Fund intends to distribute substantially all of such income.

Amounts not distributed on a timely basis in accordance with a calendar year distribution requirement are subject to a nondeductible 4% excise tax at the Fund level. To avoid the tax, a Fund generally must distribute during each calendar year an amount at least equal to the sum of (1) at least 98% of its ordinary income (taking into account certain deferrals and elections) for the calendar year, (2) at least 98.2% of its capital gains in excess of its capital losses (adjusted for certain ordinary losses) for a one-year period generally ending October 31 of the calendar year, and (3) all ordinary income and capital gains for previous years that were not distributed during such years. To avoid application of the excise tax, each Fund generally intends to make distributions in accordance with the calendar year distribution requirement.

## Distributions

Dividends of net investment income and net short-term capital gains generally are taxable to shareholders as ordinary income, except as described below, whether paid in cash or reinvested in Fund shares. Distributions of net investment income may be eligible for the corporate dividends-received deduction to the extent attributable to each Fund's qualifying dividend income and subject to certain holding period and other requirements. However, the alternative minimum tax applicable to corporations may reduce the benefit of the dividends-received deduction.

Ordinary dividends and taxable long-term capital gain distributions declared in October, November, or December with a record date in such month and paid during the following January will be treated as having been paid by a Fund and received by shareholders on December 31 of the calendar year in which declared, rather than the calendar year in which the dividends are actually received.

Distribution of net capital gains (the excess of net long-term capital gains over net short-term capital losses) that are reported as capital gain dividends, whether paid in cash or shares, will generally be taxable to shareholders at the applicable long-term capital gain rate. Capital gains dividends will be subject to these capital gains rates regardless of how long a shareholder has held Fund shares, and are not eligible for the dividends-received deduction. Shareholders will be notified annually as to the Federal tax status of dividends and distributions they receive and any tax withheld thereon.

Current tax law generally provides for a maximum tax rate for individual taxpayers of 20% on long-term capital gains and on certain qualified dividends on corporate stock. This rate does not apply to corporate taxpayers. Distributions of earnings from qualified dividends and qualifying long-term capital gains will be taxed to individuals at a maximum rate of 20%. Note that distributions of earnings from dividends paid by certain "qualified foreign corporations" can also qualify for the lower tax rates on qualified dividends. A shareholder will also have to satisfy a more than 60-day holding period with respect to any distributions of qualified dividends in order to obtain the benefit of the lower tax rate. Distributions of earnings from non-qualified dividends, interest income, other types of ordinary income and short-term capital gains will be taxed at the ordinary income tax rate applicable to the taxpayer.

Distributions by a Fund reduce the NAV of the Fund's shares. Should a distribution reduce the NAV below a shareholder's cost basis, the distribution nevertheless would be taxable to the shareholder as ordinary income or long-term capital gain as described above, even though, from an investment standpoint, it may constitute a partial return of capital. In particular, investors should be careful to consider the tax implication of buying shares just prior to a distribution by the Funds. The price of shares purchased at that time includes the amount of the forthcoming distribution, but the distribution will generally be taxable to them.

A 3.8% Medicare tax is imposed on certain net investment income (including ordinary dividends and capital gain distributions received from a Fund, as well as net gains from redemptions or other taxable dispositions of Fund shares) of U.S. individuals, estates and trusts

to the extent that such person's "modified adjusted gross income" (in the case of an individual) or "adjusted gross income" (in the case of an estate or trust) exceeds certain threshold amounts.

### **Original Issue Discount and Market Discount**

Certain of the debt securities acquired by the Funds, such as zero-coupon bonds, may be treated as debt securities that were originally issued at a discount. Original issue discount is generally defined as the difference between the price at which a security was issued and its stated redemption price at maturity. Although no cash income is actually received by the Funds, original issue discount, if greater than a *de minimis* amount, on a taxable debt security earned in a given year generally is treated for Federal income tax purposes as interest and, therefore, such income would be subject to the distribution requirements of the Code.

