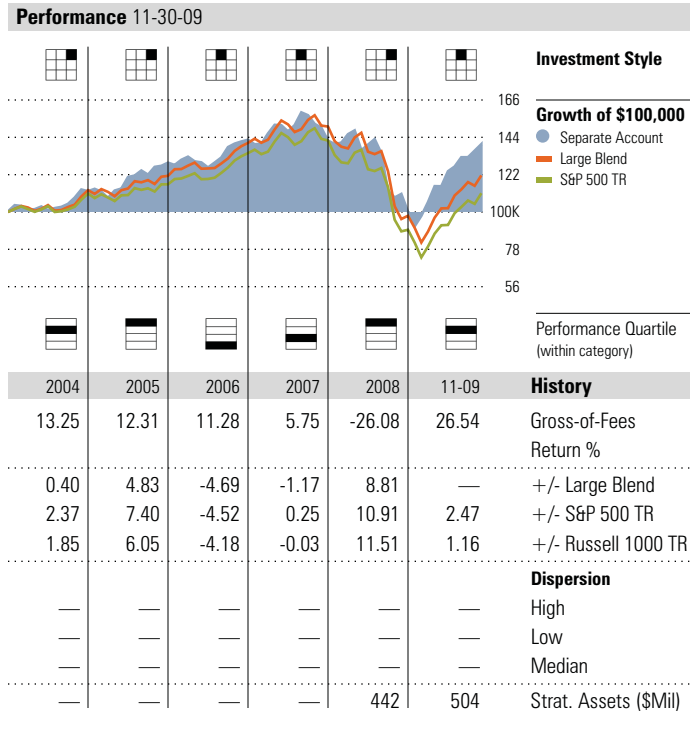


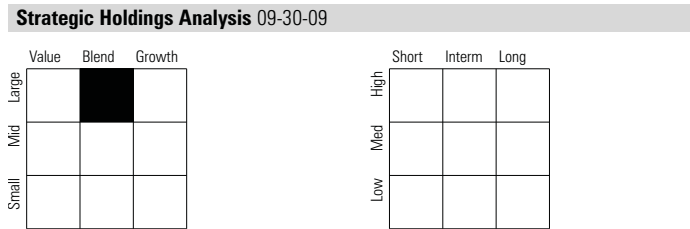
Scharf Equity

Snapshot



Trailing Gross-of-Fees Returns

	Trailing Ret %	+/- Bmark	+/- Cat	% Rnk Cat
YTD	26.54	2.47	—	—
12 Mo	28.97	3.58	—	—
3 Yr Annualized	-0.07	5.72	—	—
5 Yr Annualized	5.24	4.53	—	—
10 Yr Annualized	8.61	9.18	—	—

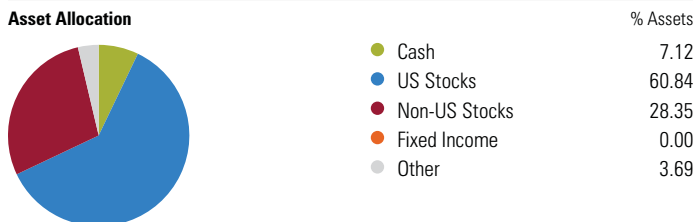


Equity Investment Style

Overall Style Score	160.82343
Overall Size Score	286.60474

Fixed-Income Investment Style

Avg Effective Duration(Yrs)	—
Avg Effective Maturity(Yrs)	—
Avg Credit Quality	—



Morningstar Category™	Strategy Assets(\$Mil)	Strategy Focus	Flex Measure™
Large Blend	\$504	All	

Ratings, Flexibility and Risk 09-30-09 Incep. Date 01-03-84

	Overall	3Yr	5Yr	10Yr
Morningstar Rating™	★★★★★	★★★★★	★★★★★	★★★★★
Number Rated	422	422	389	238
Morningstar Risk	Below Avg	Below Avg	Below Avg	Below Avg
Morningstar Return	High	High	Above Avg	High
Flexibility Measure	—	—	—	—

Risk Measures (11-30-09)

	Standard Deviation	Sharpe
Standard Deviation	18.46	15.26
Sharpe	-0.03	0.22

Strategy vs. S&P 500 TR

	R-Squared	Alpha	Beta
R-Squared	93.35	91.10	79.67
Alpha	4.97	4.19	8.23
Beta	0.90	0.91	0.81

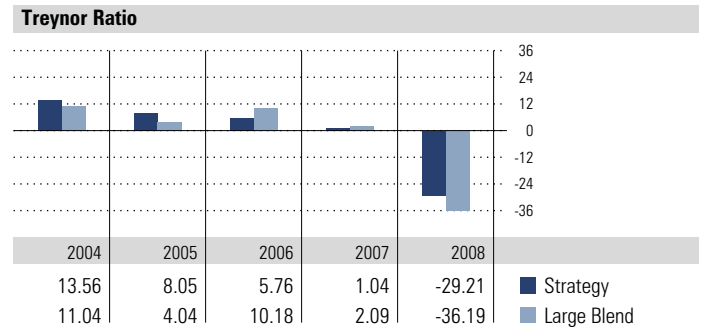
Annual Turnover%: 27
Use Derivatives: No

Performance Disclosure

The overall Morningstar Rating is based on risk-adjusted gross returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate thus an investor's separate account may be worth more or less than its original value.

