

### Independent Accountant's Report

Mr. Jeffrey Scharf  
Scharf Investments, LLC  
5619 Scotts Valley Drive, Suite 140  
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#### **Report on Firm-Wide Verification and Performance Examination**

We have examined Scharf Investments, LLC's (the "Company") (1) compliance with all the composite construction requirements of the Global Investment Performance Standards (GIPS®) on a firm-wide basis for the periods January 1, 1997 through June 30, 2011, and (2) design of its policies and procedures to calculate and present performance results in compliance with the GIPS standards as of June 30, 2011. We have also examined the accompanying performance presentation and Scharf Investments Equity Composite Performance 1991-2010 Presentation of the Company's **Equity Composite** for the periods January 1, 1997 through June 30, 2011.

#### **Management and Accountant's Responsibility**

The Company's management is responsible for compliance with the GIPS standards, the design of its policies and procedures and for the Quarterly Performance and Scharf Investments Equity Composite Performance 1991-2010 Presentations. Our responsibility is to express an opinion based on our examination.

#### **Opinion**

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Company's compliance with the above-mentioned requirements; evaluating the design of the Company's policies and procedures referred to above; examining, on a test basis, evidence supporting the accompanying composite performance presentation; and performing the procedures for a verification and a performance examination set forth by the GIPS standards and such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, Scharf Investments, LLC has, in all material respects:

- Complied with all the composite construction requirements of the GIPS standards on a firm-wide basis for the periods January 1, 1997 through June 30, 2011; and
- Designed its policies and procedures to calculate and present performance results in compliance with the GIPS standards as of June 30, 2011.

Also, in our opinion, the Scharf Investments Equity Composite Performance 1991-2010 Presentation of the Company's **Equity Composite** for the periods January 1, 1997 through June 30, 2011, is presented, in all material respects, in conformity with the GIPS standards.

This report does not relate to any composite presentation of the Company other than the Company's **Equity Composite**.

*Ashland Partners + Company LLP*  
Ashland Partners & Company LLP  
October 10, 2011

# SCHARF INVESTMENTS, LLC

## EQUITY COMPOSITE

### QUARTERLY PERFORMANCE PRESENTATION - PAGE 1 OF 2

*Asset-Weighted Returns Gross and Net of Fees (Gross is provided as supplemental information)*

*Results have been calculated in U.S. Dollars*

		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual
2011	Gross	1.8%	2.5%			
	Net	1.6%	2.2%			
2010	Gross	4.5%	(7.0%)	11.4%	7.0%	15.8%
	Net	4.2%	(7.2%)	11.0%	6.7%	14.5%
2009	Gross	(11.6%)	17.8%	14.9%	7.4%	28.4%
	Net	(11.9%)	17.5%	14.5%	7.1%	26.8%
2008	Gross	(5.9%)	(3.1%)	(1.4%)	(17.8%)	(26.1%)
	Net	(6.2%)	(3.4%)	(1.7%)	(18.1%)	(27.1%)
2007	Gross	(1.0%)	7.8%	5.0%	(5.7%)	5.7%
	Net	(1.3%)	7.5%	4.7%	(6.0%)	4.4%
2006	Gross	2.8%	(1.2%)	2.2%	7.2%	11.3%
	Net	2.5%	(1.5%)	1.9%	6.8%	10.0%
2005	Gross	(1.2%)	1.7%	9.4%	2.2%	12.3%
	Net	(1.5%)	1.4%	9.1%	1.9%	11.0%
2004	Gross	3.6%	(0.3%)	(0.2%)	10.0%	13.3%
	Net	3.3%	(0.6%)	(0.5%)	9.6%	11.9%
2003	Gross	1.5%	14.4%	0.8%	9.7%	28.5%
	Net	1.2%	14.0%	0.5%	9.4%	26.9%
2002	Gross	2.2%	(4.6%)	(13.3%)	5.2%	(11.1%)
	Net	1.9%	(4.9%)	(13.6%)	4.9%	(12.2%)
2001	Gross	3.9%	9.4%	(9.1%)	15.4%	19.2%
	Net	3.6%	9.0%	(9.4%)	15.1%	17.7%

