

Monthly Field Guide

Talking Points for Client Conversations

March 2020

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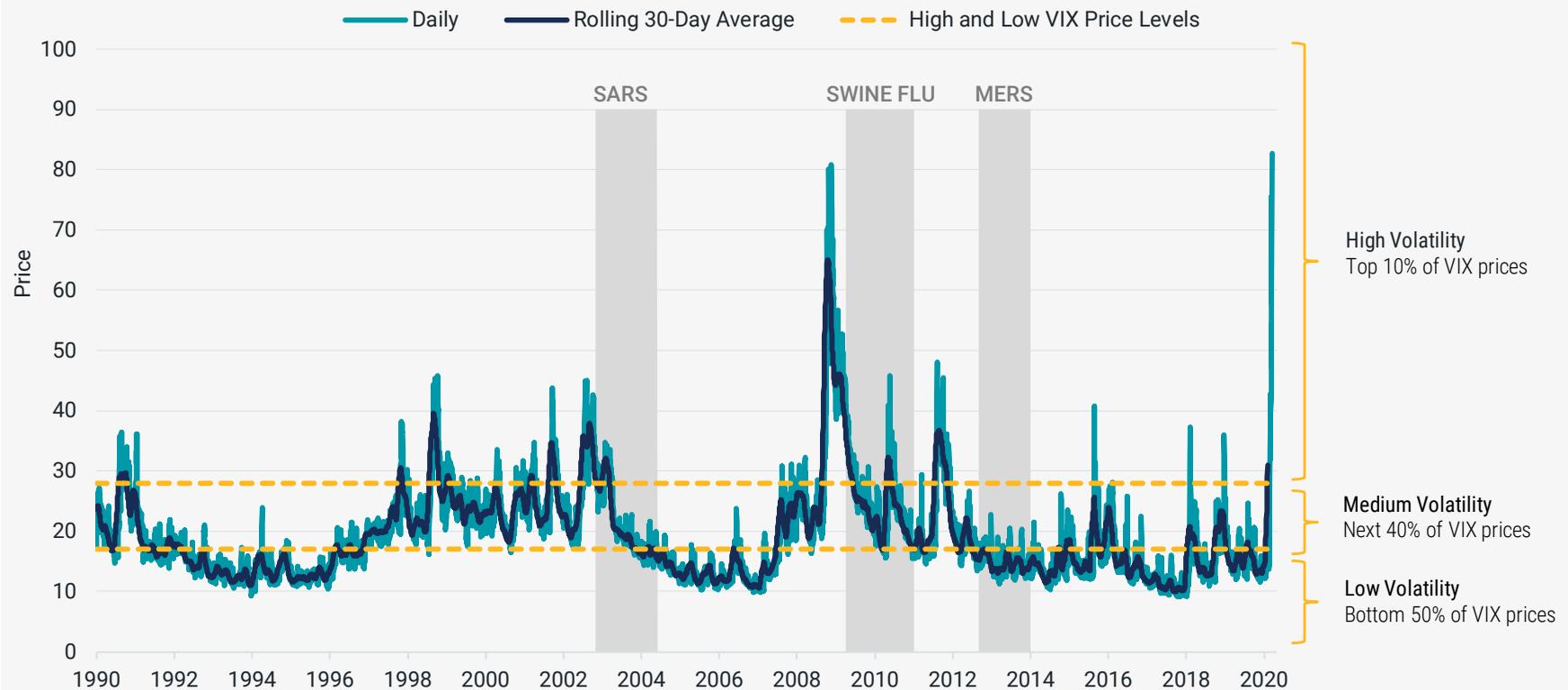
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Did You Know?

What Has Happened After Previous Spikes in Volatility?

In the last several weeks, the CBOE Volatility Index®, known as the VIX, has spiked to levels not seen since the 2008-2009 financial crisis. Often referred to as a fear gauge, the VIX measures how investors are feeling. For some perspective about how today's volatility compares with other periods of unrest, **Figure 1** plots the historical daily and rolling 30-day average VIX levels over the last 30 years. What's the main takeaway? We can easily see that volatility is elevated, climbing to an all-time high as the COVID-19 outbreak expanded to a pandemic.

Figure 1 | Historical VIX Index® Price



Data from 1/2/1990-3/16/2020. Source: Bloomberg, Centers for Disease Control and Prevention. The CBOE Volatility Index (VIX Index) measures the market's expectation of future volatility. It is based on options of the S&P 500 Index, considered the leading indicator of the broad U.S. stock market. Past performance is no guarantee of future results.

What Has Happened After Previous Spikes in Volatility?

But what has extreme volatility meant for equity returns? In **Figure 2**, we compare equity returns leading up to and following extreme volatility levels. The data show large market drops triggered extreme volatility levels, as evidenced by the average 90-day past return. But there is more to this story. If we look at the average 180-day return following extreme VIX levels, we see strong equity returns relative to the rest of the sample.

Why have equity returns historically been strong following extreme VIX levels? Simply put, a stock price reflects future expected earnings for the company discounted back to the present at a specific rate (a discount rate) assigned by investors. If investors assign a high level of risk to the earnings of one company—or the earnings of stocks as a whole relative to safer assets, such as bonds—that assumption is reflected in lower prices.

Typically, when fear is high, there is a lot of risk aversion in the

marketplace. In risk-off periods, investors usually demand a high discount rate to invest in risky assets. When risk aversion changes—and it can change quickly—prices can increase rapidly.

Volatility can be unsettling (the fear gauge moniker probably doesn't help). In today's environment, many elements that can affect stock market performance are at play. We are in no way implying that investors should feel safer because of the results of our analysis.

However, we hope people realize what a spike in volatility really means. That is, if you're hearing about volatility on the news, that volatility has happened already (and the equity market has already experienced the associated pain). Knee-jerk reactions, including making large changes to your asset allocation after reading about volatility spiking, may not be prudent. It may be better to consider where you stand in terms of your overall financial plan.

Figure 2 | VIX Levels and Stock Market Returns

VOLATILITY LEVEL	VIX PRICE RANGE	AVERAGE VIX PRICE	AVERAGE 30-DAY FUTURE VIX PRICE	AVERAGE 90-DAY PAST S&P 500 INDEX RETURN*	AVERAGE 180-DAY FUTURE S&P 500 INDEX RETURN*
High Top 10%	>28	36.2	33.61	-21.88%	20.73%
Medium Next 40%	17-28	21.75	21.11	12.41%	4.37%
Low Bottom 50%	<17	13.74	13.97	14.93%	10.73%

*Annualized

Data from 1/2/1990-3/16/2020. Source: Bloomberg. The CBOE Volatility Index (VIX Index) measures the market's expectation of future volatility. It is based on options of the S&P 500 Index, considered the leading indicator of the broad U.S. stock market. Past performance is no guarantee of future results.

Academic Perspective

Fear Is Normal, But Don't Panic

A TV commercial from the exuberant tech days of the late 1990s shows a young man at his office computer while a Grafware Tech stock chart shows an immense rise in its price. The man darts up the stairs with glee, hugging co-workers and toppling a tower of Styrofoam cups. He throws open the door of his boss's office and announces smugly, "Mr. Dinky, I quit!" The man then runs downstairs, only to find that Grafware Tech's stock price has collapsed. "Oh no!" he shouts in panic and runs back to his boss's office—"Mr. Dinky, I'm not quitting, that was a joke, sir!"

Hope is a useful emotion and so is fear. Hope gives us the wisdom to accept reasonable risks and the power to persist in the face of adversity. Fear guides us away from unreasonable risks and urges us to slam the brakes when the car in front of us suddenly stops. Unfortunately, hope often becomes exaggerated and turns into exuberance, while fear becomes exaggerated and turns into panic.