Current performance may be lower or higher than return data quoted herein. To obtain a full GIPS® compliant presentation, contact the money management firm directly, at 831-429-6513 or visit www.scharfinvestments.com.



Money Manager Fee Information

Account Value	Total Fees%
Less than \$1 Million	1.50
\$1 Million-3 Million	1.00
\$3 Million-5 Million	0.90
More than \$5 Million	0.80

Management

Managers by Tenure	Additional Managers
Jeffrey Scharf	01-01-84

Scharf Equity

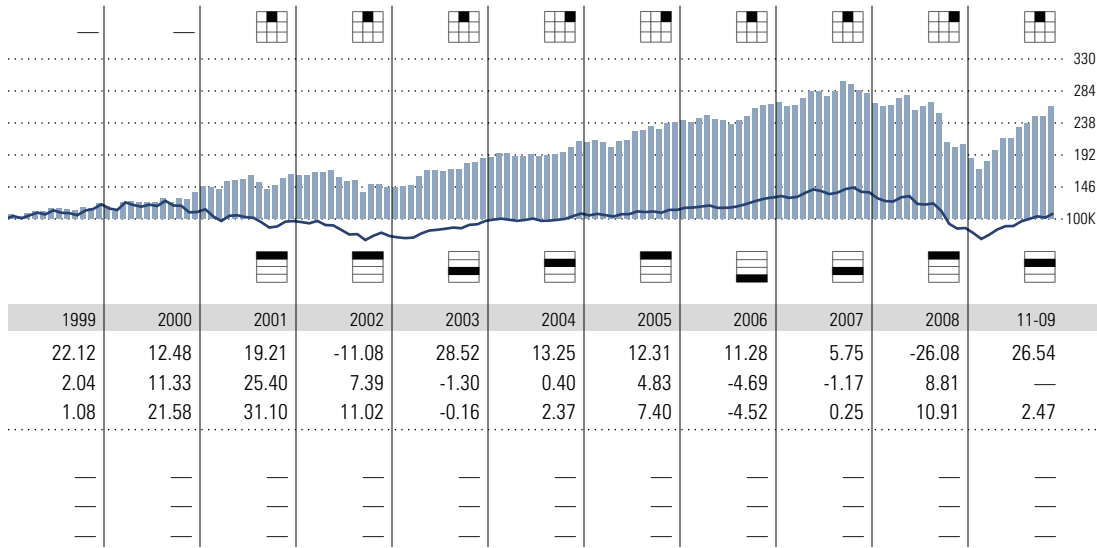
Performance: Gross-of-Fees Return Analysis

Morningstar Category™
Large Blend

Strategy Assets(\$Mil)
\$504

Strategy Focus
All

Flex Measure™



Investment Style

Growth of \$100,000

- Monthly Separate Acct Value
- S&P 500 TR

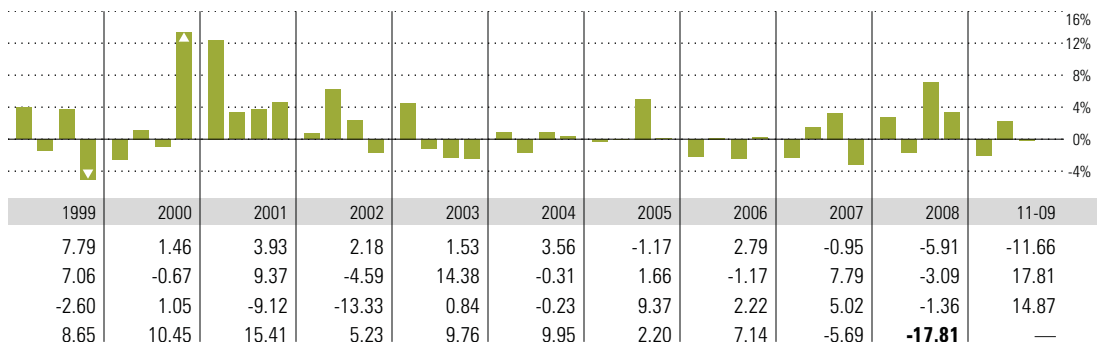
Performance Quartile
(within category)

History

Gross-of-Fees Return %
+/- Large Blend
+/- S&P 500 TR

Dispersion

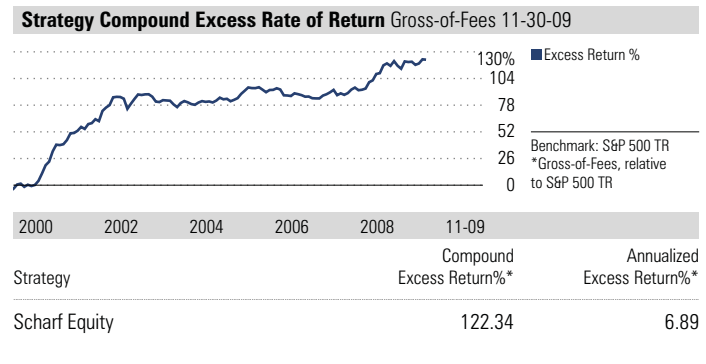
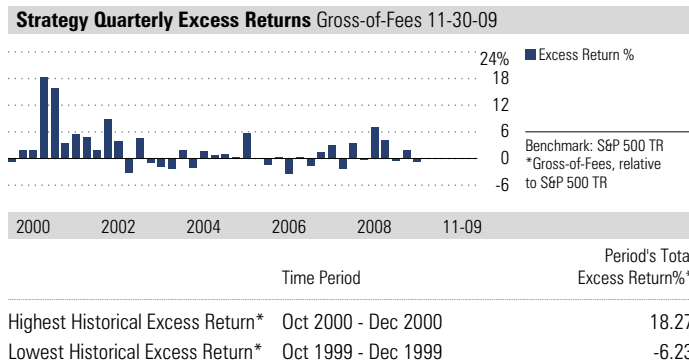
High
Low
Median



