



# THOMAS WHITE FUNDS

Capturing Value Worldwide<sup>SM</sup>

## THOMAS WHITE EMERGING MARKETS FUND (Ticker – TWEMX)

December 31, 2011

### FUND FACTS

Ticker Symbol - CUSIP:	<b>TWEMX</b>	<b>543917405</b>	Gross Expenses:	1.72%
Fund Assets:	<b>\$27 Million</b>		Less reimbursement:	(0.22%)
Benchmark:	<b>MSCI Emerging Markets Index</b>		Net Expenses:	1.50% <sup>1</sup>
Inception Date:	<b>6/28/10</b>		Advisor:	<b>Thomas White International, Ltd.</b>
Minimum Initial Investment:	Non-Retirement Plan	<b>\$2,500</b>		440 S La Salle Street, Suite 3900
	Retirement Plan	<b>\$1,000</b>		Chicago, IL 60605
Redemption Fee:	<b>2% within first 60 calendar days</b>			<b>www.thomaswhitefunds.com</b>

### AVERAGE ANNUAL RETURNS<sup>2</sup> AND PORTFOLIO COMMENTARY

Emerging market equities experienced a measured recovery during the fourth quarter, as the moderate rebound in the global economic outlook appeared to lessen the possibility of a further slowdown in growth. The emerging economies have comparatively higher fiscal and monetary policy flexibility than the developed countries, and some of them have already rolled out initiatives to support growth. While the emerging market currencies stabilized after the heightened volatility during the third quarter, their relative weakness against the U.S. dollar is expected to benefit emerging countries that are dependent on exports.

The Thomas White Emerging Markets Fund returned +7.87% for the fourth quarter of 2011, compared to the benchmark MSCI Emerging Markets Index, which returned +4.42% for the same period. For the trailing 1-year period, the Fund returned -17.88% compared to -18.42% for the benchmark. The Fund and the index finished the year on a strong note as the U.S. dollar appreciation against most emerging market currencies slowed considerably in the last quarter of 2011.

In October, emerging market equities rebounded strongly as optimism about a solution to the European fiscal crisis eased concerns about the global economy. However, the recovery lost momentum as such hopes were belied and global economic signals became more subdued. The weaker than expected third quarter economic data for some of the larger emerging economies such as Brazil and India also restricted market sentiment. As the clouds over the global economy cleared slightly towards the end of the quarter, emerging markets too regained some optimism.

After the urgent pivot during the third quarter to support growth, the monetary policy outlook for the emerging economies has become more stable. This has helped the emerging market currencies arrest their steep third quarter decline, except in select countries such as India where growing concerns about the fiscal deficit and policy inertia have led to further currency weakness. Corporate earnings growth remains healthy in most emerging markets, but merger and acquisition activity as well as the Initial Public Offering pipeline have dried up substantially.

As of 12/31/2011	4 <sup>th</sup> Qtr	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (6/28/10)
Emerging Markets Fund	7.87%	-17.88%	-17.88%	N/A	N/A	N/A	2.46%
MSCI Emerging Markets <sup>3</sup>	4.42%	-18.42%	-18.42%	N/A	N/A	N/A	0.12%

*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.*

1. Gross Expenses are based on the most recent prospectus. The Advisor has contractually agreed to reimburse the Emerging Markets Fund to the extent that the Fund's total operating expenses exceed 1.50% of the Fund's average daily net assets. This agreement expires on February 28, 2012 and automatically renews, unless terminated by the Fund's Board of Trustees. The Emerging Markets Fund has contractually agreed to repay the Advisor for amounts waived or reimbursed by the Advisor pursuant to the fee waiver/expense reimbursement agreement provided that such repayment does not cause the Fund to exceed this limit and the repayment is made within three years after the year in which the Advisor incurred the expense. In the absence of this reimbursement, performance would have been lower.

2. Total return includes reinvestment of dividends and capital gains and reflects fee waivers/reimbursements, in the absence of which total returns would have been lower.

3. The MSCI Emerging Markets Index is a free float-adjusted market capitalization-weighted index of 21 emerging market countries. The index is unmanaged and returns assume the reinvestment of dividends. It is not possible to invest directly in an index.