If a Fund purchases a debt security (other than at original issue) at a price lower than the stated redemption price of such debt security, the excess of the stated redemption price over the purchase price is "market discount." If the amount of market discount is more than a *de minimis* amount, a portion of such market discount must be included as ordinary income (not capital gain) by the Fund in each taxable year in which the Fund owns an interest in such debt security and receives a principal payment on it. In particular, a Fund will be required to allocate that principal payment first to the portion of the market discount on the debt security that has accrued but has not previously been includable in income. In general, the amount of market discount that must be included for each period is equal to the lesser of (i) the amount of market discount accruing during such period (plus any accrued market discount for prior periods not previously taken into account) or (ii) the amount of the principal payment with respect to such period. Generally, market discount accrues on a daily basis for each day the debt security is held by a Fund at a constant rate over the time remaining to the debt security's maturity or, at the election of a Fund, at a constant yield to maturity which takes into account the semi-annual compounding of interest. Gain realized on the disposition of a market discount obligation must be recognized as ordinary interest income (not capital gain) to the extent of the "accrued market discount."

### **Passive Foreign Investment Companies**

The Funds may invest in stocks of foreign companies that are classified under the Code as passive foreign investment companies ("PFICs"). In general, a foreign company is classified as a PFIC if at least 50% of its assets constitute investment-type assets or 75% or more of its gross income is investment-type income. In general, under the PFIC rules, an "excess distribution" received with respect to PFIC stock is treated as having been realized ratably over the period during which the Funds held the PFIC stock. A Fund itself will be subject to tax on the portion, if any, of the excess distribution that is allocated to that Fund's holding period in prior taxable years (and an interest factor will be added to the tax, as if the tax had actually been payable in such prior taxable years) even though that Fund timely distributes the corresponding income to shareholders. Excess distributions include any gain from the sale of PFIC stock as well as certain distributions from a PFIC. All excess distributions are taxable as ordinary income.

The Funds may be able to elect alternative tax treatment with respect to PFIC stock; however, such elections could require a Fund to recognize taxable income or gain without the

concurrent receipt of cash. Under an election that currently may be available, a Fund generally would be required to include in its gross income its share of the earnings of a PFIC on a current basis, regardless of whether any distributions are received from the PFIC. If this election is made, the special rules, discussed above, relating to the taxation of excess distributions, would not apply. Alternatively, each Fund may be able to elect to mark to market its PFIC stock, resulting in the stock being treated as sold at fair market value on the last business day of each taxable year. Any resulting gain would be reported as ordinary income, and mark-to-market losses and any loss from an actual disposition of a Fund's shares would be deductible as ordinary losses to the extent of any net mark-to-market gains included in income in prior years.

Because the application of the PFIC rules may affect, among other things, the character of gains, the amount of gain or loss and the timing of the recognition of income with respect to PFIC stock, as well as subject each Fund itself to tax on certain income from PFIC stock, the amount that must be distributed to shareholders, and which will be taxed to shareholders as ordinary income or long-term capital gain, may be increased or decreased substantially as compared to a fund that did not invest in PFIC stock. Note that distributions from a PFIC are not eligible for the reduced rate of tax on "qualifying dividends."

## **Foreign Taxes**

Income received by the Funds from sources within foreign countries may be subject to withholding and other income or similar taxes imposed by such countries. If more than 50% of the value of a Fund's total assets at the close of its taxable year consists of securities of foreign corporations and the Fund distributes at least 90% of its investment company taxable income, and net tax-exempt income that Fund will be eligible and may (or may not) elect to "pass through" to that Fund's shareholders the *pro rata* share of foreign source income as well as the related amount of qualifying foreign taxes paid by the Fund. Pursuant to this election, a shareholder will be required to include in gross income (in addition to taxable dividends actually received) his or her *pro rata* share of the foreign taxes paid by a Fund, and will be entitled either to deduct (as an itemized deduction) his or her *pro rata* share of foreign income and similar taxes in computing his or her taxable income or to use such taxes as a foreign tax credit against his or her U.S. Federal income tax liability, subject to limitations. No deduction for foreign taxes may be claimed by a shareholder who does not itemize deductions; however, such a shareholder may be eligible to claim the foreign tax credit (see below). No foreign tax credit may be claimed by a shareholder with respect to Fund shares that have been held less than 16 days. Each shareholder will be notified after the close of a Fund's taxable year whether the foreign taxes paid by the Fund will be eligible for such treatment for that year and, if so, such notification will report (a) each shareholder's portion of the foreign taxes paid to each such country and (b) the portion of such Fund's dividend derived from sources within each such country.