Relative SA Quarterly vs. SA Category

- Quarterly SA Relative Return
- Large Blend
- ▲ Best Qtr Performance
- ▼ Worst Qtr Performance

Qtrly Gross-of-Fees Return



Performance Disclosure

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate thus an investor's separate account may be worth more or less than its original value.

Current performance may be lower or higher than return data quoted herein. To obtain a full GIPS® compliant presentation, contact the money management firm directly, at 831-429-6513 or visit www.scharfinvestments.com.

Trailing Gross-of-Fees Return 11-30-09

	Trailing Ret%	+/- S&P500 TR	+/- Cat	% Rnk Cat
YTD	26.54	2.47	—	—
1 Mo	5.83	-0.17	—	—
3 Mo	10.41	2.50	—	—
3 Yr Annualized	-0.07	5.72	—	—
5 Yr Annualized	5.24	4.53	—	—
10 Yr Annualized	8.61	9.18	—	—
Inception	—	—	—	—

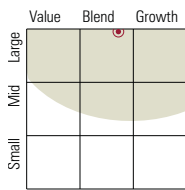
Scharf Equity

Portfolio: Equity

Based on model or representative portfolio

Equity Style 09-30-09

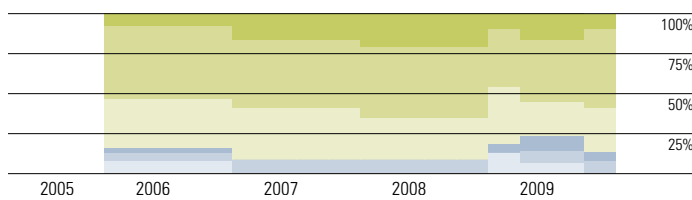
Ownership Zone™



Style Breakdown

	Value	Blend	Growth	
Large	10	49	28	Weight %
Mid	5	8	0	● >50
Small	0	0	0	● 25-50
				● 10-25
				○ 0-10

Equity Style Allocation History 09-30-09



	Most Recent			Average		
	Strategy	Category	B1	Strategy	Category	B1
Large Value	9.94	26.35	29.42	13.62	25.53	28.31
Large Core	49.23	27.77	29.01	42.83	27.75	29.38
Large Growth	27.87	25.55	27.57	28.92	26.41	28.09
Mid Value	5.01	5.88	4.67	3.74	5.91	5.21
Mid Core	7.95	6.47	5.05	6.34	6.22	4.71
Mid Growth	0.00	4.98	4.06	4.55	5.21	4.01
Small Value	0.00	1.27	0.15	0.00	1.11	0.19
Small Core	0.00	0.93	0.03	0.00	1.00	0.05
Small Growth	0.00	0.80	0.04	0.00	0.85	0.05

Equity Style Consistency

	Strategy	Category	B1
Overall Style Score	160.82	101.39	—
Overall Value-Growth Score	171.65	4.41	—
Overall Size Score	286.60	90.87	—

Morningstar Category™

Large Blend

Strategy Assets(\$Mil)

\$504

Strategy Focus

All

Flex Measure™

Top 20 Equity Holdings 09-30-09

Share Change Since 03-31-09	Sector	% Net Assets
⊕ McKesson, Inc.	Consumer Services	5.50
⊕ Fiserv, Inc.	Business Services	4.80
⊖ Microsoft Corporation	Software	4.65
⊕ Aflac, Inc.	Financial Services	4.63
⊕ Novartis AG ADR	Health Care	4.27
⊕ DST Systems, Inc.	Software	4.26
★ Becton, Dickinson and Company	Health Care	4.14
⊕ Berkshire Hathaway Inc. B	Financial Services	4.12
★ Hewlett-Packard Company	Hardware	4.06
⊕ McDonald's Corporation	Consumer Services	4.06
⊕ Alcon, Inc.	Health Care	3.99
⊖ W.W. Grainger, Inc.	Consumer Services	3.94
⊖ Walt Disney Company	Media	3.88
⊕ Johnson & Johnson	Health Care	3.84
⊕ Suncor Energy, Inc.	Energy	3.84
⊕ Cadbury PLC	Consumer Goods	3.79
⊖ Canadian National Railway Company	Business Services	3.75
★ Wal-Mart Stores, Inc.	Consumer Services	3.67
⊕ Automatic Data Processing	Business Services	3.32
⊖ SAP AG ADR	Software	3.26

% Assets in Top 20 Equity Holdings	81.77
Total Number of Equity Holdings	32
Annual Turnover %	27

