SCHARF INVESTMENTS

THE BIG Picture

SUMMER 2023

ALSO IN THIS ISSUE

BRIAN KRAWEZ, CFA®
President, Investment Committee Chairman

To Our Valued Clients:

Scharf Investments was founded in 1983. Perhaps in celebration, the Dow, Russell 1000 Value and S&P 500 were up 20.2%, 21.0%, and 22.3%, respectively for the full year. To commemorate our 40th year anniversary, markets rallied to start 2023. However, as Mark Twain famously quipped, "History Doesn't Repeat Itself, but It Often Rhymes."

In 1983, the Russell 1000 Value Index outperformed the Russell 1000 Growth index by roughly 8%. By contrast, in the first half of 2023, the growth index soared 29% while the value index was up a relatively pedestrian 5.1%. Unlike 1983's broad rally, the average stock, as measured by the S&P equal weight index, was up roughly 6% compared to 16.9% for the market cap weighted S&P 500.

Unlike the broad based rally in 1983, the first half of this year has been led by the technology sector up 42.8%. By contrast, the health care sector was down 1.5%. We consider this situation to be unsustainable. The chart below shows the Technology sector relative to the broader S&P 500, has reached levels above the peak of the internet bubble. This is true even with companies such as Google, Meta, and Amazon no longer included in S&P's "technology sector." Caveat emptor.

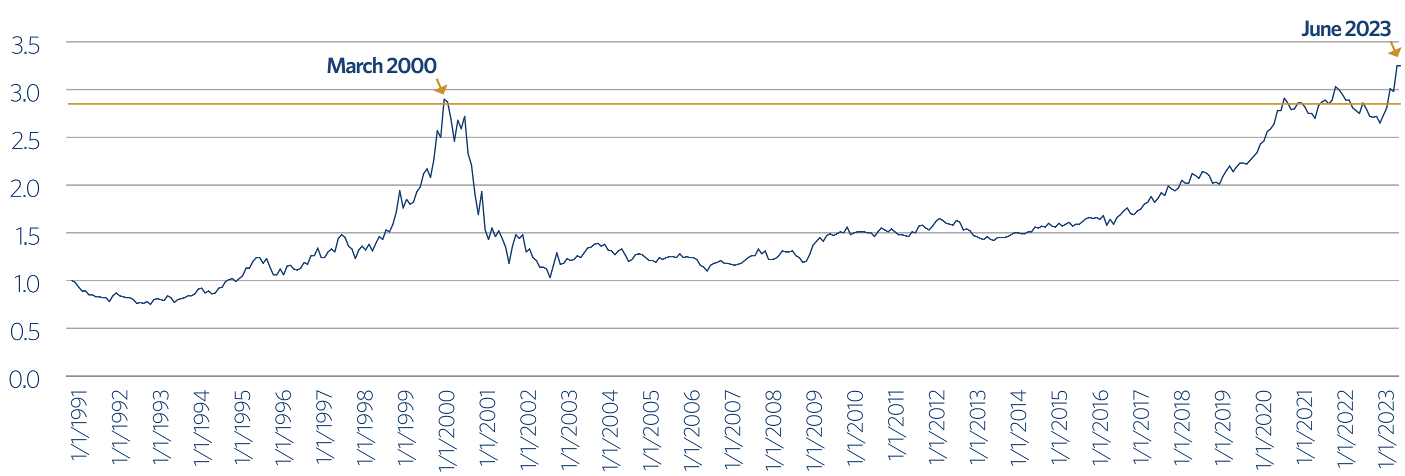
"AI, AI, AI"

A year ago, the mood in Silicon Valley was dour. Tech stocks were falling and many companies were announcing layoffs. Then came the release of ChatGPT last November, which unleashed a gold rush not seen since the dotcom bubble of the late 1990s.

