

# Scharf Investments LLC - Equity

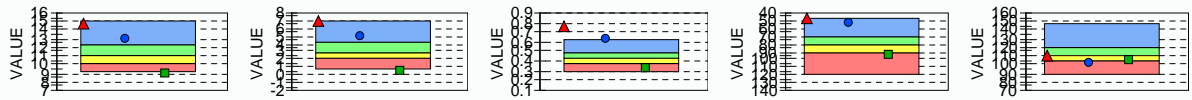
Scharf Investments is a performance-driven investment management firm with a long-term record of above-average performance and below-average risk. Founded in 1983 by Jeffrey Scharf, the approximately \$810mm AUM firm provides portfolio management for individuals, retirement accounts, trusts, family offices, corporations, endowments and foundations through separately managed accounts. The primary focus is valuation-sensitive equity management. Scharf Investments uses a proprietary variant of low-valuation investing it describes as "growth stocks at value prices." The firm developed the Multi-factor Analytical Performance (MAP) screen to identify stocks with an appreciation potential of at least 30-40% over the next 12-24 months.

The investment objective is to add measurable value to client accounts over the course of a market cycle. Scharf Investments attempts to achieve this goal by tracking the relevant benchmarks in quarters when the market is rising and losing significantly less than the benchmarks when the market is falling. Preserving capital in down periods has been the key to the firm's outstanding investment results. Since the beginning of 1989, Scharf Investments' Equity portfolio composite preserved capital by capturing approximately half of the S&P 500's decline during its negative quarters.\*

## A Long History of Superior Performance

- ▲ Gross of Fees
- Net of Fees

**Scharf Equity - Gross and Net of Maximum Fees**  
**Quartile Rankings - Return, Alpha, Sharpe, and Downside/UpSide Capture**  
**vs. PSN US Equity Universe**  
**December 31, 1988 to June 30, 2010**



	ROR	Alpha	Sharpe Ratio Pop	Dnside Cap Ratio	Up Cap Ratio
HIGH (0.95)	14.34	6.29	0.56	53.58	140.33
FIRST QUART	11.61	3.46	0.42	78.81	112.37
MEDIAN	10.40	2.10	0.36	87.25	103.08
THIRD QUART	9.52	1.29	0.32	99.70	96.64
LOW (0.05)	8.41	0.03	0.24	126.20	83.34
MEAN	10.70	2.46	0.37	89.31	105.63
VALID COUNT	174	174	174	174	174

	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK
▲ Scharf Invest Scharf Equity	14.28	1	6.23	1	0.72	1	53.58	1	102.92	51
● Scharf Invest Scharf Equity	12.62	10	4.67	9	0.60	1	58.56	3	96.43	77
■ Standard & Poor's 500	8.65	95	0.00	99	0.29	86	100.00	78	100.00	61

### Ten Largest Holdings: 6/2010

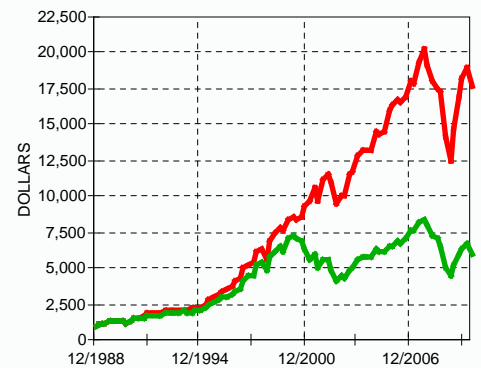
Company	%
ADVANCE AUTO PARTS INC	5.22
CASH	4.88
MCDONALDS CORP	4.56
SPDR GOLD TRUST	4.52
AFLAC	4.36
NOVARTIS AG	4.31
KINDER MORGAN MGT LLC	4.29
LOEWS CORP	4.14
MICROSOFT	4.11
ABBOTT LABORATORIES	4.06