Equity Statistics

	Equity Holdings	Rel Category	Equity Holdings	Rel Category
Price/Earnings TTM	16.61	98.37	Return on Equity %	21.63 131.71
Price/Book TTM	2.93	138.16	Return on Assets %	8.99 143.07
Price/Sales TTM	0.92	77.38	Return on Capital %	25.83 70.00
Price/Cash Flow TTM	10.54	123.33	Net Margin %	11.83 132.05
Geometric Market Cap	36529	66		

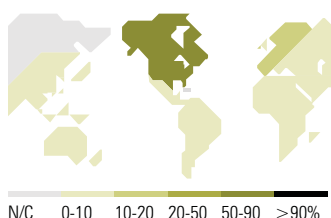
Equity Sectors 09-30-09

	% Equity	Rel Cat		% Equity	Rel Cat		% Equity	Rel Cat
🏭 Mfg Economy	14.65	40.79	🏥 Service Economy	62.80	150.18	📡 Info Economy	22.55	101.33
🍷 Consumer Goods	10.35	101.04	🏥 Healthcare	18.22	147.64	💻 Software	13.65	323.82
⚙️ Industrial Mtrls	0.00	0.00	🏪 Consumer Svcs	21.46	234.41	🔧 Hardware	4.55	44.87
⚡ Energy	4.30	37.41	📄 Business Svcs	13.31	320.44	📺 Media	4.35	146.29
💡 Utilities	0.00	0.00	💰 Financial Svcs	9.81	60.67	📠 Telecom	0.00	0.00

Market Cap Breakdown 09-30-09

Giant	51.31
Large	35.74
Medium	12.96
Small	0.00
Micro	0.00

World Regions % Equity 09-30-09



Greater Asia	0.0	Greater Europe	23.3	America	76.7	Market Maturity	
Japan	0.0	United Kingdom	5.8	North America	76.7	% Developed Markets	100.0
Australasia	0.0	Europe-Developing	17.5	Central/Latin	0.0	% Emerging Markets	0.0
Asia-Developing	0.0	Europe-Emerging	0.0			% Not Classified	0.0
Asia-Emerging	0.0	Africa	0.0				

Separate Account Comprehensive Report Disclosure Statement

The Separate Account Comprehensive™ Report should be preceded or accompanied by the investment manager disclosure statement or equivalent. Please read this information carefully. In all cases, this disclosure statement should accompany this report.

All data is based on the most recent information available to Morningstar. Data is collected via a monthly survey of the money managers in our database. In no way does Morningstar guarantee the accuracy, completeness or timeliness of this information or does it independently verify this information.

Subject to the level of response from the money managers that are surveyed, the Comprehensive Report is designed to fulfill the applicable Global Investment Performance Standards (GIPS) for separate accounts from the CFA Institute.

If a separate account data element is populated with the characters "DNP" this means the separate account firm "does not participate" or did not provide that particular data set to Morningstar in the most recent monthly survey.

Please note: the performance data given represents past performance and should not be considered indicative of future results. Principal value and investment return will fluctuate, so that an investor's portfolio when redeemed may be worth more or less than the original investment. A separate account is not FDIC-insured, may lose value and is not guaranteed by a bank or other financial institution.

Investment Risks

High Yield Bond Strategies: The investor should note that separate accounts that invest in lower-rated debt securities (commonly referred to as junk bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. The investor should be aware of the possible higher level of volatility, and increased risk of default.

International/Emerging Market Strategies: The investor should note that separate accounts that invest in international securities involve special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

Market Cap Breakdown: The investor should note that separate accounts that invest in stocks of small companies involve additional risks. Smaller companies typically have a higher risk of failure, and are not as well established as larger blue-chip companies. Historically, smaller-company stocks have experienced a greater degree of market volatility than the overall market average. The investor should note that separate accounts that invest in companies with market capitalizations below \$10 billion involve additional risks. The securities of these companies may be more volatile and less liquid than the securities of larger companies.

Mid Cap Strategies: The investor should note that separate accounts that invest in companies with market capitalizations below \$10 billion involve additional risks.

The securities of these companies may be more volatile and less liquid than the securities of larger companies.

Non-diversified Strategies: investing exclusively in one sector or industry involves additional risks. The lack of industry diversification subjects the investor to increased industry-specific risks. Additionally, separate accounts that invest more of their assets in a single issuer involve additional risks, including share price fluctuations, because of the increased concentration of investments.

Sector Strategies: The investor should note that separate accounts that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risks.

Small Cap Strategies: investing in stocks of small companies involve additional risks. Smaller companies typically have a higher risk of failure, and are not as well established as larger blue-chip companies. Historically, smaller-company stocks have experienced a greater degree of market volatility than the overall market average.

Tax-Free Municipal Bond Strategies: The investor should note that the income from tax-free municipal bond separate accounts might be subject to state and local taxation and the Alternative Minimum Tax.

World Regions Strategies: investing in international securities involve special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

Definitions of Report Terms (alphabetical order)

Account Customization Options include the following:

Custom features give investors more control over security selection and more information about their account.

The investment managers identify whether each account customization option is made available to investors proactively ("Proactive" or "Standard"), by request ("By req." or "Negotiable"), or not at all ("Not offered").