AI mania helped Nvidia surpass $1 trillion in market cap. On their earnings call, Nvidia's management cited 'generative AI is driving exponential growth and compute requirements,' and raised guidance. The stock jumped 24% in a single day. Wedbush analyst Dan Ives has referred to Nvidia's quarter as "the guidance heard round the world" and claims we are witnessing the "fourth industrial revolution."

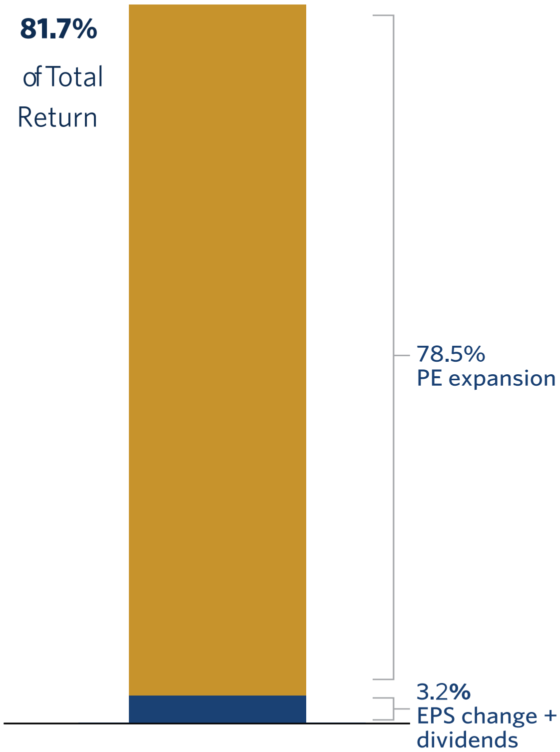
Companies immediately noticed the halo-effect AI can have on their stock and jumped on the bandwagon as fast as possible. On their earnings call, Google CEO Sundar Pichai used AI 34 times in his opening statements. He used it so much a video went viral of him saying "AI" every other word. For a good laugh, check out this video.

Ratio: Tech Sector vs. S&P 500
Monthly Total Return January 1991-June 2023



Source: Bloomberg, Scharf Investments Data as of 6/30/2023. The securities identified and described do not represent all of the securities purchased, sold or recommended for client accounts. The reader should not assume that an investment in the securities identified was or will be profitable.

PE Expansion of Top 10 Stocks Drove YTD Gains



Sources: Bloomberg, Scharf Investments. Top 10 contributors to the S&P 500's gains YTD as of 6/30/2023.

We believe the AI craze is causing many investors to jump in as well. As previously noted technology stocks were up nearly 43% in the first half, but stocks with an "AI-halo" have gone hyperbolic. Names such as Nvdia and Tesla were up an astounding 190% and 113%, respectively in the first half of the year. The graph above showing the top 10 contributers to the performance of the S&P 500 Index highlights that gains have largely been driven by multiple expansion with average P/E ratio rising nearly 80% in the past 6 months. Tesla, for example, has seen its PE rise from 23 times to 76 times in just 6 months! AI appears to be an amazing new technology, but is the hype justified?

The turn of the century offers some lessons for investors apropos to the current market environment. At the turn of this century the Internet was relatively new, cell phones were still relatively rare, most people still shopped in physical stores, and the iPhone would not be launched for another 6.5 years. Had you told someone on January 1, 2000 that the average American would spend 4.5 hours per day on their mobile devices (and teens 8.5 hours), they undoubtedly would have tried to have you committed. It is unarguable that the Internet has changed virtually every aspect of our lives today and has likely surpassed even the most bullish expectations from the late 1990s. Yet, many investors who invested into the hype did poorly.