# SCHARF INVESTMENTS, LLC

## EQUITY COMPOSITE

### QUARTERLY PERFORMANCE PRESENTATION - PAGE 2 OF 2

*Asset-Weighted Returns Gross and Net of Fees (Gross is provided as supplemental information)*

*Results have been calculated in U.S. Dollars*

		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual
2000	Gross	1.5%	(0.7%)	1.0%	10.5%	12.5%
	Net	1.2%	(1.0%)	0.7%	10.1%	11.1%
1999	Gross	7.8%	7.1%	(2.6%)	8.7%	22.2%
	Net	7.5%	6.7%	(2.9%)	8.3%	20.7%
1998	Gross	15.0%	3.2%	(12.4%)	22.7%	27.6%
	Net	14.7%	2.8%	(12.7%)	22.3%	25.9%
1997	Gross	3.1%	16.5%	6.1%	2.2%	30.1%
	Net	2.7%	16.1%	5.7%	1.8%	28.4%

Past performance is not indicative of future results. The Independent Accountant's Report and the Scharf Investments Equity Composite Performance 1991-2010 Presentation are an integral part of this presentation.

## SCHARF INVESTMENTS EQUITY COMPOSITE PERFORMANCE 1991-2010

Year	Equity Composite Total Return Before Fees	Equity Composite Total Return After Fees	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	30.1%	28.4%	33.4%	212	84,808,260	64.3%
1998	27.6%	25.9%	28.6%	278	118,412,989	71.3%
1999	22.2%	20.7%	21.0%	307	147,198,870	69.9%
2000	12.5%	11.1%	-9.1%	348	164,086,403	74.9%
2001	19.2%	17.7%	-11.9%	385	204,188,689	74.2%
2002	-11.1%	-12.2%	-22.1%	478	202,541,718	74.0%
2003	28.5%	26.9%	28.7%	557	295,200,382	76.3%
2004	13.3%	11.9%	10.9%	696	409,671,208	83.7%
2005	12.3%	11.0%	4.9%	781	498,459,218	87.7%
2006	11.3%	10.0%	15.8%	817	544,877,064	87.8%
2007	5.7%	4.4%	5.5%	831	584,521,293	85.7%
2008	-26.1%	-27.1%	-37.0%	796	396,386,690	81.6%
2009	28.4%	26.8%	26.5%	782	466,835,407	62.2%
2010	15.8%	14.5%	15.1%	900	596,735,435	60.4%

**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.
- Returns are presented gross and net of management fees. Prior to 1997, net of fee performance was calculated using the highest management fee of 0.375% per quarter. Beginning 1997, net of fee performance was calculated using actual management fees. 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. Some accounts in the composite are charged performance based fees. 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 \$4 million, 0.00% fee on the balance above \$5 million. For this fee schedule, accounts with a relationship between \$1 million and \$3 million pay 12% of profits, and accounts with a relationship over \$3 million pay 10% of profits.
- For periods prior to 2009 wrap fee accounts were not included in the composite. For year-end 2009 and 2010 the percentage of wrap fee accounts were 1.7% and 3.8% respectively. Wrap fee accounts pay a fee based on a percentage of assets under management. Other than brokerage commissions, this fee includes investment management, portfolio monitoring, consulting services, and in some cases, custodial services. Gross returns for wrap accounts are shown as supplemental information and are stated gross of all fees and transaction costs.
- Annualized 1991-2010 return for the composite was 15.1% before management fees, 13.6% after management fees. Annualized return for the benchmark was 9.1%. Returns are size-weighted and calculated using beginning of period values on an adjusted capital basis. Any foreign taxes paid in an account were treated as a flow and had no effect on the account's 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 gross 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: 6.9%, 1992: 2.9%, 1993: 2.8%, 1994: 2.5%; 1995: 11.2%; 1996: 5.3%; 1997: 5.9%; 1998: 8.3%; 1999: 9.5%; 2000: 7.7%; 2001: 5.5%; 2002: 2.7%; 2003: 5.0%; 2004: 1.5%; 2005: 1.2%; 2006: 1.0%; 2007: 0.7%; 2008: 0.8%; 2009: 1.0%; 2010: 0.6%.
- 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 December 31, 2010 by Ashland Partners & Company LLP.