Each month, Morningstar surveys investment managers and ask them if the separate account strategies they offer give investors the ability to:

- Exclude certain securities from the portfolio
- Modify sector weightings (change the investor's exposure to equity or fixed income sectors, such as Large Cap Growth stocks or High Quality Long Duration bonds).
- Consult with the portfolio (investment) manager
- Access daily portfolio holdings
- Access daily performance (on their investment in the separate account)
- Access daily risk/Modern Portfolio Theory, MPT) statistics

Exclude Securities indicates the willingness and/or ability to allow a client (either the actual investor, a broker or financial advisor representing the end investor, or a program sponsor with who the money manager is providing this separate account product) to exclude certain securities from being held in a particular account in this product.

Modify Sector Weightings indicates the willingness and/or ability to allow a client (either the actual investor, a broker or financial advisor representing the end investor, or a program sponsor with whom the money manager is providing this separate account product) to modify sector weightings.

Consult with Portfolio Manager or Administrator indicates the willingness and/or ability to allow a client (either the actual investor, a broker or financial advisor representing the end investor, or a program sponsor with whom the money

manager is providing this separate account product) to consult with the portfolio manager and administrator on a regular basis. This communication may take the form of quarterly phone calls, e-mails, or visits with the portfolio administrator or manager.

Access Daily Information indicates the willingness and/or ability to provide a client (either the actual investor, a broker or financial advisor representing the end investor, or a program sponsor with whom the money manager is providing this separate account product) with access to the daily holdings, risk, MPT, and performance information in their particular account. This would normally be accomplished via online account access.

Account Size Breakdown is the number of total accounts, the aggregate value of these accounts, and their respective number of holdings as run by the asset manager in the separate account product, broken down by account size. This information is provided by the asset management firm running the separate account.

Alpha measures the difference between the separate account's actual returns and its expected performance given its level of risk (as measured by beta). Alpha is often seen as a measure of the value added or subtracted by a money manager. The higher the alpha, the better the manager is at selecting stocks. Specifically, measures the manager's excess return over and above that predicted by their benchmark and beta. Calculated for separate accounts with at least a three-year history.

Annual Turnover Ratio is a proxy for how frequently a manager trades his or her portfolio over the course of a year. The inverse of a separate account's turnover ratio is the average holding period for a security in the separate account. As turnover increases, the separate account's brokerage costs typically rise as well.

Average effective duration is a time measure of bond's interest rate sensitivity. Average effective duration is a weighted average of the duration of the underlying fixed income securities within the portfolio.

Average effective maturity is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each maturity date by the market value of the security.

Average credit quality is calculated by taking the weighted average of the credit rating for each bond in the portfolio.

Average weighted coupon is generated from a separate account's portfolio by weighting the coupon of each bond by its relative size in the portfolio. Coupons are fixed percentages paid out on a fixed-income security on an annual basis.

Average weighted price is the weighted price of all the fixed income holdings in the separate account strategy.

Batting Average is the number of periods that the product outperforms the benchmark divided by the number of total number of periods for the entire evaluation period. It is a percentage indicating the probability of "value-added" performance by the product compared to the benchmark in a given date range.

Beta is a measure of a separate account's sensitivity to a benchmark (i.e. often the general market as represented by S&P 500). A portfolio with a beta greater than one is more volatile than the market, and a portfolio with a beta less than one is less volatile than the market. Calculated for separate accounts with at least a three-year history.

Bundled "All-In" Annual Fee Information is the fee or fee schedule proposed to the client by their advisor, incorporating all expenses, including the money management expertise exercised over the client's portfolio.

Capture Analysis is used to identify managers that can outperform either a bull or bear market. The analysis separates beta, with the up capture measuring what portion of upward market movements the manager captured. Ideally, this will be greater than 100%.

Capture Ratio measures the extent to which the manager's portfolio typically participates in, or captures, bull or bear markets. May be greater than 1.00 for aggressive managers.

Coupon Range indicates the range of interest payments in the representative portfolio for the separate account provided to Morningstar by the money manager. Provides insight into the potential concerns over interest rate risk and reinvestment risk the strategy may have as a result.

Down Capture ratio measures the portion of bear market movements that the money manager(s) captured. Ideally, the down capture will be less than 100%.

Equity Style Allocation History is the investment approach an investment manager takes to reach his/her objectives. There are an endless number of styles. Examples include focusing on blue-chips, growth stocks, or particular industries. The Equity Style Allocation History uses an area graph to analyze the style drift in a particular separate account strategy.

Equity Style Consistency is used to simplify the interpretation of the area graph used in the Equity Style Allocation History. Morningstar provides a style consistency score based on a separate account strategy's underlying holdings data. Low numbers in the equity style consistency score represents low amounts of style drift and high numbers represent large amounts of style drift. The main advantage of this quantitative measure is that it makes evaluation of numerous rolling-window graphs unnecessary by providing an easy-to-use screening statistic.

Fee Schedules are customized on a per-client basis, incorporating such fees as those paid to the money manager and to the broker/dealer or advisor that the client has a relationship with the "Bundled All-In" annual fee section of the Separate Account Comprehensive Report is filled in by each advisor prior to a client presentation.

Firm Summary aids in defining each money management firm as determined by various references throughout the Separate Account Comprehensive Report, but the "Firm Summary" and "Operations" pages in particular.

Firm Narratives including Product, History and Performance Disclosures are provided directly by the money manager and are not endorsements or edited by Morningstar.

Flexibility Measure™ ranks separate accounts based on the number of custom benefits and services that are offered to investors. The Flex Measure classifies separate accounts as Highly Flexible (HF), Moderately Flexible (MF), or Less Flexible. The ranking is based on ongoing surveys of asset managers with an adjustment for average account size.