### Differentiators

- Focus - Typically hold 25-30 stocks
- Shared Interests - Staff invests in same equities
- Opportunistic - Not constrained by style boxes
- Patience - Avg. holding period is 3 years
- Proprietary Process - 25 years of use
- Margin of Safety - Downside focused

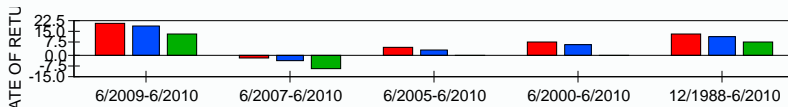
### Growth of \$1,000 Investment

December 31, 1988 to June 30, 2010



	12/1988-6/2010
■ Scharf Invest Scharf Equity	17,648
■ Standard & Poor's 500	5,953

**Trailing 1yr, 3yr, 5yr, 10 year and Since Inception**  
**Gross and Net of Maximum Fee Annualized Returns**  
**December 31, 1988 to June 30, 2010**



	6/2009-6/2010	6/2007-6/2010	6/2005-6/2010	6/2000-6/2010	12/1988-6/2010
■ Scharf Invest Scharf Equity	19.82	-2.99	3.93	7.69	14.28
■ Scharf Invest Scharf Equity	18.11	-4.43	2.39	6.10	12.62
■ Standard & Poor's 500	14.43	-9.81	-0.79	-1.59	8.65

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\* Based on Scharf Equity gross of fees composite returns reported to PSN for the periods identified. PSN is an investment manager database and a division of Informa Investment Solutions, Inc. PSN data is provided by Informa Investment Solutions, Inc., which is not affiliated with Scharf Investments. Scharf Equity net of maximum fees returns are also included and reflect the maximum management fee of 1.5% per year. The benchmark S&P 500 index is comprised of 500 leading companies in leading industries of the U.S. economy. Past performance is not indicative of future results. Scharf Investments claims compliance with the Global Investment Performance Standards (GIPS). The firm has been verified for the periods January 1, 1997 through March 31, 2009. See reverse for the disclosure table in our verification report. A full report is available upon request.

## SCHARF INVESTMENTS EQUITY COMPOSITE PERFORMANCE 1991- 2009

Year	Equity Composite Total Return Before Fees	Equity Composite Total Return After Maximum Fee	Benchmark Return	Number of Equity Portfolios	Equity Composite Assets (\$)	Equity Composite Assets as % of Firm Total
1991	42.2%	40.3%	30.5%	19	3,192,775	N/A
1992	8.1%	6.5%	7.6%	35	5,623,314	N/A
1993	9.1%	7.5%	10.1%	59	11,106,371	N/A
1994	6.9%	5.3%	1.3%	86	12,901,152	31.9%
1995	36.8%	34.9%	37.6%	135	30,179,155	43.2%
1996	32.0%	30.2%	23.0%	188	57,835,869	56.2%
1997	29.8%	28.0%	33.4%	243	85,459,958	64.8%
1998	27.5%	25.7%	28.6%	298	118,732,091	71.5%
1999	22.1%	20.4%	21.0%	325	147,995,015	70.3%
2000	12.5%	10.8%	-9.1%	356	164,911,276	75.3%
2001	19.2%	17.5%	-11.9%	395	205,254,747	74.6%
2002	-11.1%	-12.4%	-22.1%	488	203,463,072	74.3%
2003	28.5%	26.7%	28.7%	566	296,295,615	76.5%
2004	13.3%	11.6%	10.9%	705	410,993,612	84.0%
2005	12.3%	10.7%	4.9%	788	499,554,865	87.9%
2006	11.3%	9.7%	15.8%	823	545,842,571	88.0%
2007	5.7%	4.2%	5.5%	838	585,533,738	85.9%
2008	-26.1%	-27.3%	-37.0%	804	397,172,184	81.7%
2009	28.4%	26.6%	26.5%	788	466,869,096	62.2%

Notes:

- Scharf Investments has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). The period January 1, 1991 through December 31, 1996 is not in compliance as performance for these years includes only those fee-paying, fully discretionary equity accounts that were open for the entire calendar year. Adequate documentation for calculating total assets under management was not available for the years 1991-1993.
- The composite may not be an accurate representation of any specific account, as specific account performance depends on investment timing, account specific guidelines, and other factors that vary from account to account.
- Scharf Investments is an independent investment advisory firm. The firm maintains a complete list and description of composites, which is available upon request.
- Scharf Investments does not manage assets against any specific benchmark. The composite includes fully discretionary equity accounts. Because the equity mandate may be described as diversified, the benchmark shown is the Standard & Poor's 500 Index. The Standard & Poor's 500 Index contains 500 industrial, transportation, utility and financial companies regarded as generally representative of the large capitalization U.S. stock market. The comparison of composite performance to the benchmark is inappropriate because the benchmark index is more diversified than the composite portfolios generating such performance and the index returns represent only unmanaged results. Due to these differences, potential investors are cautioned that no market index is directly comparable to the performance shown above.
- Performance results are presented before and after the maximum management fee of 0.375% per quarter. Performance includes the reinvestment of dividends and other income and the deduction of trading commissions and other costs. The annual management fee schedule for new, directly managed accounts is: 0.375% of assets per quarter for the first \$1 million under management, 0.25% per quarter for the next \$2 million, 0.225% per quarter for the next \$2 million, and 0.20% per quarter thereafter. In addition, some accounts may pay a performance based fee. The profit-based performance fee schedule for new, directly managed accounts is: 0.125% of assets per quarter for the first \$1 million under management, 0.075% per quarter for the next \$3 million, 0.00% fee on the balance above \$4 million. For this fee schedule, accounts with a relationship between \$800,000 and \$1.5 million pay 12% of profits, and accounts with a relationship over \$1.5 million pay 10% of profits.
- Annualized 1991-2009 return for the composite was 15.0% before management fees, 13.4% after the maximum fee. Annualized return for the benchmark was 8.8%. Returns are size-weighted and calculated using beginning of period values on an adjusted capital basis. Any foreign taxes paid in an account were counted as an expense and reduced the account's gross return. Additional information regarding policies for calculating and reporting returns is available upon request.
- The dispersion of annual returns for 1991 through 1996 is measured by the standard deviation unweighted by the size of the account. Dispersion from 1997 forward uses a net of fees, size-weighted calculation of standard deviation. There is no minimum portfolio size for the accounts in the composite. In addition, individual accounts may have been part of a multi-account relationship. In these cases, diversification might have occurred at the relationship level rather than the individual account level. Relationship level management was discontinued in 2004 and phased out during 2004 and 2005. The factors above have an unknown effect on the dispersion statistics which follow: 1991: 6.85%, 1992: 2.86%, 1993: 2.79%, 1994: 2.5%; 1995: 11.2%; 1996: 5.3%; 1997: 6.3%; 1998: 8.9%; 1999: 10.0%; 2000: 7.6%; 2001: 5.5%; 2002: 2.9%; 2003: 5.0%; 2004: 1.6%; 2005: 1.4%; 2006: 1.1%; 2007: 0.9%; 2008: 0.8%; 2009: 1.1%.
- The Composite was created in 1984 and has been known as the Equity Composite for the entire period except 2Q and 3Q 2007 when it was relabeled the All-Cap Core Equity Composite. Valuations and returns are computed and stated in U.S. dollars.
- Results were generated using an investment philosophy and methodology that Scharf Investments expects to continue using. However, future investments may be made under different economic conditions and in different securities. Further, the results do not reflect performance in every type of economic cycle. Past performance is not indicative of future results.
- Scharf Investments' compliance with the GIPS standards has been verified for the period January 1, 1997 through March 31, 2009 by Ashland Partners & Company LLP. Performance results for 2009 are preliminary and may be subject to change as a result of ongoing verification.