We cannot set emotions aside, but we can step away from our emotions and examine them with reason. This is an important lesson we learned from our parents and teach to our children. "When angry," my mother said, "count to 10 before you open your mouth." Unwise words we say in the heat of anger might feel good for a moment, but words cannot be retrieved, and they can come back to bite us. The same is true for words spoken and actions taken when hope turns into exuberance and fear turns into panic. The exuberant young man in the commercial must have felt smug when he said, "I quit," but now his days at the company are numbered.



Meir Statman
Consultant to Avantis Investors

Meir Statman is the Glenn Klimek Professor of Finance at Santa Clara University and a consultant to Avantis Investors. His research focuses on behavioral finance. He attempts to understand how investors and managers make financial decisions and how these decisions are reflected in financial markets. His most recent book is *Finance for Normal People: How Investors and Markets Behave*, published by Oxford University Press.

Fear Is Normal, But Don't Panic

Hope and Fear, Exuberance and Panic

Fear is a negative emotion arising in response to danger, whereas hope is a positive one in anticipation of reward. But the two are similar in that control is in the hands of others, whether other people or situations. We fear the danger of a stock market crash but can't control the outcome. We hope for a stock market boom but can't control the outcome.

Exaggerated fear inclines investors to expect low returns with high risk, whereas exaggerated hope inclines them to expect high returns with low risk. A Gallup survey of investors asked: "Do you think that now is a good time to invest in the financial markets?" Answers reveal that high recent returns lead investors to believe that now is a good time to invest, and low recent returns lead investors to believe that now is not a good time to invest. Evidence, however, indicates these beliefs are without foundation.

Gallup also asked investors if they believe the market is now overvalued or undervalued. Answers reveal that the months when large proportions of investors believed the stock market was overvalued were also the months when they thought now is a good time to invest in the financial markets.¹

Fear prods investors to fly to safety. The VIX Index is a risk gauge known as the fear index. It measures expectations of future risk by measuring the expectation of future volatility of stock returns. Flight-to-safety periods coincide with increases in the VIX, bearish consumer sentiment, and bond returns that exceed stock returns.²

Fear increases risk aversion even among financial professionals, whose risk aversion rises after financial busts. Financial professionals who read a story about a financial bust became more fearful than those who read a

story about a financial boom. And that fear led to less risky investments.³

Coronaviruses and the Stock Market

We are right to fear the coronavirus, and we are right to fear stock market volatility and losses. But we should not let fear turn into panic. We can't set aside our fear of the coronavirus, and we can't set aside our fear of stock market volatility and losses. But we can step away from our fear and examine it with reason.

Reason in the face of the coronavirus calls for applying some simple rules. If you have flu-like symptoms such as a fever, cough or sore throat, stay home and consult a physician.

Reason in the face of stock market volatility and losses also calls for applying some simple rules: Do not panic. Look for the silver lining. Investment losses, while painful, can be turned into tax deductions in certain circumstances. Tax loss harvesting typically gets a lot of attention in December, but there are strong arguments for why realizing losses when they occur makes more sense.⁴ Finally, don't make bets on current stock prices being too high or too low. Neither you nor I nor "experts" know when the stock market has reached its bottom.

Endnotes

¹ Statman, Meir. *Finance for Normal People: How Investors and Markets Behave* (Oxford: Oxford University Press, 2017), 74-76.

² Baele, Lieven, Geert Bekaert, Koen Inghelbrecht, and Min Wei. "Flights to Safety." *NBER Working Paper No. w19095* (May 2013).

³ Cohn, Alain, Jan Engelmann, Ernst Fehr, and Michel André Maréchal. "Evidence for Countercyclical Risk Aversion: An Experiment with Financial Professionals." *American Economic Review* 105, no. 2 (2015), 860-85.

⁴ Meir Statman, "Why Investors Shouldn't Wait Until December to Take Tax Losses," *The Wall Street Journal*, Nov. 4, 2018. <https://www.wsj.com/articles/why-investors-shouldnt-wait-until-december-to-take-tax-losses-1541387520>

Market Review

Snapshot

Market volatility hit all-time highs in March amid coronavirus-fueled shutdowns, layoffs and fears of a global recession. As the crisis strained global financial systems, policymakers stepped in with unprecedented monetary and fiscal stimulus. Stocks and other risk assets declined sharply, while safe-haven assets rallied.

- The Dow Jones Industrial Average reached two milestones in a single month: its largest single-day point decline since 2008, and its largest-ever single-day point gain.
- Congress's \$2.0 trillion fiscal stimulus plan helped lift major U.S. stock market indices off their lows. This plan followed a string of emergency measures from the Federal Reserve (Fed) to shore up credit markets and ensure funding for businesses and consumers.
- The Fed's moves were part of a coordinated effort from leading central banks, including the Bank of England and the European Central Bank, to battle the financial fallout from the pandemic.
- As shelter-in-place orders and travel restrictions forced companies across a wide range of industries to shut down, first-time unemployment claims rose to a record 3.28 million in late March.
- A price war between OPEC and Russia drove global oil prices to record lows, compounding the struggles in the energy sector.
- As stock prices dropped dramatically, a global flight to safety pushed U.S. Treasury yields to record lows, and high-quality bonds generated robust monthly returns.

Returns (%)

INDEX	1 MO	3 MO	YTD	1 YR	3 YR	5 YR	10 YR
U.S. Equity							
S&P 500	-12.35	-19.60	-19.60	-6.98	5.10	6.72	10.52
Intl. Developed Markets Equity							
MSCI World ex USA	-14.12	-23.26	-23.26	-14.89	-2.07	-0.76	2.43
Emerging Markets Equity							
MSCI Emerging Markets	-15.40	-23.60	-23.60	-17.69	-1.62	-0.37	0.68
U.S. Fixed Income							
Bloomberg Barclays U.S. Aggregate Bond	-0.59	3.15	3.15	8.93	4.82	3.35	3.88
Global Fixed Income							
Bloomberg Barclays Global Aggregate Bond	-2.24	-0.33	-0.33	4.20	3.55	2.63	2.47
U.S. Cash							
Bloomberg Barclays U.S. 1-3 Month Treasury Bill	0.21	0.47	0.47	2.08	1.74	1.12	0.59

Data as of 3/31/2020. Performance in USD. Periods greater than one year have been annualized. Past performance is no guarantee of future results. Source: FactSet.

Equity Returns | Size and Style

		U.S.			
		1 MONTH (%)		YTD (%)	
		Value	Growth	Value	Growth
Size	Large	-17.09%	-9.84%	-26.73%	-14.10%
	Small	-24.67%	-19.10%	-35.66%	-25.76%

		Non-U.S. Developed Markets			
		1 MONTH (%)		YTD (%)	
		Value	Growth	Value	Growth
Size	Large	-18.03%	-8.61%	-28.22%	-16.15%
	Small	-21.47%	-15.19%	-31.70%	-25.13%

		Emerging Markets			
		1 MONTH (%)		YTD (%)	
		Value	Growth	Value	Growth
Size	Large	-17.02%	-12.23%	-27.46%	-17.52%
	Small	-24.47%	-21.75%	-33.59%	-29.16%