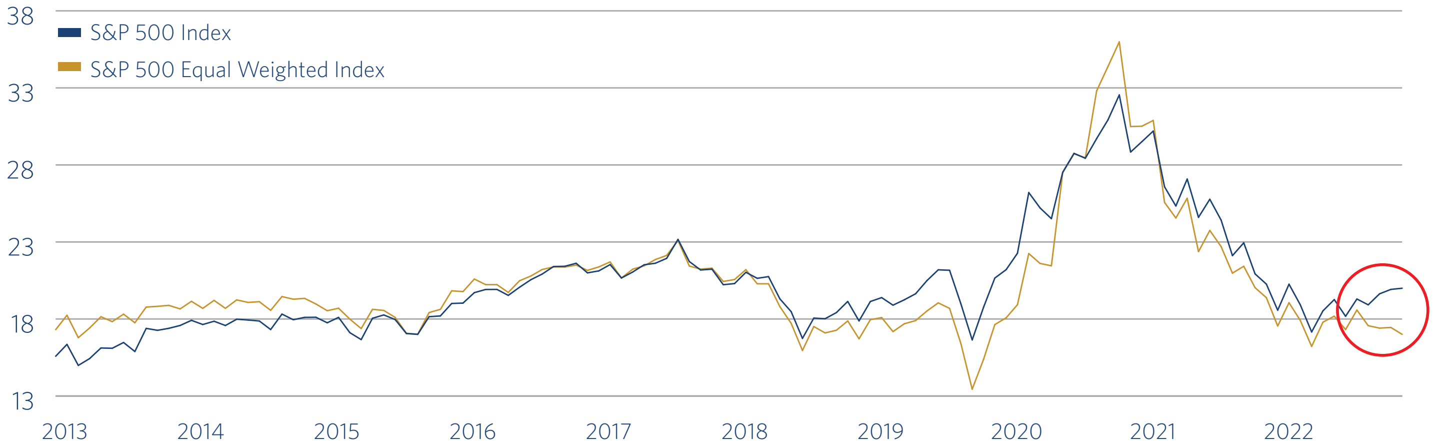
In a piece titled "Bubble, Bubble, Toil and Trouble," Research Affiliates has a cautionary tale for those with visions of AI riches dancing in their heads. Research Affiliates analyzed the performance of the 10 largest S&P technology stocks at the beginning of 2000 and found that half lost money over the next 18 years. On average the basket of stocks lost 6.9% per year, for a cumulative loss of nearly one-third. In fact, only Microsoft, outperformed the S&P and it did so by less than 0.5% per year. Over a ten year period the results were even worse, with the average stock down 6.9% per year, for a cumulative loss of more than 50%. Imagine, investing in the top technology companies at the dawn of the internet revolution only to lose more than half your money over the entire decade of the aughts.

10 Largest Tech Stocks in 2000 Disappointed Investors

	Annualized Return Total Return		
Tech Stock Companies	**Jan 2000-Dec 2010**	**Jan 2000-Dec 2018**	**Jan 2010-Jan 2023**
Microsoft	-4.4%	5.3%	10.0%
Cisco	-7.7%	0.0%	1.4%
Intel	-5.5%	2.9%	1.4%
IBM	3.0%	2.2%	3.6%
America Online/Time Warner*	-14.8%	-2.1%	-0.9%
Oracle	-1.2%	3.2%	7.2%
Dell*	-10.6%	-8.8%	-8.8%
Qualcomm	-5.5%	-24.2%	3.1%
Hewlett Packard	2.7%	-0.7%	3.9%
Sun Microsystems*	-24.4%	1.3%	-24.2%
Average	-6.9%	-2.1%	-0.3%
S&P 500	-0.9%	4.9%	6.8%

*Sun Microsystems through 1/2010, Dell through 10/2013, Time Warner through 6/2018, the dates they first stopped trading. Sources: Research Affiliates, Scharf Investments. Data as of 6/30/2023. The securities identified and described do not represent all of the securities purchased, sold or recommended for client accounts. The reader should not assume that an investment in the securities identified was or will be profitable.