Global Investment Performance Standards (GIPS®) are ethical standards set by the Investment Performance Council of the CFA Institute to be used by investment managers for creating performance presentations that ensure fair representation and full disclosure. Compliance with the GIPS is voluntary, but all of the standards must be adhered to in order for a money manager to claim compliance.

Growth of \$100,000 compares the growth of \$100,000 in a separate account with that of an index and with that of the average for all separate accounts in its Morningstar category. The total returns are calculated from the gross-of-fees returns provided by the asset management firm and are not adjusted for fees or the effects of taxation. If adjusted, sales charges would reduce the performance quoted. The index is an unmanaged portfolio of specified securities and cannot be invested in directly. The index and the category average do not reflect any initial or ongoing expenses. A separate account's portfolio may differ significantly from the securities in the index. The index is chosen by Morningstar.

Information Ratio measures a separate account manager's ability to consistently add value relative to a passive index for the strategy. The ratio is composed of excess return and tracking error. The higher the information ratio, the better, as this indicates a large excess return against a small tracking error. The information ratio measures the consistency with which a manager delivers his alpha.

Morningstar Rating™ is calculated on a quarterly basis for separate accounts with at least a three-year history. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a separate account's monthly performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of separate accounts in each category receive five stars, the next 22.5% receive four stars, the next 35% receive three stars, the next 22.5% receive two stars and the bottom 10% receive one star. The Overall Morningstar Rating for a separate account is derived from a weighted average of the performance figures associated with its three-, five- and 10-year (if applicable) Morningstar Rating metrics. Morningstar will not calculate ratings for categories or time periods that contain fewer than five separate accounts. There are some differences between the separate account rating methodology and the rating methodologies of other investments. All separate account performance data is reported to Morningstar as a "composite" of similarly managed portfolios. Separate accounts are based on total returns that have not been adjusted for investment management fees, and the returns are not tax-adjusted for accounts that invest in municipal bonds. To ensure that ratings are fairly assigned, ratings are calculated only for firms that indicate their composites are calculated according to GIPS from the CFA Institute. Approximately 90% of the firms in our database submit composites that are depicted as GIPS compliant.

Morningstar Return rates a separate account's performance relative to other separate accounts in its Morningstar Category. It is an assessment of a separate account's excess return over a risk-free rate (the return of the 90-day Treasury Bill), after adjusting for all applicable loads and sales charges, in comparison with the separate accounts in its Morningstar Category. In each Morningstar Category, the top 10% of separate accounts earn a High Morningstar Return (HIGH), the next 22.5% Above Average (+AVG), the middle 35% Average (AVG), the next 22.5% Below Average (-AVG), and the bottom 10% Low (LOW). Morningstar Return is measured for up to three time periods (three-, five-, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the separate account. Separate accounts with less than three years of performance history are not rated.

Morningstar Risk evaluates a separate account's downside volatility relative to that of other separate accounts in its Morningstar Category. It is an assessment of the variations in a separate account's quarterly returns, with an emphasis on downside variations, in comparison with the separate accounts in its Morningstar Category. In each Morningstar Category, the 10% of separate accounts with the lowest measured risk are described as Low Risk (LOW), the next 22.5% Below Average (-AVG), the middle 35% Average (AVG), the next 22.5% Above Average (+AVG), and the top 10% High (HIGH). Morningstar Risk is measured for up to three time periods (three-, five-, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the separate account. Separate accounts with less than three years of performance history are not rated.

Morningstar Ownership Zone™ is a graphical tool that provides an intuitive representation of a separate account's equity investment style. The Ownership Zone is derived by plotting each stock in the strategy within the Morningstar Style Box™. A shaded ellipse represents the style placement for 75% of the strategy, and the centroid plot in the middle of the Ownership Zone represents the weighted average of all the strategy's holdings. The Ownership Zone illustrates the range of stock sizes and styles in the separate account. Investors can use this tool to determine how closely a money manager is following the portfolio's investment objective. For example, if a large-growth strategy has an ownership zone that stretches into value and small-cap areas, the strategy may be drifting from its large-growth focus. Investors can also use the Ownership Zone to differentiate between strategies that otherwise look similar. And, the Ownership Zone helps investors model how different strategies complement each other within a portfolio.

Morningstar Style Box™ reveals a fund's investment strategy. For fixed-income funds the vertical axis shows the average credit quality of the bonds owned, and the horizontal axis shows interest rate sensitivity as measured by a bond's duration (short, intermediate or long).

Net Margin is derived by dividing a firm's net income (after all expenses, including taxes) by its sales, a measure of profitability per dollar of revenue. At the separate account strategy level, net margin represents the weighted average of the individual stocks' net margins.

Overall size score is used to determine the asset-weighted size score of all the stocks in a separate account strategy. Large-cap stocks are defined as the group that accounts for the top 70% of the capitalization of the Morningstar domestic-stock universe; mid-cap stocks represent the next 20%; and small-cap stocks represent the balance.

