

# Thomas White International TWWDX

**Morningstar's Take** | 01-13-11 | by William Samuel Rocco

## Thomas White International has broad-based appeal.

This fund has a seasoned and deep management team. Lead manager Thomas White Jr., who co-founded this fund's advisor and serves as its chief investment officer, has spent 45 years in the investment field, including more than 16 years as skipper here. White works closely with four comanagers, who have between 12 and 20 years of experience each.

White uses one of the most wide-ranging strategies in the foreign large-value group. He employs a relative value style, so this fund has more exposure to core and growth stocks than its average peer. (Its portfolio often hovers near the border of the large-value and large-blend portions of the Morningstar Style Box.) He readily considers emerging-markets stocks that meet his criteria. An increasing number of such issues have done so over the years, and so this fund has had a relatively heavy stake in the developing world for some time. (It had a 31% weight in emerging markets as of Dec. 31, 2010, while its average peer had a 9% weight.) And White will invest in as many as 150 names, and he keeps individual position sizes moderate, so this fund has more issue diversification than most of its rivals.

White has executed this strategy deftly. He made good picks across the globe in 2010, and his taste for emerging-markets stocks was a boon, so this fund handily outgained the typical foreign large-value and foreign large-blend offerings. His decision-making has also been on the mark in a mix of climates in the past, and this fund has easily outpaced the average foreign large-value and foreign large-blend funds over the long run.

This fund has real merit as a wide-ranging core foreign holding. However, interested investors should note that its hefty emerging-markets stake makes it more vulnerable to a broad sell-off in the developing world than most other core foreign offerings are.

## Important Disclosure Information

Thomas White International Fund. As of 12/31/2011, the Fund's Class A Shares received 4 stars for the 3-, 5-, and 10-year periods among 327, 269 and 147 Foreign Large Value funds, respectively. For each fund with at least a 3-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.)

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## Morningstar Rating

★★★★

Morningstar Overall Rating™ for Class A Shares among 327 Foreign Large Value funds as of 12/31/11. The overall rating is a weighted average based on a fund's 3-, 5-, and 10-year (if applicable) Morningstar Rating.

## Kudos

- Seasoned manager with a disciplined process.
- Strong long-term record.

## Risks

- The expense ratio is moving in the right direction here—and the asset base is still fairly moderate—but this fund remains pricier than the median no-load foreign large-cap offering.
- This fund's hefty emerging-markets stake makes it more vulnerable to a broad sell-off in the developing world than most other core foreign offerings.
- This fund's hefty exposure to the developing world means that it will have considerable overlap with most diversified emerging-markets offerings.

## Strategy

This fund uses a relative value approach to international investing. A team of analysts helps manager Thomas White Jr. sift through a universe of roughly 2,000 stocks. Stocks are scrutinized within one of the firm's valuation groups, each of which is region- and sector-specific. Between 100 and 150 stocks make it into the portfolio, and sector and regional weightings are loosely tied to the MSCI All Country World Ex-US Index. Partly because that index has a sizable emerging-markets weight, this fund normally has lots of exposure to the developing world. The portfolio's currency exposure is unhedged.

## Management

Thomas White Jr. has been at the helm since the fund's mid-1994 inception, and he is supported by a seasoned team of four senior analysts. In addition, he has two squads of analysts in the United States and Bangalore, India, that help whittle down the investable universe. White is founder and chairman of Thomas White International. Prior to founding the firm in 1992, he was chief investment officer of The Chicago Group of Morgan Stanley Asset Management; it was there that he developed his relative value-driven approach.

## Role in Portfolio

Supporting Player

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**Average Annual Returns as of 12/31/2011**

	1-Year	5-Year	10-Year
Thomas White International Fund	-11.96%	-2.47%	7.82%
MSCI All-Country World ex US Index <sup>1</sup>	-13.71%	-2.92%	6.31%
MSCI EAFE Index <sup>2</sup>	-12.14%	-4.72%	4.67%
Morningstar Category Foreign Large Value	-12.77%	-5.48%	4.74%

Gross Expense: 1.38%

Performance data is based upon past performance, which is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data quoted. Please call 1-800-811-0535 to obtain performance data as of the most recent month-end. The Fund imposes a 2% redemption fee on share held less than 60 days. Performance data does not reflect the redemption fee. If reflected, total returns would be lower.

**Investing in international markets may involve additional risks, such as social and political instability, market illiquidity, exchange-rate fluctuations, a high level of volatility and limited regulation. These risks are greater for emerging markets.**

Diversification does not ensure a profit or guarantee against loss.

*Investors should carefully consider the investment objectives, risks, charges and expenses of the Thomas White International Fund before investing. This and other important information is contained in the Fund's statutory and summary prospectus, which can be obtained by calling the Thomas White Funds at 1-800-811-0535 or by visiting the Fund's website at [www.thomaswhitefunds.com](http://www.thomaswhitefunds.com). Read it carefully before investing.*

<sup>1</sup>The **MSCI ACWI ex US Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The **MSCI ACWI ex US** consists of 43 country indices comprising 23 developed and 21 emerging market country indices.

<sup>2</sup>The **MSCI EAFE Index (Europe, Australasia, Far East)** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

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