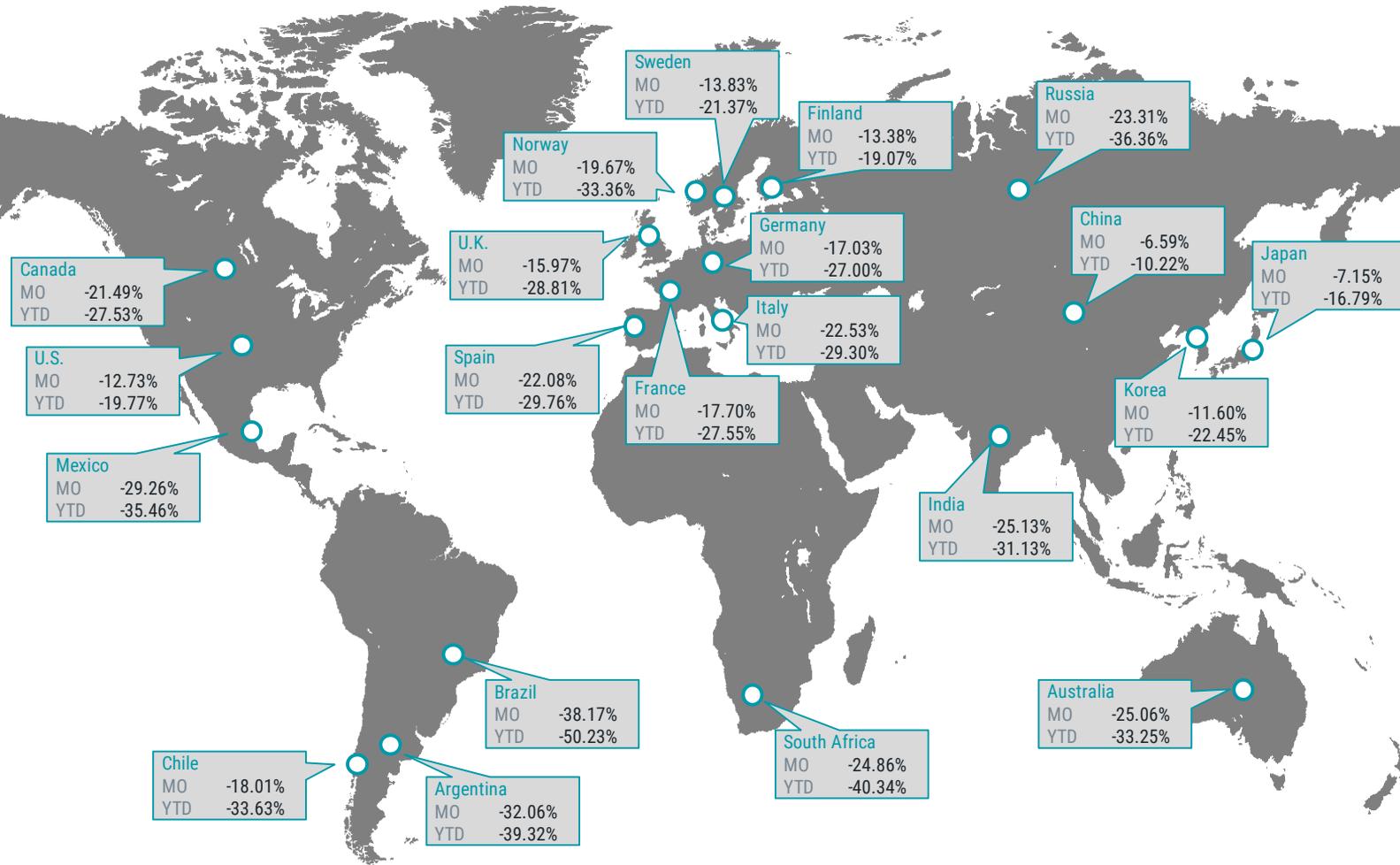
- All major U.S. equity style categories declined sharply for the month. In terms of size, small-cap stocks suffered the greatest losses.
- Across the size spectrum, declines among value stocks were generally steeper than losses for growth stocks.

- Among international developed markets, size and style indices had similar performance patterns as their U.S. counterparts.
- Small-cap stocks suffered larger declines, while losses among value stocks were more severe than declines among growth stocks.

- Emerging markets stocks also declined across the capitalization spectrum, and losses were greater than those in developed markets.
- Small-cap stocks significantly underperformed their large-cap peers, while growth stocks generally fared better than value stocks.

Data as of 3/31/2020. Performance in USD. Style and size returns are represented by Russell style and size indices. Past performance is no guarantee of future results.

Equity Returns | Country



Data as of 3/31/2020. Performance in USD. Countries are represented by MSCI country indices. Past performance is no guarantee of future results.

Fixed-Income Returns

Amid the month's flight to safety, U.S. Treasury yields fell to record lows, and U.S. government bonds were strong performers. Fears that the coronavirus pandemic would trigger a global recession and weigh on corporate earnings led to strong gains for safe-haven assets and losses for assets exposed to credit risk.

- The yield on the 10-year U.S. Treasury note declined 48 bps in March to end the month at 0.67%. Early in the month, the 10-year Treasury yield fell to an all-time low of 0.57%. The yield on the two-year Treasury note dropped 67 bps to 0.25%. Demand for safe-haven assets, along with the Fed cutting interest rates to near 0%, helped drive yields lower.
- Late in the month, yields on one- and three-month U.S. Treasury bills dropped into negative territory for the first time in more than four years. Robust investor demand for cash-equivalent securities fueled this anomaly.
- The global flight to cash led to significant pricing pressures in the investment-grade corporate bond market. Lack of liquidity and other dislocations prompted the Fed to launch a series of funding and securities-purchase programs to help stabilize credit markets. Conditions in the high-yield bond market were even more challenging amid liquidity concerns, mounting default worries and plunging oil prices.
- Even the usually quiet municipal bond (muni) market struggled in March. Similar to U.S. corporate bonds, muni prices declined sharply amid liquidity concerns and investor outflows.
- Outside the U.S., government bond yields were mixed. In the U.K., yields declined, while most government bond yields in the eurozone increased for the month.

Returns (%)

INDEX	1 MO	3 MO	YTD	1 YR	3 YR	5 YR	10 YR
Global Fixed Income							
Bloomberg Barclays Global Aggregate Bond	-2.24	-0.33	-0.33	4.20	3.55	2.63	2.47
U.S. Fixed Income							
Bloomberg Barclays U.S. Aggregate Bond	-0.59	3.15	3.15	8.93	4.82	3.35	3.88
U.S. High Yield Corporate							
Bloomberg Barclays U.S. Corporate High-Yield Bond	-11.46	-12.68	-12.68	-6.94	0.76	2.77	5.64
U.S. Investment Grade							
Bloomberg Barclays U.S. Corporate Bond	-7.09	-3.63	-3.63	4.98	4.19	3.35	4.91
Municipals							
Bloomberg Barclays Municipal Bond	-3.63	-0.63	-0.63	3.85	3.95	3.19	4.14
U.S. TIPS							
Bloomberg Barclays U.S. Treasury - U.S. TIPS	-1.76	1.69	1.69	6.85	3.46	2.67	3.47
U.S. Treasuries							
Bloomberg Barclays U.S. Treasury Bond	2.89	8.20	8.20	13.23	5.82	3.64	3.83
U.S. Cash							
Bloomberg Barclays U.S. 1-3 Month Treasury Bill	0.21	0.47	0.47	2.08	1.74	1.12	0.59

Data as of 3/31/2020. Performance in USD. Periods greater than one year have been annualized. Past performance is no guarantee of future results. Source: FactSet.

Portfolio Updates

Performance Overview

Returns (%)	As of Month-End			As of Quarter-End
	1 MO	YTD	SINCE INCEPTION	SINCE INCEPTION
FUND AND BENCHMARK				
Avantis U.S. Equity - Inst	-15.04	-23.87	-20.78	-20.78
Russell 3000 Index	-13.75	-20.90	-17.89	-17.89
Avantis U.S. Small Cap Value - Inst	-28.17	-41.60	-38.71	-38.71
Russell 2000 Value Index	-24.67	-35.66	-32.88	-32.88
Avantis International Equity - Inst	-15.94	-25.60	-22.92	-22.92
MSCI World ex USA IMI Index	-14.71	-24.00	-21.19	-21.19
Avantis International Small Cap Value - Inst	-21.42	-33.75	-30.03	-30.03
MSCI World ex U.S. Small Cap Index	-18.28	-28.39	-25.29	-25.29
Avantis Emerging Markets - Inst	-17.77	-26.98	-21.60	-21.60
MSCI Emerging Markets IMI Index	-16.19	-24.40	-18.60	-18.60

Data for month-end as of 3/31/2020. Data for quarter-end as of 12/31/2019. Performance in USD, net of fees. Periods greater than one year have been annualized. Source: FactSet.