Close Price Earnings Ratio

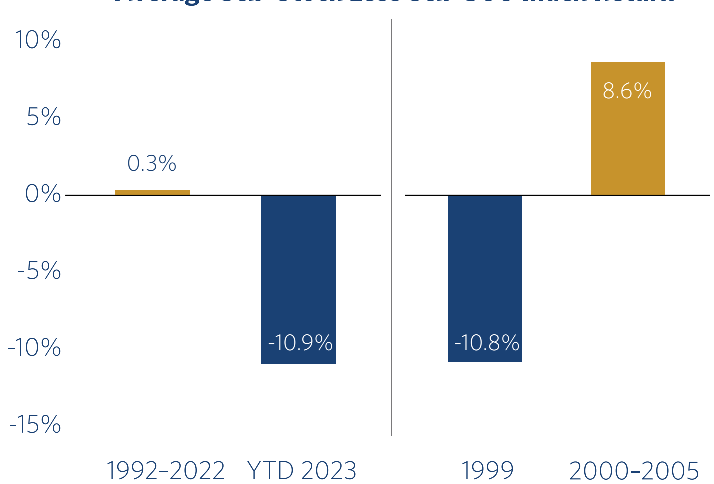


Sources: Bloomberg, Scharf Investments. Data as of June 30, 2023.

Ignore the Crowd

Our opinion is that some areas of the market are overheated, we believe there are still opportunities for investors willing to ignore the crowd. We see opportunities for investors willing to look outside of the Large Cap technology stocks currently dominating the S&P. As a market cap weighted index, large companies dominate the S&P. Over the past 30 years, the average stock, as shown by the S&P Equal Weight Index, has outperformed the S&P by roughly 0.3% per year. This is because the average stock in the S&P is smaller than the market cap weighted S&P itself. Since smaller companies tend to grow faster than larger ones, it makes sense that the average S&P company would outperform the index over time. This year, however, the average stock has lagged badly. Where some see underperformance, we see opportunity. The last time the average stock underperformed this badly was in 1999. Over the next five years, the average stock trounced the S&P by over 50% or roughly 8.6% per year.

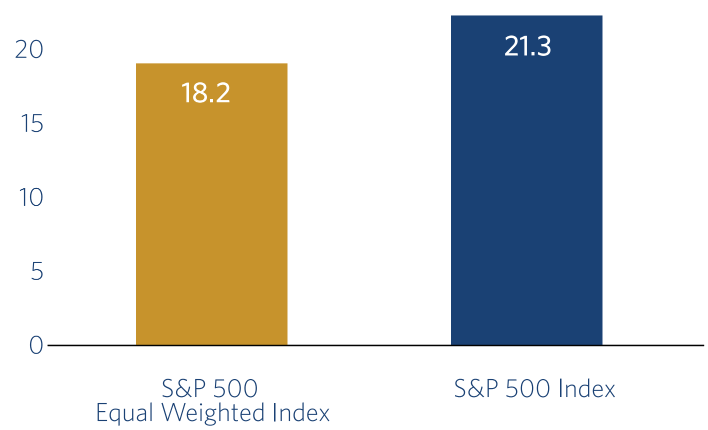
Average S&P Stock Less S&P 500 Index Return



Source: Scharf Investments. Data shown is the S&P 500 Equal Weighted Index YTD it altogether for Fiserv, we expect continued strong earnings return less S&P 500 Index YTD return as of 6/30/2023. The securities identified and described do not represent all of the securities purchased, sold or recommended for client accounts. The reader should not assume that an investment in the securities identified was or will be profitable.

This opportunity can be seen when looking at the relative valuations of the S&P compared to its equal weight cousin. The graphs above and below illustrate how the historical premium of the equal-weighted index has turned into a significant discount. In other words, the average stock is cheaper than it has been relative to the S&P in more than a decade.