Generally, a credit for foreign taxes is subject to the limitation that it may not exceed the shareholder's U.S. tax attributable to his foreign source taxable income. For this purpose, if the pass-through election is made, the source of a Fund's income flows through to its shareholders. With respect to each Fund, gains from the sale of securities may be treated as derived from U.S. sources and certain currency fluctuation gains including fluctuation gains from foreign currency denominated debt securities, receivables and payables, may be treated as ordinary income

derived from U.S. sources. The limitation on the foreign tax credit is applied separately to foreign source passive income (as defined for purposes of the foreign tax credit), including the foreign source passive income passed through by a Fund. Shareholders may be unable to claim a credit for the full amount of their proportionate share of the foreign taxes paid by a Fund. However, an individual with less than \$300 or less of creditable foreign taxes may elect to be exempt from the foreign source income and qualified dividend income limitations associated with each foreign source income if the individual has no foreign source income other than qualified passive income. This \$300 threshold is increased to \$600 for joint filers. If a Fund is not eligible to, or does not, make the election to “pass through” to its shareholders its foreign taxes in the manner described above, such foreign taxes generally will reduce the Fund’s investment company taxable income and all of the Fund’s distributions for such taxable year will be treated as United States source income. Furthermore, the amount of the foreign tax credit that is available may be limited to the extent that dividends from a foreign corporation qualify for the lower tax rate on “qualifying dividends.”

## **Section 1256 Contracts**

Certain options and futures and foreign currency forward contracts in which the Funds may invest may be “section 1256 contracts.” Gains or losses on section 1256 contracts generally are considered 60% long-term and 40% short-term capital gains or losses (“60/40”); however, foreign currency gains or losses (as discussed below) arising from certain section 1256 contracts may be treated as ordinary income or loss. Also, section 1256 contracts held by a Fund at the end of each taxable year (and on certain other dates as prescribed under the Code) are “marked-to-market” with the result that unrealized gains or losses are treated as though they were realized without the current receipt of cash.

Generally, the hedging transactions undertaken by a Fund may result in “straddles” for U.S. Federal income tax purposes. “Straddles” are defined to include “offsetting positions” in actively traded personal property. The straddle rules may affect the character of gains (or losses) realized by each Fund. In addition, losses realized by each Fund on positions that are part of the straddle may be deferred under the straddle rules, rather than being taken into account in calculating the taxable income for the taxable year in which the losses are realized. Moreover, the existence of a straddle may affect the holding period of offsetting positions. Furthermore, certain carrying charges (including interest expense) associated with positions in a straddle may be required to be capitalized rather than deducted currently. Because only a few regulations implementing the straddle rules have been promulgated, the tax consequences to a Fund of hedging transactions are not entirely clear. The hedging transactions may increase the amount of short-term capital gain realized by each Fund, which is taxed as ordinary income when distributed to shareholders.

Each Fund may make one or more of the elections available under the Code which are applicable to straddles. If a Fund makes any of the elections, the amount, character, and timing of the recognition of gains or losses from the affected straddle positions will be determined under rules that vary according to the election(s) made. The rules applicable under certain of the elections may operate to accelerate the recognition of gains or losses from the affected straddle positions.

Because application of the straddle rules may affect the character of gains or losses, defer losses and/or accelerate the recognition of gains or losses from the affected straddle positions, the amount which must be distributed to shareholders and which will be taxed to shareholders as ordinary income or long-term capital gain may be increased or decreased as compared to a fund that did not engage in such hedging transactions.

Certain hedging activities may cause a dividend that would otherwise be subject to the lower tax rate applicable to a “qualifying dividend,” to instead be taxed at the rate of tax applicable to ordinary income.

Requirements relating to each Fund’s tax status as a regulated investment company may limit the extent to which a Fund will be able to engage in transactions in options and futures and foreign currency forward contracts.

### **Constructive Sales**

Under certain circumstances, a Fund may recognize gain from a constructive sale of an “appreciated financial position” it holds if it enters into a short sale, forward contract or other transaction that substantially reduces the risk of loss with respect to the appreciated position. In that event, the Fund would be treated as if it had sold and immediately repurchased the property and would be taxed on any gain (but not loss) from the constructive sale. The character of gain from a constructive sale would depend upon the Fund’s holding period in the property. Loss from a constructive sale would be recognized when the property was subsequently disposed of, and its character would depend on the Fund’s holding period and the application of various loss deferral provisions of the Code. Constructive sale treatment does not apply to transactions if such transaction is closed before the end of the 30th day after the close of the Fund’s taxable year and the Fund holds the appreciated financial position throughout the 60-day period beginning with the day such transaction was closed.