U.S. Equity Inst.	AVJUSX
Inception Date	12/04/19
Expense Ratio (%)	0.15
Total Assets (\$M)	21.28
U.S. Small Cap Value Inst.	AVUVX
Inception Date	12/04/19
Expense Ratio (%)	0.25
Total Assets (\$M)	10.64
International Equity Inst.	AVDEX
Inception Date	12/04/19
Expense Ratio (%)	0.23
Total Assets (\$M)	27.35
International Small Cap Value Inst.	AVDVX
Inception Date	12/04/19
Expense Ratio (%)	0.36
Total Assets (\$M)	10.20
Emerging Markets Inst.	AVEEX
Inception Date	12/04/19
Expense Ratio (%)	0.33
Total Assets (\$M)	22.94

Expense ratio as of the most recent prospectus. Assets as of 3/31/2020.

Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Returns less than one year are not annualized. Index performance does not represent the fund's performance. It is not possible to invest directly in an index.

U.S. Equity | Performance Commentary

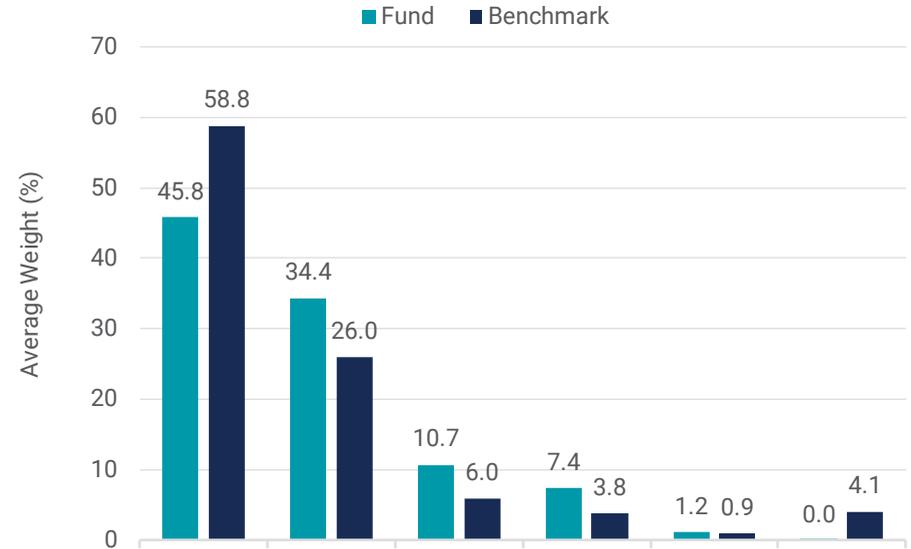
Returns (%)

FUND AND BENCHMARK	1 MO	YTD	SINCE INCEPTION*
U.S. Equity - Inst	-15.04	-23.87	-20.78
Russell 3000 Index	-13.75	-20.90	-17.89

*Inception Date: 12/4/2019. Data as of 3/31/2020. Performance in USD, net of fees. Periods greater than one year have been annualized. Source:FactSet.

- The portfolio underperformed its benchmark in March.
- The portfolio's higher allocation to smaller-cap companies relative to the benchmark detracted from performance. Small-cap stocks generally underperformed large- and mid-cap stocks during the period.
- Among U.S. stocks, growth generally outperformed value. The portfolio's higher allocation to stocks with attractive combined value and profitability characteristics detracted from relative performance.
- The exclusion of real estate investment trusts (REITs) aided relative results, as REITs underperformed during the period.

Average Allocation by Company Size



Size	Mega	Large	Mid	Small	Micro	REITs
Size Definitions	Largest 100 stocks	Next 400 largest	Next 400 largest	Next 800 largest	Remaining stocks	-
1-Mo. Benchmark Return (%)	-9.34	-17.06	-22.35	-27.42	-32.90	-20.80

Data from 2/28/2020 to 3/31/2020. Source: FactSet.

Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Returns less than one year are not annualized. Index performance does not represent the fund's performance. It is not possible to invest directly in an index.

U.S. Equity | Portfolio Composition

Key Characteristics

	FUND	BENCHMARK
<i>Benchmark: Russell 3000 Index</i>		
Weighted Average Market Cap	\$196.4 B	\$244.3 B
Weighted Average Book/Market	0.20	0.15
Weighted Average Profits/Book	0.52	0.48
Number of Holdings	1,661	2,976

Data as of 3/31/2020. Source: FactSet.

Size and Style Allocation (%)

FUND		BOOK-TO-MARKET AND PROFITABILITY		
		HIGH	MID	LOW
SIZE	MEGA	16.32	24.04	5.85
	LARGE/MID	18.51	18.69	6.52
	SMALL/MICRO	3.50	3.71	0.36

BENCHMARK		BOOK-TO-MARKET AND PROFITABILITY		
		HIGH	MID	LOW
SIZE	MEGA	14.53	30.65	11.36
	LARGE/MID	7.48	12.66	9.57
	SMALL/MICRO	0.97	2.20	1.10

Data as of 3/31/2020. Charts show weights in various book/market and profitability buckets (highest 25%, middle 50%, and lowest 25%) across market capitalizations. Excludes REITs. Source: FactSet.

Sector Allocation (%)

	FUND	BENCHMARK
Information Technology	22.09	24.51
Financials	14.38	11.45
Health Care	14.17	15.64
Consumer Discretionary	12.07	10.02
Industrials	11.97	9.03
Communication Services	8.50	9.84
Consumer Staples	5.89	7.06
Utilities	4.02	3.52
Materials	3.83	2.60
Energy	2.86	2.46
Real Estate	0.21	3.87

Data as of 3/31/2020. Source: FactSet.

U.S. Small Cap Value | Performance Commentary

Returns (%)

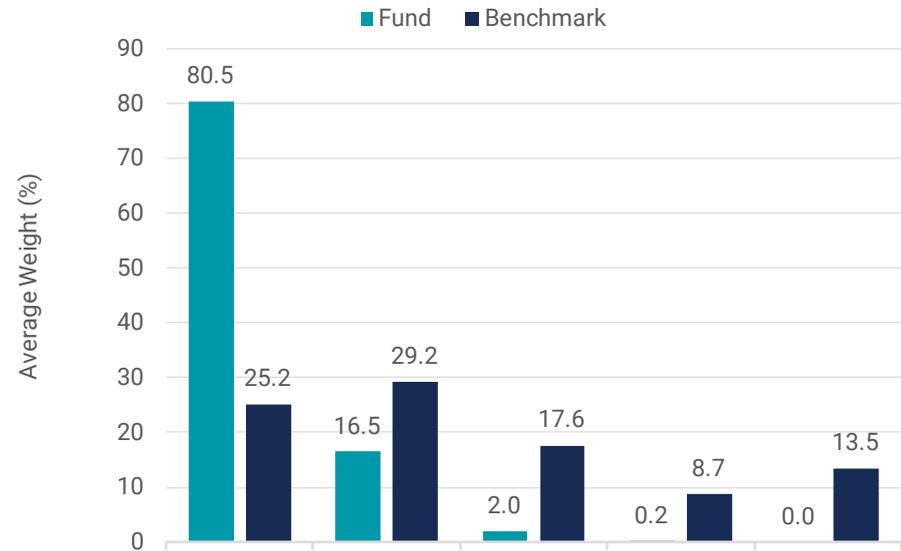
FUND AND BENCHMARK	1 MO	YTD	SINCE INCEPTION*
U.S. Small Cap Value - Inst	-28.17	-41.60	-38.71
Russell 2000 Value Index	-24.67	-35.66	-32.88

*Inception Date: 12/4/2019. Data as of 3/31/2020. Performance in USD, net of fees. Periods greater than one year have been annualized. Source:FactSet.