Price Earnings (P/E) - June 2023

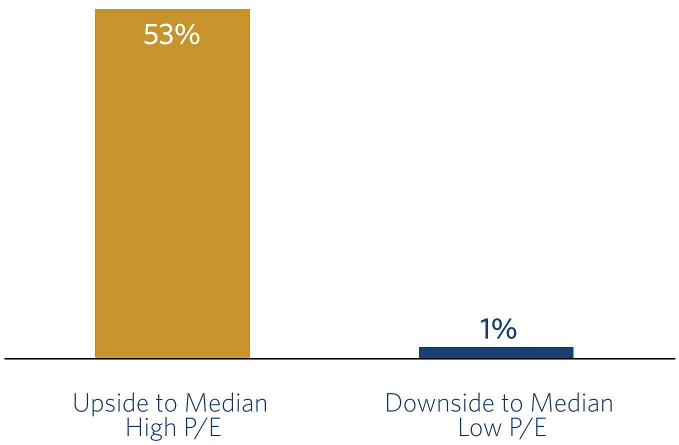


Sources: Bloomberg, Scharf Investments. Trailing P/E data as of 6/30/2023.

Portfolio Positioning

One such "average stock" currently offering what we believe to be an attractive opportunity is Fiserv, an under-the-radar company deeply embedded in the financial system. We think Fiserv is cheap, providing potential protection and significant upside. Based on its trading history, the company is currently trading around its median low price-to-earnings ratio (P/E) and well below its median high multiple (see chart on the next page). In addition, we believe Fiserv has an impressive earnings growth track record – earnings growth over the last 25 years has been 16% per year. Putting it altogether for Fiserv, we expect continued strong earnings growth, plus the opportunity for additional return if it were to rerate back to it's median high. Fiserv has strong favorability.

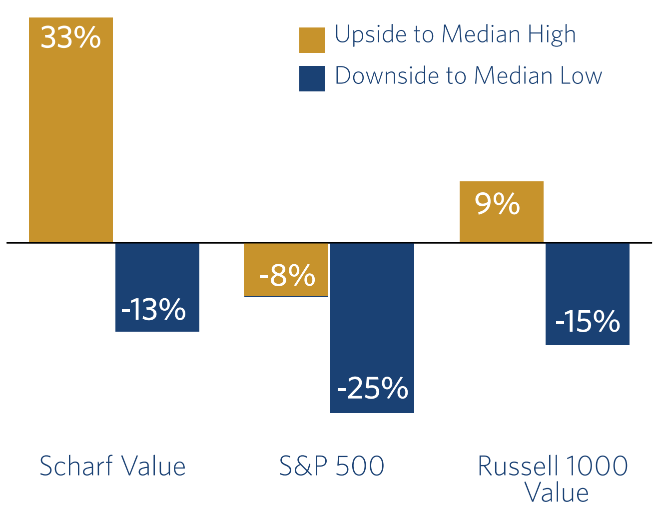
Fiserv-Trading Near Median Low Multiples



Source: Scharf Investments, LLC. Data as of 6/30/2023

We're really focusing on three main themes: First, we prioritize margin of safety by seeking low-valued stocks. We believe these stocks not only offer protection against potential losses but also have greater potential for gains. As you can see below, our portfolio shows higher upside compared to the S&P 500 and Russell 1000 value indexes based on the median High P/E ratio. Additionally, our portfolio has less downside risk relative to these indexes when considering the median low P/E ratio. Our strategy revolves around purchasing companies near the lower end of their valuation ranges, which we believe offers both downside protection and higher potential returns.