**Mutual fund investing involves risk. Principal loss is possible. 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. Investments in smaller companies involved additional risks such as limited liquidity and greater volatility. You should consider the investment objectives, risks, charges and expenses of the Fund before investing. For a statutory or summary prospectus containing this and other information, please call 1-800-811-0535 or visit the Fund's website at [www.thomaswhitefunds.com](http://www.thomaswhitefunds.com). Read it carefully before investing.**



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### FOURTH QUARTER 2011 COMMENTARY

#### Portfolio Review

The Emerging Markets Fund outperformed the benchmark index during the review period, helped by strong relative performance during the first two months, particularly in November when the Fund outpaced the benchmark by over 5%. Among the significant contributors to the Fund's returns, consumer staples and consumer discretionary holdings continued to benefit from healthy demand growth and the relatively stable earnings outlook, while the uptrend in oil prices helped the Fund's energy holdings. Concerns about a slowdown in industrial and infrastructure investments have eased and lifted the Fund's capital goods holdings. The outlook for the technology sector remains optimistic on healthy technology spending by businesses and strong consumer demand for innovative products, entertainment software, and web-based services. Among the detractors from the Fund's returns for the quarter, the materials sector was affected by subdued trends in metal prices. The Fund's banking sector holdings in select regions, with the notable exception of China, continued to underperform during the quarter as credit growth slowed down in these economies. The banking sector also faced the difficult prospect of meeting higher capital requirements when capital market conditions have not been particularly favorable.

Among the Fund's holdings, Chinese lender **China Minsheng Banking Corp, Ltd.** (+40.9%) gained the most as fears about a surge in loan losses in the Chinese banking industry have eased. Mid-sized Brazilian bank **Banco do Estado do Rio Grande do Sul SA** (+26.0%) outperformed with its acquisition of a large minority stake in a loan origination services provider. Chinese property insurer **PICC Property & Casualty Co. Ltd.** (+24.2%) outperformed on its plans to raise additional capital through a rights issue, and with its regulatory approval nod to issue subordinated bonds. Russian energy producer **GAZPROM Neft** (+34.3%), the oil producing arm of natural gas company **Gazprom**, benefited as oil prices recovered during the quarter and stayed close to the \$100/barrel mark. Korean consumer electronics and semiconductor manufacturer **Samsung Electronics** (+29.8%) outperformed on sustained market share gains in smart-phones and tablet computers. Chinese car maker **Dongfeng Motor Group Co. Ltd.** (+24.6%) gained as automobile demand growth in its home market is expected to resume in 2012 and on the company's plans to establish a manufacturing joint venture with Swedish truck maker Volvo.

Prospects of slowing economic growth in Turkey affected the performance of the Fund's holdings such as lenders **Turkiye Garanti Bankasi A.S.** (-20.0%) and **Akbank T.A.S.** (-19.5%), as well as diversified industrial groups **Koc Holding A.S.** (-19.4%) and **Haci Omer Sabanci Holding A.S.** (-18.5%). Egyptian bank **Commercial International Bank** (-19.3%) was affected by the continuing political uncertainties and violence in that country. Polish copper and silver miner **KGHM Polska Miedz SA** (-19.0%) lost value as metal prices continued to correct during the review period.