- The portfolio underperformed its benchmark in March.
- Small-cap stocks with the highest combined value and profitability characteristics underperformed other small caps. The portfolio's preference for these value-oriented stocks detracted from relative performance.
- The portfolio's underweight to mid-cap stocks and overweight to small- and micro-cap stocks versus the benchmark also detracted from relative performance.
- Real estate investment trusts (REITs) underperformed during the period, and the portfolio's exclusion of this sector aided relative performance.

 See Appendix for more information about how to interpret this chart.

Average Allocation by Book/Market and Profitability Quartile



Quartile	1	2	3	4	REITs
Book/Market and Profitability	Highest	Medium-High	Medium-Low	Lowest	-
1-Mo. Benchmark Return (%)	-28.39	-20.20	-21.41	-21.20	-33.99

Data from 2/28/2020 to 3/31/2020. Source: FactSet.

Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Returns less than one year are not annualized. Index performance does not represent the fund's performance. It is not possible to invest directly in an index.

A Note About Risk: Historically, small- and/or mid-cap stocks have been more volatile than the stocks of larger, more-established companies. Smaller companies may have limited resources, product lines and markets, and their securities may trade less frequently and in more limited volumes than the securities of larger companies.

U.S. Small Cap Value | Portfolio Composition

Key Characteristics

Benchmark: <i>Russell 2000 Value Index</i>	FUND	BENCHMARK
Weighted Average Market Cap	\$1.4 B	\$1.6 B
Weighted Average Book/Market	0.63	0.48
Weighted Average Profits/Book	0.31	0.17
Number of Holdings	663	1,391

Data as of 3/31/2020. Source: FactSet.

Size and Style Allocation (%)

FUND		BOOK-TO-MARKET AND PROFITABILITY		
		HIGH	MID	LOW
SIZE	MEGA	—	—	—
	LARGE/MID	5.53	0.28	--
	SMALL/MICRO	77.31	16.45	0.04

BENCHMARK		BOOK-TO-MARKET AND PROFITABILITY		
		HIGH	MID	LOW
SIZE	MEGA	—	—	—
	LARGE/MID	2.82	10.59	1.99
	SMALL/MICRO	22.13	37.45	7.16

Data as of 3/31/2020. Charts show weights in various book/market and profitability buckets (highest 25%, middle 50%, and lowest 25%) across market capitalizations. Excludes REITs. Source: FactSet.

Sector Allocation (%)

	FUND	BENCHMARK
Financials	29.64	29.89
Industrials	20.22	12.45
Consumer Discretionary	18.43	7.76
Energy	9.27	3.47
Materials	8.15	4.28
Information Technology	5.20	11.38
Health Care	3.90	6.01
Communication Services	2.41	2.17
Consumer Staples	2.27	3.44
Real Estate	0.51	11.50
Utilities	0.00	7.64

Data as of 3/31/2020. Source: FactSet.

International Equity | Performance Commentary

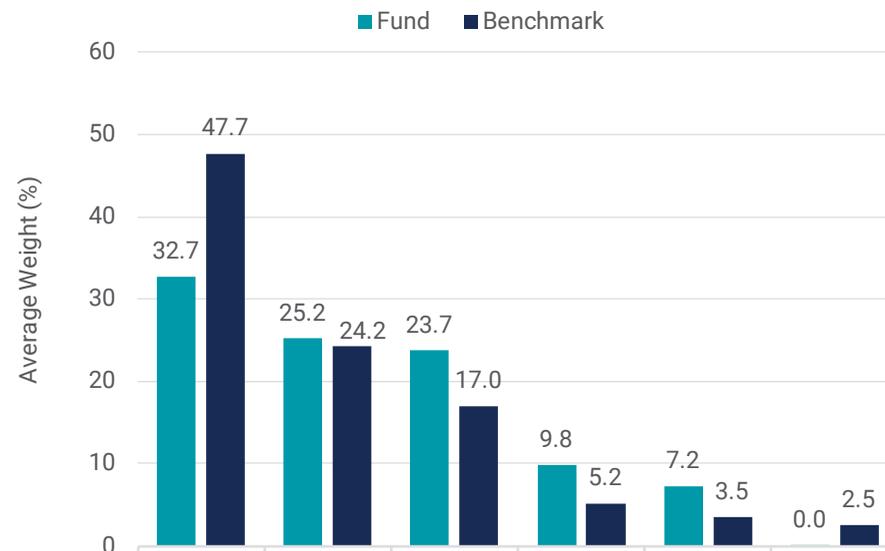
Returns (%)

FUND AND BENCHMARK	1 MO	YTD	SINCE INCEPTION*
International Equity - Inst	-15.94	-25.60	-22.92
MSCI World ex USA IMI Index	-14.71	-24.00	-21.19

*Inception Date: 12/4/2019. Data as of 3/31/2020. Performance in USD, net of fees. Periods greater than one year have been annualized. Source:FactSet.

- The portfolio underperformed its benchmark in March.
- A higher allocation to smaller-cap companies relative to the benchmark detracted from performance.
- The strategy's overweight to value-oriented stocks, or those with attractive combined value and profitability characteristics, detracted from relative performance.
- The exclusion of real estate investment trusts (REITs) aided relative results, as REITs underperformed during the period.

Average Allocation by Company Size



Size*	Mega	Large	Mid	Small	Micro	REITs
1-Mo. Benchmark Return (%)	-10.45	-17.40	-16.74	-20.25	-24.41	-25.97

Data from 2/28/2020 to 3/31/2020. Source: FactSet.

*A stock count approach is used to classify size within each country. The stock count size breaks can vary slightly from country to country, but generally translate to mega=50% of a country's market capitalization, large=25%, mid=10%, small=10%, micro=remaining 5%.

Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Returns less than one year are not annualized. It is not possible to invest directly in an index.

A Note About Risk: International investing involves special risks, such as political instability and currency fluctuations. Investing in emerging markets may accentuate these risks.

International Equity | Portfolio Composition

Key Characteristics

Benchmark: MSCI World ex USA IMI Index	FUND	BENCHMARK
Weighted Average Market Cap	\$32.4 B	\$48.6 B
Weighted Average Book/Market	0.53	0.45
Weighted Average Profits/Book	0.34	0.29
Number of Holdings	2,600	3,540

Data as of 3/31/2020. Source: FactSet.

Size and Style Allocation (%)

FUND		BOOK-TO-MARKET AND PROFITABILITY		
		HIGH	MID	LOW
SIZE	MEGA	11.46	16.79	4.45
	LARGE/MID	18.72	24.93	5.83
	SMALL/MICRO	7.89	7.54	1.11

BENCHMARK		BOOK-TO-MARKET AND PROFITABILITY		
		HIGH	MID	LOW
SIZE	MEGA	11.78	23.61	11.46
	LARGE/MID	9.91	20.03	9.32
	SMALL/MICRO	2.23	4.00	2.00

Data as of 3/31/2020. Charts show weights in various book/market and profitability buckets (highest 25%, middle 50%, and lowest 25%) across market capitalizations. Excludes REITs. Source: FactSet.

Sector Allocation (%)

	FUND	BENCHMARK
Financials	17.72	17.23
Industrials	17.23	14.74
Consumer Discretionary	11.65	10.46
Materials	10.11	7.42
Health Care	9.84	12.49
Consumer Staples	8.05	11.32
Information Technology	7.61	7.97
Communication Services	5.51	5.23
Utilities	5.08	4.07
Energy	4.22	4.58
Real Estate	2.98	4.49

Data as of 3/31/2020. Source: FactSet.