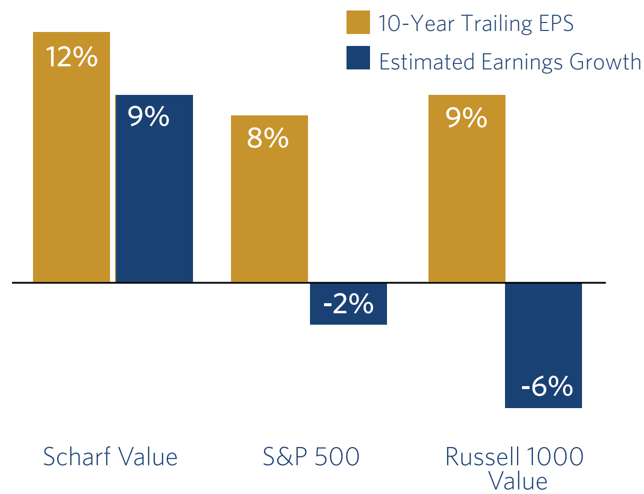
Our Portfolio Offers Stronger Favorability



Source: Scharf Investments, LLC. Data shown represents change from price as of 6/30/2023. The securities identified and described do not represent all of the securities purchased, sold or recommended for client accounts. The reader should not assume that an investment in the securities identified was or will be profitable.

Second, our focus is on companies with predictable profit growth. Our portfolio consists of companies that exhibit solid and predictable growth throughout market cycles. Over the trailing 10 years, our companies have achieved a respectable 12% growth rate, surpassing both the S&P 500 and Russell 1000 value indexes. Despite concerns of a profit slowdown due to recent rate hikes by the Fed, our portfolio is projected to achieve a 9% growth rate this year, which is impressive considering the negative profit growth expected for the indexes shown below.

10-Year Trailing EPS Growth Rate vs. 2023 Estimated Earnings Growth



Source: Scharf Investments, LLC. Data as of 6/30/2023.

We continue to focus on high quality, low-risk business models in our selection process. This includes companies with recurring revenues and those offering consumable non-discretionary products. Fiserv, mentioned earlier, is an example of a company with a high renewal rate. Companies like Comcast and Valvoline, which provide essential services like high-speed broadband and oil changes, tend to be resilient even during economic downturns. Other portfolio companies supplying necessities like food and medicine also tend to perform well in any economic environment. Some of our companies that were particularly impacted by the pandemic, such as Booking and Heineken, weathered the storm and are now benefiting from the rebound in travel and the reopening of bars. Similarly, Smith & Nephew, a medical product company, is experiencing strong profit growth as individuals who postponed elective procedures during the pandemic are now returning for treatment.

> An investor that had the foresight to invest a million dollars with Scharf Investments at the end of 1983 would have $111,206,517 today, for a compound return of over 11,000%.

Finally, during the unique period of the 2020 COVID downturn, we believe our companies showcased resilience, achieving an 8% growth in earnings despite the challenging environment. This is in stark contrast to the significant earnings contractions experienced by the S&P 500 (-15%) and Russell 1000 value (-28%) indexes. This further reinforces our belief in the ability of our companies to thrive throughout economic cycles and overcome obstacles.

Here's to Another 40 Years

Clients have expressed concerns about a variety of issues including the potential impact of rising interest rates, high stock market valuations, and the possibility of an economic downturn or profit recession. While these concerns are valid, attempting to time the market is a difficult task. Moreover, there is always something to worry about. Over the past 40 years, investors have endured everything from recessions to wars and from stock bubbles to pandemics. Yet, prudent investors have been well rewarded. We believe our carefully selected companies are well-positioned to perform in
any market environment. In fact, an investor that had the foresight to invest a million dollars with Scharf Investments at the end of 1983 would have $111,206,517 today, for a compounded return of over 11,000%.