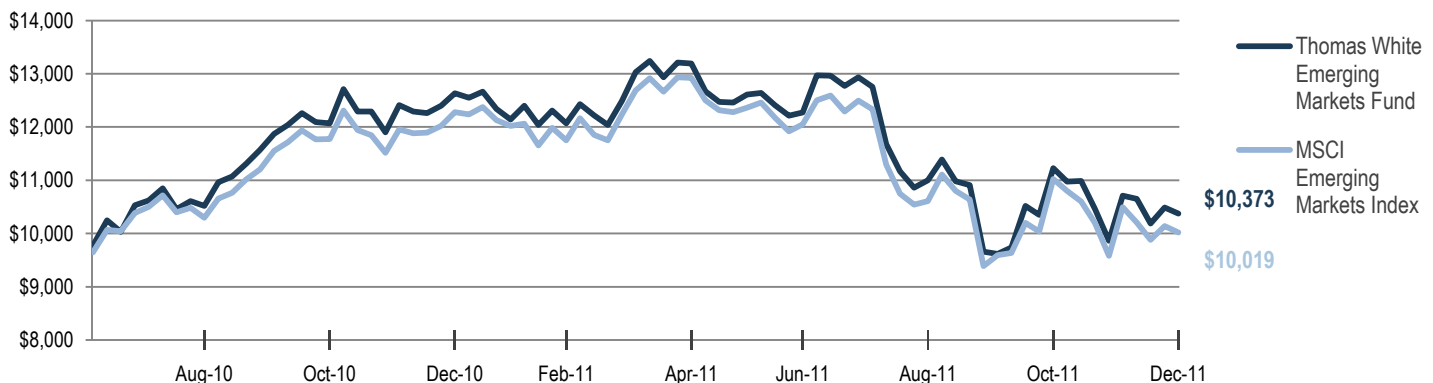
#### Outlook

The third quarter Gross Domestic Product growth for most emerging economies was lower than earlier forecasted and led to downward revisions of their growth forecasts for 2012 and beyond. However, subsequent data trends suggest that the slowdown may not be as severe as feared and most of these economies will likely revert to faster growth rates earlier than expected, in our opinion. The decline in factory output across several emerging economies during the third quarter and the early part of the fourth quarter was mostly triggered by lower expectations of consumer spending, both in their own domestic markets as well as in the developed economies where their exports are shipped. However, domestic consumption growth in the emerging economies is proving to be resilient, especially in large countries such as China where retail sales growth has been sustained through November. In addition, retail sales in the developed world have been healthier than expected and consumer sentiment has improved. Accordingly, manufacturing activity for the month of December has seen a recovery in China, India, and Brazil.

The emerging countries appear to be in better fiscal shape than most developed countries, and some of them have already initiated stimulus measures to support their economies. China and Brazil have lowered export taxes, while Brazil and other Latin American countries such as Peru have also taken steps to boost domestic consumption. At the same time, inflation risks have eased further and will likely allow emerging market central banks to ease their monetary policies this year. Brazil, which has the highest borrowing costs among large emerging markets, has cut its benchmark three times so far while Indonesia has also lowered its rate. China has brought down the reserve requirements for banks to boost credit availability.

The rebound in oil prices should help major energy exporters such as Russia, but could also bring back inflation concerns in most emerging economies. If global demand revives further, we believe other commodities will also become costlier and exacerbate the inflation risks. Apart from limiting the monetary policy options of central banks, some of the emerging countries may be forced to increase their fuel and food subsidies, thereby worsening their fiscal balance.

### HYPOTHETICAL GROWTH OF \$10,000



This chart illustrates the performance of a hypothetical \$10,000 investment made in the Fund since inception. It assumes reinvestment of dividends and capital gains, but does not reflect the effect of any applicable redemption fees. This chart does not imply future performance. Past performance does not guarantee future results.



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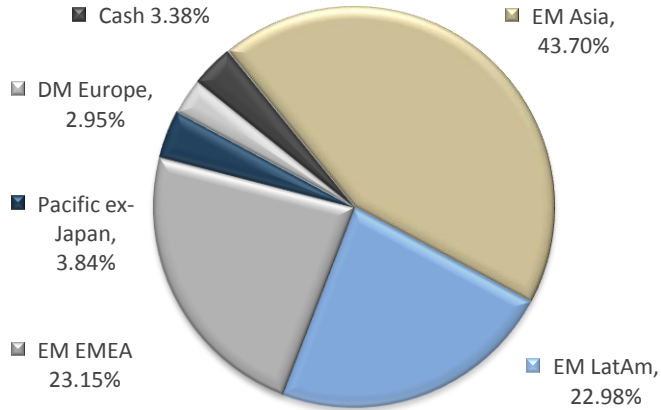
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## THOMAS WHITE EMERGING MARKETS FUND