Overall style score determines the investment style of each individual stock in the Morningstar database. The Style Box assignments begin at the individual stock level. The style attributes of individual stocks are then used to determine the style classification of stock-based separate account strategies. A stock-based separate account is an aggregation of individual stocks and its style is determined by the style assignments of the stocks it owns. The Style Box allows for informed comparisons based on actual holdings, as opposed to assumptions based on a separate account strategy's name or how it is marketed. An asset-weighted average of the stocks' net value/growth scores determines a separate account strategy's horizontal placement - value, growth, or blend. A separate account strategy's vertical placement in the style box is determined by its market cap, the geometric mean of the market capitalization for the stocks it owns.

Performance

All separate account performance data is reported as a "composite" of similarly managed portfolios. As such, investors in the same separate account may have slightly different portfolio holdings because each investor has customized account needs, tax considerations and security preferences. The method for calculating composite returns can vary.

The composite performance for each separate account manager may differ from actual returns in specific client accounts during the same period for a number of reasons. Different separate account managers may use different methods in constructing or computing performance figures. Thus, performance and risk figures for different separate account managers may not be fully comparable to each other. Likewise, performance and risk information of certain separate account managers may include only composites of larger accounts, which may or may not have more holdings, different diversification, different trading patterns and different performance than smaller accounts with the same strategy. Finally,

composite performance of the separate account offered by the money manager may or may not reflect the reinvestment of dividends and capital gains.

Gross-of-Fee returns are collected on a monthly and quarterly basis for separate accounts and commingled pools. This information is collected directly from the asset management firm running the product(s). Morningstar calculates total returns, using the raw data (gross-of-fees monthly and quarterly returns), collected from these asset management firms.

The performance data reported by the separate account managers will not represent actual performance net of trading expenses, management fees, brokerage commissions or other expenses. Management fees as well as other expenses a client may incur will reduce individual returns for that client. Because fees are deducted regularly, the compounding effect will be to increase the impact of the fee deduction on gross account performance by a greater percentage than that of the annual fee charged. For example, if an account is charged a 1% management fee per year and has gross performance of 12% during that same period, the compounding effect of the quarterly fee assessments will result in an actual return of approximately 10.9%. Clients should refer to the disclosure document of the separate account manager and their advisor for specific information regarding fees and expenses.

Return on Assets (ROA) is net income divided by assets, showing how effectively companies use their assets to generate profits. A separate account strategy's ROA is the weighted average ROA of its individual equity holdings.

Return on Capital (ROC) is a profitability ratio measured by net income divided by invested capital. This is equivalent to return on assets multiplied by the leverage ratio (Assets/Equity). A separate account strategy's ROC is the weighted average ROC of its individual equity holdings.

Return on Equity (ROE) is net income divided by average shareholder equity, indicating how effectively management has invested shareholder's equity. A separate account strategy's ROE is the weighted average of its individual equity holdings' ROE's.

R-squared reflects the percentage of a separate account's movements that are explained by movements in its benchmark index, showing the degree of correlation between the separate account and the benchmark. A score of 1.00 means the separate account exactly tracked the benchmark's movement. This figure is also helpful in assessing how likely it is that alpha and beta are statistically significant. Calculated for separate accounts with at least a three-year history.

Sharpe Ratio measures risk-adjusted return by using standard deviation and excess return to determine reward per unit of total risk. Use of standard deviation as a measure of risk assumes the separate account has not been fully diversified to eliminate non-systematic risk as a factor of investor concern. The higher the ratio, the better the fund's risk-adjusted performance. Should be compared to other managers and the benchmark.

Sortino Ratio is similar to Sharpe ratio except it uses downside risk (Downside Deviation) in the denominator. Since upside variability is not necessarily a bad thing, the Sortino ratio is sometimes more preferable than Sharpe ratio. It measures the annualized rate of return for a given level of downside risk.

Standard deviation is a statistical measure of the volatility of the separate account's returns.

Strategy is a term prevalent in the separate account industry. The practice is to refer to "strategies" offered by each money manager.

Strategy Focus

A separate account can have a focus, or be intended for use, by institutions, retail (individuals) or both.

Institutional: when a separate account strategy is open for pension funds, foundations, etc. to invest in, not individuals. Institutional investors are presumed to have very large amounts to invest, a long-term investment horizon, a multi-faceted investment policy and other reasons why a money manager may prefer to open a separate account strategy only to these types of investors.

Retail: when a separate account strategy is intended for individuals to have access to, with investment minimums that usually correspond to \$100,000 initially. A separate account is deemed to have a "Retail" focus if this is the case.

Both: a separate account strategy focus is described as "both" when a money manager lets individuals and institutions invest.

Strategy (Compound) Excess Rate of Return is the annualized return of the separate account strategy that is above the return for the Morningstar category against which it is benchmarked. The compound return merely "adds" the excess return a strategy has accumulated over time.

Strategy Holdings Analysis is based on the Morningstar Style Box which reveals a separate account's investment strategy. For equity separate accounts the vertical axis shows the market capitalization of the stocks owned and the horizontal axis shows investment style (value, blend or growth). For fixed-income separate accounts the vertical axis shows the average credit quality of the bonds owned, and the horizontal axis shows interest rate sensitivity as measured by a bond's duration (short, intermediate or long).

Strategy Risk vs. Category is a relative illustration of the strategy's standard deviation, Sharpe, and Treynor ratios against other separate accounts in its category and against the S&P 500.

Style Breakdown is used to determine whether a strategy is remaining consistent with its stated money management intentions. Money management firms that let a strategy "drift" from its investment policy might be contrary to the asset allocation requirements of an investor.