Top 5 Country Allocations (%)

	FUND	BENCHMARK
Japan	25.77	24.93
United Kingdom	13.83	13.88
Switzerland	9.08	9.17
France	8.89	8.88
Canada	8.43	8.56

Data as of 3/31/2020. Source: FactSet.

International Small Cap Value | Performance Commentary

Returns (%)

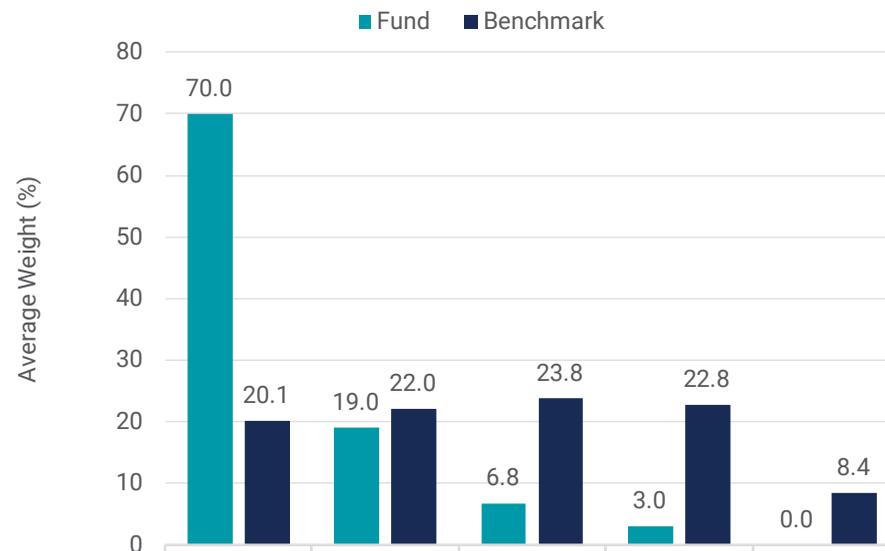
FUND AND BENCHMARK	1 MO	YTD	SINCE INCEPTION*
International Small Cap Value - Inst	-21.42	-33.75	-30.03
MSCI World ex U.S. Small Cap Index	-18.28	-28.39	-25.29

*Inception Date: 12/4/2019. Data as of 3/31/2020. Performance in USD, net of fees. Periods greater than one year have been annualized. Source:FactSet.

- The portfolio underperformed its benchmark in March.
- Small-cap stocks with the highest combined value and profitability characteristics underperformed the remaining small caps, detracting from relative performance.
- The strategy's emphasis on high combined value and profitability characteristics led to an overweight in the energy sector, which was the worst-performing sector during the period. This overweight detracted from relative performance.
- The exclusion of real estate investment trusts (REITs) helped offset some relative underperformance, as REITs underperformed during the period.

 See Appendix for more information about how to interpret this chart.

Average Allocation by Book/Market and Profitability Quartile



Quartile	1	2	3	4	REITs
Book/Market and Profitability	Highest	Medium-High	Medium-Low	Lowest	-
1-Mo. Benchmark Return (%)	-20.59	-18.98	-17.67	-13.78	-23.66

Data from 2/28/2020 to 3/31/2020. Source: FactSet.

Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Returns less than one year are not annualized. Index performance does not represent the fund's performance. It is not possible to invest directly in an index.

A Note About Risk: International investing involves special risks, such as political instability and currency fluctuations. Investing in emerging markets may accentuate these risks. Historically, small- and/or mid-cap stocks have been more volatile than the stocks of larger, more-established companies. Smaller companies may have limited resources, product lines and markets, and their securities may trade less frequently and in more limited volumes than the securities of larger companies.

International Small Cap Value | Portfolio Composition

Key Characteristics

Benchmark: MSCI World ex U.S. Small Cap Index	FUND	BENCHMARK
Weighted Average Market Cap	\$1.6 B	\$2.1 B
Weighted Average Book/Market	0.84	0.56
Weighted Average Profits/Book	0.33	0.25
Number of Holdings	1,106	2,533

Data as of 3/31/2020. Source: FactSet.

Size and Style Allocation (%)

FUND		BOOK-TO-MARKET AND PROFITABILITY		
		HIGH	MID	LOW
SIZE	MEGA	—	—	—
	LARGE/MID	3.70	0.79	0.12
	SMALL/MICRO	69.70	21.80	2.66

BENCHMARK		BOOK-TO-MARKET AND PROFITABILITY		
		HIGH	MID	LOW
SIZE	MEGA	—	—	—
	LARGE/MID	3.45	12.82	6.72
	SMALL/MICRO	16.46	32.98	16.68

Data as of 3/31/2020. Charts show weights in various book/market and profitability buckets (highest 25%, middle 50%, and lowest 25%) across market capitalizations. Excludes REITs. Source: FactSet.

Sector Allocation (%)

	FUND	BENCHMARK
Industrials	21.79	20.28
Materials	19.82	9.57
Financials	15.33	10.47
Consumer Discretionary	13.34	10.62
Information Technology	6.77	10.18
Consumer Staples	6.65	7.18
Energy	5.50	2.19
Communication Services	3.28	4.48
Health Care	2.87	8.24
Real Estate	2.53	13.57
Utilities	2.12	3.22

Data as of 3/31/2020. Source: FactSet.

Top 5 Country Allocations (%)

	FUND	BENCHMARK
Japan	30.70	30.85
United Kingdom	14.83	14.56
Canada	7.27	7.48
Sweden	5.88	5.93
Germany	5.72	5.77

Data as of 3/31/2020. Source: FactSet.

Emerging Markets Equity | Performance Commentary

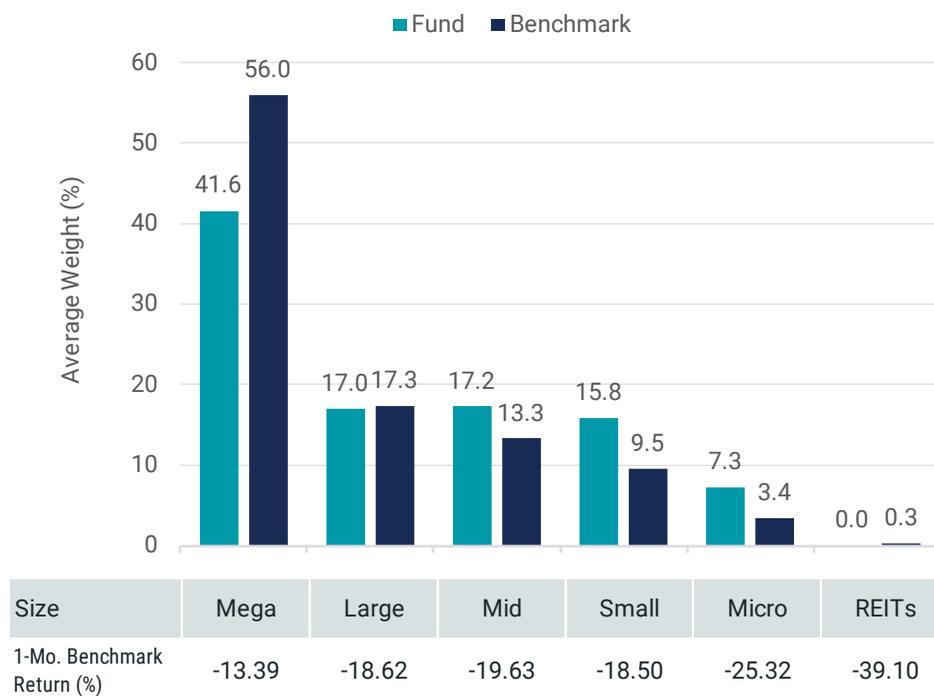
Returns (%)

FUND AND BENCHMARK	1 MO	YTD	SINCE INCEPTION*
Emerging Markets - Inst	-17.77	-26.98	-21.60
MSCI Emerging Markets IMI Index	-16.19	-24.40	-18.60

*Inception Date: 12/4/2019. Data as of 3/31/2020. Performance in USD, net of fees. Periods greater than one year have been annualized. Source:FactSet.