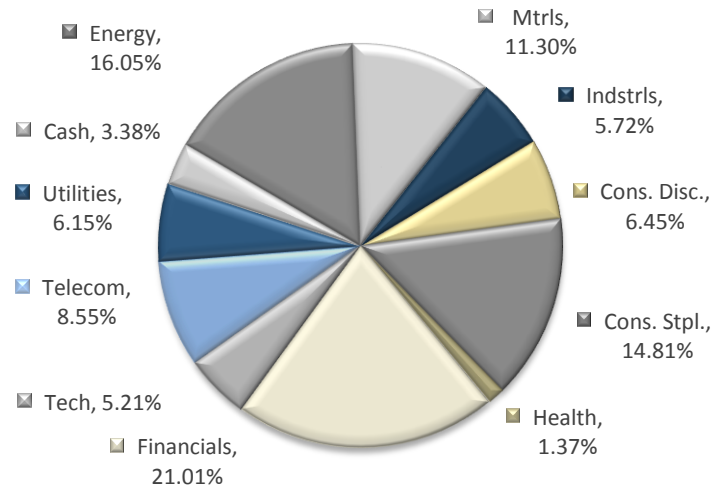
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### REGIONAL ASSET ALLOCATION



### SECTOR ALLOCATION



### TOP TEN HOLDINGS

Company	Country	Sector	Weight
China Petroleum & Chemical-H	China	Energy	2.91%
Samsung Electronics Co Ltd	Korea	Technology	2.67%
Sasol Ltd	S. Africa	Energy	2.27%
Companhia De Bebidas ADR	Brazil	Consumer Staples	2.12%
Standard Chartered Plc	UK	Financials	1.90%
Cia Saneamento Basico De ADR	Brazil	Utilities	1.82%
Jardine Strategic Hldgs Ltd	Hong Kong	Industrials	1.68%
Vale SA ADR	Brazil	Materials	1.67%
Lukoil OAO ADR	Russia	Energy	1.65%
Gazprom OAO ADDR	Russia	Energy	1.64%

**Top 10 Holdings Weight:** 20.33%

**Total Number of Holdings:** 109

Fund holdings and asset allocations are subject to change and are not recommendations to buy or sell any security.

All data source: FactSet

### PORTFOLIO CHARACTERISTICS

	TWEMX	MSCI EM
P/E (Excluding Neg. Earnings)	9.78x	10.30x
P/E FY1 Est	9.16x	9.73x
Price/Book	1.65x	1.53x
3yr Earnings Growth	19.73%	15.36%
PEG Ratio	0.50x	0.67x
Wtd Avg Mkt Cap	\$33.33B	\$41.68B
Wtd Median Mkt Cap	\$15.79B	\$15.65B
Turnover (1 year)	41.33%	-

Market Cap Exposure	TWEMX	MSCI EM
Large Cap (over \$15 billion)	51.50%	50.86%
Mid Cap (\$1.5-\$15 billion)	47.81%	47.20%
Small Cap (under \$1.5 billion)	0.69%	1.95%

**P/E (Excluding Neg. Earnings):** The Price to Earnings (P/E) Ratio reflects the multiple of trailing earnings from the last reported fiscal year earnings at which a stock trades. This ratio excludes companies with a negative or undefined P/E ratio.

**P/E FY1 Est:** The current fiscal year consensus P/E ratio estimate as reported by Institutional Brokers' Estimate System.

**Price/Book:** Ratio of a company's market capitalization divided by the company's total common equity book value as shown on its balance sheet.

**3yr Earnings Growth:** Annualized earnings-per-share growth rate over the trailing 3 years.

**PEG Ratio:** Calculated by dividing the P/E ratio by the trailing annual earnings-per-share growth.

**Wtd Avg Mkt Cap:** The weighted average of the market capitalizations of the companies whose securities are held in the portfolio.

**Wtd Median Mkt Cap:** The weighted median of the market capitalizations of the companies whose securities are held in the portfolio.



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## PORTFOLIO MANAGER

**THOMAS S. WHITE, JR.**

The Funds' Chairman and Portfolio Manager



Thomas S. White, Jr. is the founder and Chairman of Thomas White International, Ltd., and the Chairman and Portfolio Manager of the Thomas White Funds.

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

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

## THOMAS WHITE INTERNATIONAL FIRM OVERVIEW

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

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

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

### Organization

Thomas White International, a Chicago-based asset management and equity research firm founded in 1992, had \$1.43 billion in assets under management as of December 31, 2011. The firm is employee-owned with significant concentration of ownership among the most senior investment professionals, and fosters a strong investment culture, while maintaining high standards of compliance and commitment.

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

### Investment Process

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

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

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

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

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

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

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