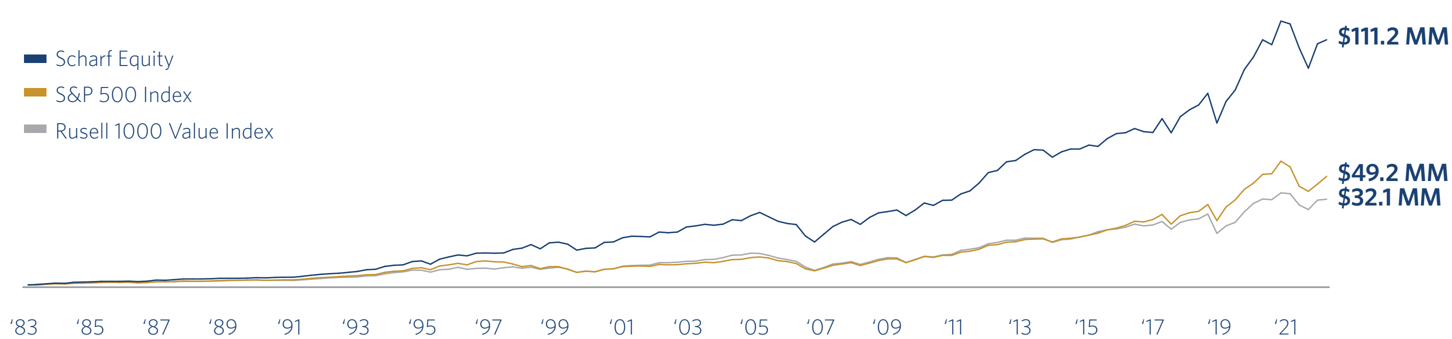
To conclude, Our Scharf Equity product has utilized the same process for the past 40 years. We are proud of the "mountain chart" shown below and believe it demonstrates the power of our simple yet effective approach to investing.

We thank you for the confidence and trust you have placed in us, and we welcome your questions.

Best Regards,

Brian Krawez, CFA
President

Scharf Equity: Growth of a $1,000,000 Investment
12/31/1983 - 12/31/2022 (Net of Fees)



Source: Scharf Investments.
Includes unaudited performance from December 31,1982 through December 31, 1990.

The securities identified and described do not represent all of the securities purchased, sold, or recommended for client accounts. The reader should not assume that an investment in the securities identified was or will be profitable. 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. **Past performance is not indicative of future results.**

Exciting Time for Bonds

Scharf Fixed Income Team

Rising US interest rates over the past 15 months have resulted in yields on U.S. Treasury notes higher than they have been for most of the past decade. As a result, for the first time in a long time, the expected return on bonds are exciting again. Investments in high grade government bonds currently offer annual returns at or near 5% for relatively low levels of risk.

Specifically, the yield on 3-month U.S. Treasury bills is currently 5.3%. That is the same level as the 12-month earnings yield across the S&P 500 stock index. Per the chart below, the last time short term bonds were competitive with the earnings yield on the S&P 500 was over 20 years ago. Hence, while decades of data support stock market outperformance compared to bonds over the long run, the current environment offers some of the most compelling potential returns for bond investors in several years.