### **Foreign Currency**

Under the Code, gains or losses attributable to fluctuations in foreign currency exchange rates which occur between the time a Fund accrues income or other receivables or accrues expenses or other liabilities denominated in a foreign currency and the time the Fund actually collects such receivables or pays such liabilities generally are treated as ordinary income or ordinary loss. Similarly, on disposition of some investments, including debt securities and certain forward contracts or similar financial instruments denominated in a foreign currency, gains or losses attributable to fluctuations in the value of foreign currency between the date of acquisition of the security or contract and the date of disposition also are treated as ordinary gain or loss. These gains and losses, referred to under the Code as “section 988” gains and losses, may increase or decrease the amount of a Fund’s net investment income to be distributed to its shareholders as ordinary income. For example, fluctuations in exchange rates may increase the amount of income that each Fund must distribute in order to qualify for treatment as a regulated investment company and to prevent application of an excise tax on undistributed income. Alternatively, fluctuations in exchange rates may decrease or eliminate income available for

distribution. If section 988 losses exceed other net investment income during a Fund’s taxable year, the resulting ordinary loss for such taxable year would not be deductible by the Fund or its shareholders in future taxable years, and the Fund would not be able to make ordinary dividend distributions, or distributions made before the losses were realized would be recharacterized as a return of capital to shareholders for Federal income tax purposes, rather than as an ordinary dividends, reducing each shareholder’s basis in his or her Fund shares.

### Sales, Exchanges, and Redemptions of Shares

Upon the redemption, sale or exchange of his or her shares, a shareholder will realize a taxable gain or loss depending upon his or her basis in the shares. Such gain or loss will be treated as capital gain or loss if the shares are capital assets in the shareholder’s hands; in the case of individuals, gain will generally be subject to a maximum tax rate of 20% if the shareholder has held the shares for more than one year. Gain from the disposition of a Fund’s shares held not more than one year will be taxed as short-term capital gains. Any loss realized on a redemption, sale or exchange will be disallowed to the extent that the shares disposed of are replaced with shares in the same Fund (including replacement through the reinvesting of dividends and capital gain distributions in the same Fund) or substantially identical securities within a period of 61 days beginning 30 days before and ending 30 days after the disposition of the shares. In such a case, the basis of the shares acquired will be adjusted to reflect the disallowed loss. Any loss realized by a shareholder on the sale of Fund shares held by the shareholder for six months or less will be treated for Federal income tax purposes as a long-term capital loss to the extent of any distributions of long-term capital gains received by the shareholder with respect to such shares.

As of October 31, 2018, the following Funds had capital losses which may be carried forward to offset future capital gains as follows:

	Date of Expiration	Amount	Term
Emerging Markets Fund	None	\$6,851,969	Short-Term
Emerging Markets Fund	None	\$1,718,242	Long-Term

### Backup Withholding

Each Fund generally will be required to withhold Federal income tax at the current rate of 24% (“backup withholding”) from dividends paid, capital gain distributions, and redemption proceeds to shareholders if (1) the shareholder fails to furnish the respective Fund with the shareholder’s correct taxpayer identification number or social security number, (2) the IRS notifies the shareholder or the respective Fund that the shareholder has failed to report properly certain interest and dividend income to the IRS and to respond to notices to that effect, or (3) when required to do so, the shareholder fails to certify that he is not subject to backup withholding. Any amounts withheld may be credited against the shareholder’s Federal income tax liability.