- The portfolio underperformed its benchmark in March.
- The portfolio's overweight to value-oriented stocks, or those with attractive combined value and profitability characteristics, detracted from relative performance.
- The portfolio's underweight to mega-cap stocks and overweight to micro-cap stocks detracted from relative performance, as companies with the largest market caps generally outperformed.

Average Allocation by Company Size



Data from 2/28/2020 to 3/31/2020. Source: FactSet.

*A stock count approach is used to classify size within each country. The stock count size breaks can vary slightly from country to country, but generally translate to mega=50% of a country's market capitalization, large=25%, mid=10%, small=10%, micro=remaining 5%.

Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Returns less than one year are not annualized. Index performance does not represent the fund's performance. It is not possible to invest directly in an index.

A Note About Risk: International investing involves special risks, such as political instability and currency fluctuations. Investing in emerging markets may accentuate these risks. Historically, small- and/or mid-cap stocks have been more volatile than the stocks of larger, more-established companies. Smaller companies may have limited resources, product lines and markets, and their securities may trade less frequently and in more limited volumes than the securities of larger companies.

Emerging Markets Equity | Portfolio Composition

Key Characteristics

Benchmark: <i>MSCI Emerging Markets IMI Index</i>	FUND	BENCHMARK
Weighted Average Market Cap	\$65.1 B	\$105.4 B
Weighted Average Book/Market	0.64	0.55
Weighted Average Profits/Book	0.30	0.24
Number of Holdings	2,081	3,053

Data as of 3/31/2020. Source: FactSet.

Size and Style Allocation (%)

FUND		BOOK-TO-MARKET AND PROFITABILITY		
		HIGH	MID	LOW
SIZE	MEGA	12.46	21.16	6.31
	LARGE/MID	15.19	16.05	3.37
	SMALL/MICRO	12.33	9.96	1.05

BENCHMARK		BOOK-TO-MARKET AND PROFITABILITY		
		HIGH	MID	LOW
SIZE	MEGA	10.57	30.26	15.00
	LARGE/MID	7.86	14.11	7.48
	SMALL/MICRO	3.90	5.95	2.54

Data as of 3/31/2020. Charts show weights in various book/market and profitability buckets (highest 25%, middle 50%, and lowest 25%) across market capitalizations. Excludes REITs. Source: FactSet.

Sector Allocation (%)

	FUND	BENCHMARK
Financials	18.72	20.39
Information Technology	16.99	16.98
Consumer Discretionary	12.93	15.17
Communication Services	10.62	12.22
Materials	9.15	7.08
Industrials	7.98	5.68
Consumer Staples	6.08	6.60
Energy	5.33	5.53
Real Estate	5.15	3.39
Health Care	3.86	4.25
Utilities	3.18	2.71

Data as of 3/31/2020. Source: FactSet.

Top 5 Country Allocations (%)

	FUND	BENCHMARK
China	39.02	38.07
Taiwan	13.89	13.34
South Korea	13.06	12.38
India	9.06	8.18
Brazil	5.49	5.11

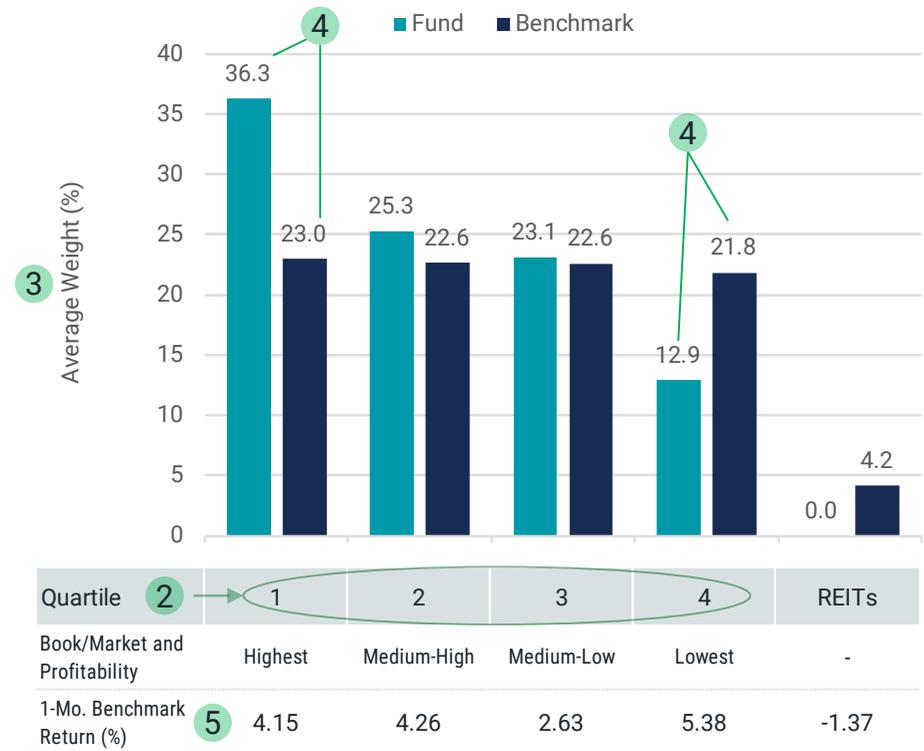
Data as of 3/31/2020. Source: FactSet.

Appendix

How to Interpret Book/Market and Profitability Charts

- 1 We sort the underlying stocks in our universe from highest to lowest based on a proprietary calculation using book-to-market, or B/M, and profitability ratios. B/M is ratio that compares a company's book value relative to its market capitalization. Profitability is a ratio used to measure a company's profitability relative to its book value. We view stocks with higher B/M and profitability ratios more favorably.
- 2 After arranging the stocks in the universe, we divide the holdings into fourths, or quartiles. The top 25% of stocks are placed in the "highest" quartile, while the bottom 25% of stocks are placed in the "lowest" quartile. Our equity strategies generally do not invest in REITs, so these stocks are bucketed separately.
- 3 We show the average weight of the stocks in each quartile over the month for our portfolio and the benchmark so that you can compare the two allocations.
- 4 We believe stocks in the higher quartiles have higher expected future returns*—that's why you'll see our portfolios generally allocate more to these types of stocks than does the benchmark. Conversely, we believe stocks in the lower quartiles have lower expected future returns, so our portfolios generally hold less in these stocks than the benchmark. It's important to note, however, that higher B/M and profitability stocks do not always outperform.
- 5 We also show the performance of the stocks in the benchmark based on the B/M and profitability quartile they're in. If the higher quartiles outperform the lower quartiles, then in general, we would expect our portfolio to benefit from its larger allocation to these outperforming stocks. If, however, the lower quartiles outperform the higher quartiles, then in general, we would expect our portfolio to lag the benchmark.

1 Average Allocation by Book/Market and Profitability Quartile



Data from 10/31/2019 to 11/30/2019. Source: FactSet.