Tax efficiency features reflect the investment manager's control and monitoring of taxable events on behalf of the actual investor in a separate account, broker or financial advisor representing the end investor, or a program sponsor with whom the money manager is providing a separate account.

The investment managers identify whether each tax efficiency option is made available to investors proactively ("Proactive" or "Standard"), by request ("By req." or "Negotiable"), or not at all ("Not offered").

Each month, Morningstar surveys investment managers and ask them if their management of the separate account strategies they offer to investors includes:

- Analyzing trades (buy or sell transactions) by holding period
- Providing access to tax reports
- Completing investors' applicable year-end tax returns
- Using specialized tax optimization software
- Employing tax-aware trading strategies
- Harvesting tax losses
- Using long-term capital gains in position changes
- Offering multiple reinvestment options for dividend cash flows
- Offering investors the option to sell high cost positions first
- Monitoring short-term gains before trading

- Analyzing potential candidates for capital losses

Tracking Error is the divergence between the price behavior of a position or portfolio and the price behavior of a benchmark. Tracking errors are reported as a "standard deviation percentage" difference. Basically, it tells you the difference between the return you received and that of the benchmark you were trying to mimic.

Total Gross-of-Fees Returns are provided throughout the Comprehensive Report due to the level of customizations that prevail in the Separate Account industry in regards to individual account customization and taxes. All returns and performance shown in the attached report are gross-of-fees and other expenses.

Treynor Ratio is a risk-adjusted measure of return based on systematic risk. It is similar to the Sharpe ratio with the difference being that it uses beta as the measurement of volatility. In using beta, the Treynor ratio assumes a portfolio is fully diversified and all unsystematic risk has been eliminated. Investors should look for a higher Treynor number, especially relative to a strategy's benchmark, indicating a higher level of return per unit of risk.

Value and Growth Grades

The referenced data elements below are a weighted average of the equity holdings in the portfolio.

Value Grades

The Price/Projected Earnings ratio is a weighted average of the price/projected earnings ratios of the stocks in the underlying separate account's portfolio. The P/E ratio of a stock is calculated by dividing the current price of the stock by its trailing 12-months' earnings per share. In computing the average, Morningstar weights each portfolio holding by the percentage of equity assets it represents.

The Price/Book ratio is a weighted average of the price/book ratios of all the stocks in the underlying separate account's portfolio. The P/B ratio of a company is calculated by dividing the market price of its stock by the company's per-share book value. Stocks with negative book values are excluded from this calculation.

The Price/Sales ratio is a weighted average of the price/sales ratios of the stocks in a separate account's portfolio. Price/sales represents the amount an investor is willing to pay for a dollar generated from a particular company's operations.

The Price/Cash Flow ratio is a weighted average of the price/cash-flow ratios of the stocks in a separate account's portfolio. Price/cash-flow shows the ability of a business to generate cash and acts as a gauge of liquidity and solvency.

The geometric average market capitalization of a separate account's equity portfolio offers a measure of the size of the companies in which the separate account invests.

Growth Grades

The Long-term Projected Earnings Growth rate is the average of the available third-party analysts' estimates for three- to five-year EPS growth. For portfolios, this data point is the share-weighted average of the projected earnings growth estimates for all the stocks in the portfolio.

Book value growth rate is a measure of how the book value per share (BVPS) has grown over the last five years. For portfolios, this data point is the share-weighted collective book value growth for all stocks in the current portfolio.

Sales growth rate is a measure of how the sales per share (SPS) have grown over the last five years. For portfolios, this data point is the share-weighted collective sales growth for all stocks in the current portfolio.

Cash Flow growth rate is a measure of how the cash flow per share (CFPS) has grown over the last three to five years. For portfolios, this data point is the share-weighted collective cash flow growth for all stocks in the current portfolio.

Trailing earnings growth rate is a measure of how the earnings per share (EPS) has grown over the last five years. Morningstar uses EPS from continuing operations to calculate this growth rate. For portfolios, this data point is the share-weighted collective earnings growth for all stocks in the current portfolio.

Wrap/TAMP Availability indicates which separate account strategies are available through Wrap programs offered by brokerage firms, which are investment accounts "wrapped" under one fee or by Turnkey Asset Management Providers (TAMPs). The money management firms are asked by Morningstar to indicate the TAMPs through which they are provided, to facilitate the process for interested investors.

Index Definitions

Standard & Poor's 500: A market capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market.

Barclays Aggregate Bond: Govt/Credit Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index.

MSCI EAFE Ndrtr_D: This Europe, Australasia, and Far East index is a market-capitalization-weighted index of 21 non-U.S., industrialized country indexes.

Disclosure Regarding Morningstar Rating

The Morningstar rating is for Scharf Investments' equity strategy and includes a ***** overall (422 advisers rated), a ***** for three-year performance (422 advisers rated), a ***** for five-year performance (389 advisers rated) and a ***** for ten-year performance (238 advisers rated). The top 10% of managers in each category received 5 stars. The next 22.5% received 4 stars, the next 35% received 3 stars, the next 22.5% received 2 stars and the bottom 10% received 1 star. The rating may not be representative of any one client's experience because the rating reflects an average of all fee-paying, fully discretionary equity accounts. The rating is not indicative of future performance. Scharf Investments does not pay a fee to participate in the Morningstar rating surveys.

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