## **Foreign Shareholders**

Taxation of a shareholder who, as to the U.S., is a nonresident alien individual, foreign trust or estate, foreign corporation, or foreign partnership (“foreign shareholder”), depends on whether the income from a Fund is “effectively connected” with a U.S. trade or business carried on by such shareholder. If the income from a Fund is not effectively connected with a U.S. trade or business carried on by a foreign shareholder, ordinary income dividends will generally be subject to U.S. withholding tax at the rate of 30% (or lower treaty rate) upon the gross amount of the dividend. Note that the preferential rate of tax applicable to certain dividends (discussed above) does not apply to dividends paid to foreign shareholders. A portion of a Fund’s distributions received by a foreign shareholder may, however, be exempt from U.S. withholding tax to the extent properly reported by the Fund as attributable to certain U.S. source interest income and short-term capital gains. However, depending on the circumstances, a Fund may designate all, some or none of the Fund’s potentially eligible dividends as exempt, and a portion of the Fund’s distributions (e.g., interest from non-U.S. sources or any foreign currency gains) would be ineligible for this potential exemption from withholding. Additionally, such a foreign shareholder would generally be exempt from U.S. Federal income tax on gains realized on the sale of shares of the Fund, and distributions of net long-term capital gains that are reported as capital gain dividends. If the income from the Fund is effectively connected with a U.S. trade or business carried on by a foreign shareholder, then ordinary income dividends, capital gain dividends and any gains realized upon the sale of shares of the Fund will be subject to U.S. Federal income tax at the rates applicable to U.S. citizens or domestic corporations. Foreign shareholders may also be subject to U.S. Federal estate tax on the value of their shares.

The tax consequences to a foreign shareholder entitled to claim the benefits of an applicable tax treaty may be different from those described herein. Foreign shareholders are urged to consult their own tax advisors with respect to the particular tax consequences to them of an investment in the Funds, including the applicability of foreign taxes.

The Funds are required to withhold U.S. tax (at a 30% rate) on payments of dividends made to certain non-U.S. entities that fail to comply with extensive new reporting and withholding requirements designed to inform the U.S. Department of the Treasury of U.S.-owned foreign investment accounts. Shareholders may be requested to provide additional information to the Funds to enable the Funds to determine whether withholding is required.

This discussion does not purport to deal with all of the tax consequences relating to an investment in the Funds. Shareholders are advised to consult their own tax advisors for details with respect to the particular tax consequences to them of an investment in the Funds.

## **Redemption Fee**

For convenience, the redemption fee is referred to as a fee, but the overall arrangement in fact calls for payment in exchange for shares at 98% of NAV. It thus is more accurately characterized as a reduced price for your shares than as a fee.

The tax consequences of the redemption fee are not entirely clear. Although there is some authority to the effect that a fund would recognize taxable income in such circumstances, there is also authority, which the Funds intend to follow, that a fund does not recognize income. It is possible that the IRS or other taxing authorities might successfully contest the Funds' tax treatment of this arrangement on this basis or for other reasons.

## **DESCRIPTION OF SHARES**

The shares of each Fund have the same preferences, conversion and other rights, voting powers, restrictions and limitations as to dividends, qualifications and terms and conditions of redemption, except as follows: all consideration received from the sale of shares of a Fund, together with all income, earnings, profits and proceeds thereof, belongs to that Fund and is charged with liabilities in respect of the general liabilities of that Fund. The NAV of a share of a Fund is based on the assets belonging to the Fund less the liabilities charged to the Fund, and dividends are paid on shares of a Fund only out of lawfully available assets belonging to that Fund. Shares of a Fund are entitled to participate pro rata in any dividends and other distributions declared by the Board for the Fund and all shares of a Fund have equal rights in the event of liquidation of that Fund. In the event of liquidation or dissolution of the Trust, the shareholder of a Fund will be entitled to the assets belonging to that Fund out of assets of the Trust available for distribution.

The Funds may hold special meetings of shareholders to elect or remove Trustees, change fundamental policies, approve a management contract, or for other purposes. The Funds will mail proxy materials in advance of a shareholder meeting, including a proxy and information about the proposals to be voted on. You are entitled to one vote for each share of the Fund that you own. Shareholders not attending these meetings are encouraged to vote by proxy. Shares have non-cumulative voting rights so that the holders of a plurality of the shares voting for the election of Trustees at a meeting at which 50% of the outstanding shares are present can elect all the Trustees and in such event, the holders of the remaining shares voting for the election of Trustees will not be able to elect any person or persons to the Board.

## **FINANCIAL STATEMENTS**

Financial statements for the Funds as of October 31, 2018 for the fiscal periods then ended, including notes thereto, and the report of Tait, Weller & Baker LLP (the Trust's independent registered public accounting firm) thereon, are incorporated by reference from the Trust's 2018 Annual Report. A copy of the report delivered with the Statement of Additional Information should be retained for future reference.