*Our funds seek securities of companies that we expect to have higher returns by placing an enhanced emphasis on securities of companies with smaller market capitalizations and securities of companies we define as high profitability or value companies. Conversely, the funds seek to underweight or exclude securities we expect to have lower returns, such as securities of large companies with lower levels of profitability and higher prices relative to their book values or other financial metrics. To identify small capitalization, high profitability, or value companies, the portfolio managers employ a proprietary calculation using reported and estimated company financials and market data including, but not limited to, shares outstanding, book value and its components, cash flows, revenue, expenses, accruals and income. Value companies may be defined as those with lower price relative to book value ratio or other fundamental value. High profitability companies may be defined as those with higher cash based operating profitability. The portfolio managers may also consider other factors when selecting a security, including industry classification, past performance of the security relative to other securities, liquidity, float, and tax, governance or cost considerations, among others.

Glossary

Bloomberg Barclays Global Aggregate Bond Index: A flagship measure of global investment-grade debt from 24 local currency markets. This multicurrency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Global U.S. Treasury - U.S. TIPS Index: Consists of Treasury inflation-protected securities issued by the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg Barclays Municipal Bond Index: A market value-weighted index designed for the long-term tax-exempt bond market.

Bloomberg Barclays U.S. 1-3 Month Treasury Bill Index: A subindex of the Bloomberg Barclays U.S. Short Treasury Index, the Bloomberg Barclays U.S. 1-3 Month Treasury Bill Index is composed of zero-coupon Treasury bills with a maturity between one and three months.

Bloomberg Barclays U.S. Aggregate Bond Index: Represents securities that are taxable, registered with the Securities and Exchange Commission, and U.S. dollar-denominated. The index covers the U.S. investment-grade fixed-rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities.

Bloomberg Barclays U.S. Corporate Bond Index: Measures the investment grade, fixed-rate, taxable corporate bond market. It includes U.S. dollar-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Bloomberg Barclays U.S. Corporate High Yield Bond Index: Measures the U.S. dollar-denominated, high-yield (noninvestment grade), fixed-rate corporate bond market.

Bloomberg Barclays U.S. Treasury Index: Measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury. Treasury bills are excluded by the maturity constraint but are part of a separate Short Treasury Index.

Book-to-Market Ratio: Compares a company's book value relative to its market capitalization. Book value is generally a firm's reported assets minus its liabilities on its balance sheet. A firm's market capitalization is calculated by taking its share price and multiplying it by the number of shares it has outstanding.

Exchange-Traded Fund (ETF): An ETF represents a basket of securities that trades on an exchange, similar to a stock. An ETF differs from a mutual fund in that its share price fluctuates all day as investors buy and sell the ETF. A mutual fund's net asset value (NAV) is calculated once per day after the market closes.

Market Capitalization: The market value of all the equity of a company's common and preferred shares. It is usually estimated by multiplying the stock price by the number of shares for each share class and summing the results.

MSCI Emerging Markets Index: Captures large- and mid-cap representation across 26 emerging markets countries. With 1,202 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

MSCI Emerging Markets IMI Index: Captures large-, mid- and small-cap representation across emerging markets countries, covering approximately 99% of the free float-adjusted market capitalization in each country.

MSCI Emerging Markets Large Cap Growth Index: Captures large-cap securities exhibiting overall growth style characteristics across 26 emerging markets countries.

MSCI Emerging Markets Large Cap Value Index: Captures large-cap securities exhibiting overall value style characteristics across 26 emerging markets countries.

MSCI Emerging Markets Small Cap Growth Index: Captures small-cap securities exhibiting overall growth style characteristics across 26 emerging markets countries.

MSCI Emerging Markets Small Cap Value Index: Captures small-cap securities exhibiting overall value style characteristics across 26 emerging markets countries.

Glossary

MSCI World ex-USA Index: Captures large- and mid-cap representation across 22 of 23 developed markets countries—excluding the U.S. With 1,013 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

MSCI World ex-USA IMI Index: Captures large-, mid- and small-cap representation across 22 of 23 developed markets countries—excluding the U.S. With 3,565 constituents, the index covers approximately 99% of the free float-adjusted market capitalization in each country.

MSCI World ex-USA Large Cap Growth Index: Captures large-cap securities exhibiting overall growth style characteristics across 22 of 23 developed markets countries—excluding the U.S.

MSCI World ex-USA Large Cap Value Index: Captures large-cap securities exhibiting overall value style characteristics across 22 of 23 developed markets countries—excluding the U.S.

MSCI World ex-USA Small Cap Growth Index: Captures small-cap securities exhibiting overall growth style characteristics across 22 of 23 developed markets countries—excluding the U.S.

MSCI World ex-USA Small Cap Value Index: Captures small-cap securities exhibiting overall value style characteristics across 22 of 23 developed markets countries—excluding the U.S.

Profitability-to-Book Ratio: Used to measure a company's profitability relative to its book value. A company's profitability is generally calculated by subtracting operating expenses from its gross profit. Book value is generally a firm's reported assets minus its liabilities on its balance sheet.

Russell 1000® Growth Index: Measures the performance of those Russell 1000 Index companies (the 1,000 largest publicly traded U.S. companies, based on total market capitalization) with higher price-to-book ratios and higher forecasted growth values.

Russell 1000® Value Index: Measures the performance of those Russell 1000 Index companies (the 1,000 largest publicly traded U.S. companies, based on

total market capitalization) with lower price-to-book ratios and lower forecasted growth values.

Russell 2000® Growth Index: Measures the performance of those Russell 2000 Index companies (the 2,000 smallest of the 3,000 largest publicly traded U.S. companies, based on total market capitalization) with higher price-to-book ratios and higher forecasted growth values.

Russell 2000® Value Index: Measures the performance of those Russell 2000 Index companies (the 2,000 smallest of the 3,000 largest publicly traded U.S. companies, based on total market capitalization) with lower price-to-book ratios and lower forecasted growth values.

Russell 3000® Index: Measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

S&P 500® Index: A market-capitalization-weighted index of the 500 largest U.S. publicly traded companies. The index is widely regarded as the best gauge of large-cap U.S. equities.

Treasury Inflation-Protected Securities (TIPS): TIPS are a special type of U.S. Treasury security that are indexed to inflation as measured by the Consumer Price Index, or CPI. At maturity, TIPS are guaranteed by the U.S. government to return at least their initial \$1,000 principal value, or that principal value adjusted for inflation, whichever amount is greater. In addition, as their principal values are adjusted for inflation, their interest payments also adjust.

Weighted Average Book-to-Market: An average book-to-market ratio resulting from the multiplication of each security's book-to-market by its weight in the portfolio.

Weighted Average Market Capitalization: An average market capitalization resulting from the multiplication of each security's market capitalization by its weight in the portfolio.

Weighted Average Profitability-to-Book: An average profitability-to-book ratio resulting from the multiplication of each security's profitability-to-book by its weight in the portfolio.

Disclosures

You should consider the fund's investment objectives, risks, and charges and expenses carefully before you invest. The fund's prospectus or summary prospectus, which can be obtained by visiting Avantisinvestors.com or by calling 833-928-2684, contains this and other information about the fund, and should be read carefully before investing.

Investment return and principal value of security investments will fluctuate. The value at the time of redemption may be more or less than the original cost. Past performance is no guarantee of future results.

International investing involves special risks, such as political instability and currency fluctuations. Investing in emerging markets may accentuate these risks.

Historically, small- and/or mid-cap stocks have been more volatile than the stocks of larger, more-established companies. Smaller companies may have limited resources, product lines and markets, and their securities may trade less frequently and in more limited volumes than the securities of larger companies.

This information is for educational purposes only and is not intended as tax advice. Please consult your tax advisor for more detailed information or for advice regarding your individual situation.

Portfolio holdings are as of date indicated and subject to change. It is not possible to invest directly in an index.

The opinions expressed are those of the portfolio team and are no guarantee of the future performance of any Avantis fund. This information is for an educational purpose only and is not intended to serve as investment advice. References to specific securities are for illustrative purposes only, and are not intended as recommendations to purchase or sell securities. Opinions and estimates offered constitute our judgment and, along with other portfolio data, are subject to change without notice.

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