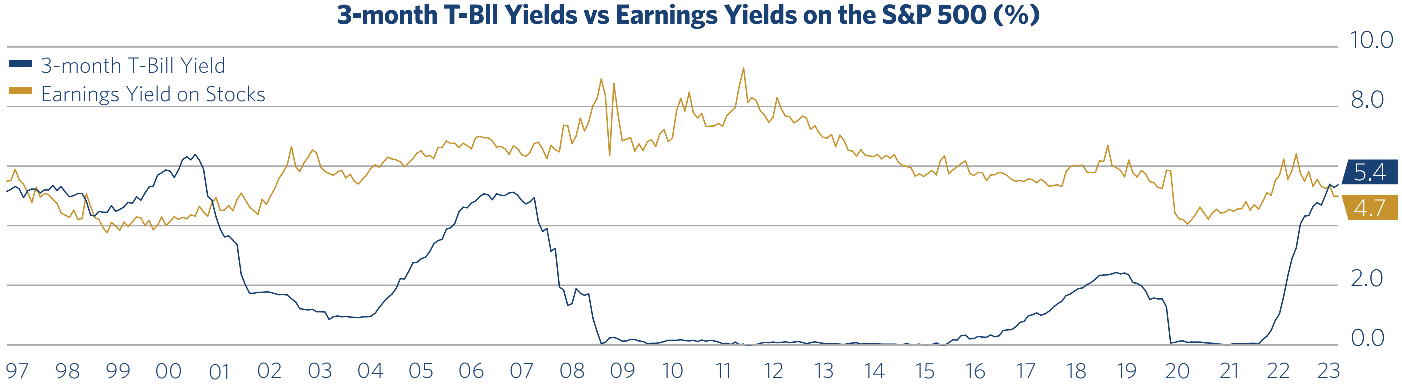
We recommend owning high quality stocks priced at attractive valuations for their long-term return potential. Bonds have a place in your portfolio too – primarily to generate current income and preserve capital. At Scharf we can help you with an optimal asset allocation, including bond investments. For nearly four decades, we have managed a multi-asset class product that invests in a mix of both equity and fixed income securities. Our approach to fixed income investing is similar in rigor and discipline to our stock selection process. To this end, we have a dedicated fixed income research committee and trading team. The majority of our fixed income exposures are invested in high quality government backed bonds. The purpose of the Scharf multi-asset portfolio product is to pair Scharf's equities with a mix of income producing and volatility dampening securities in a single investment vehicle.

Scharf multi-asset class product had an annualized return of 10.2% (net of fees) since its inception – with smaller drawdowns versus equity only products. The 5, 10, and inception to date returns for the Scharf multi-asset product also ranks in the top quartile when compared to peers.

In addition, we work with clients structuring high quality 'bond ladders' where we purchase securities that mature at staggered future dates to generate predictable monthly income streams and liquidity. For example, we offer a short-dated government bond portfolio that currently yields around 5%. For those concerned with taxes that have a longer time horizon, we have a product that invests in municipal bonds that currently yields 3.5% tax free. Both of these approaches offer the potential to generate meaningful current income with relatively low levels of risk.

For the first time in a long time, we believe the expected return on bonds are exciting again. Importantly, you don't need a lot of complexity or risk within fixed income today to earn what we believe are compelling returns. We have the expertise to help you implement simple, high quality bond exposures. Contact us to see how we can help optimize your asset allocation.

3-month T-BIl Yields vs Earnings Yields on the S&P 500 (%)



Sources: Bloomberg, Scharf Investments.

Heineken

GABE HOUSTON, CFA
Senior Research Analyst

Heineken is a leading international developer and marketer of alcoholic beverages. Founded in 1864, Heineken has grown to one of the largest global beverage companies in the world with its brands enjoyed by consumers in more than 190 countries. Despite its large size — including over $30 billion in sales in 2022 — Heineken remains one of the faster-growing global brewers. This is due in part to the company's outsized exposure to Emerging Markets, which account for more than 60% of total company profits. These markets have attractive long-term growth prospects that should allow for faster growth than Developed Markets over time. Notable tailwinds in Emerging Markets include faster population growth, increasing per-capita consumption trends, and rising incomes.

While Developed Markets such as Europe tend to have slower growth, Heineken has also grown in these regions driven primarily by "Premiumization" trends. Premiumization refers to consumers "trading up" to higher quality, higher price-point brands. Along with Heineken's operational excellence and popular brands, this secular growth trend has helped the company gain market share over time. The company highlighted that 2022 premium beer volume was 16% above 2019 levels, compared to 3% for overall beer volume.

Like many companies, the pandemic had a significant negative impact on Heineken's business. With nearly all "on-trade" activities (think bars and restaurants) facing lockdowns or other restrictions, Heineken's earnings experienced a sharp decline in 2020. Since then, pent-up demand helped drive 77% and 39% EPS growth in 2021 and 2022, respectively. Despite the strong rebound, demand in some regions still remains below pre-pandemic levels, suggesting room for further recovery. As one example, Heineken estimated that coming into this year European on-trade volumes were nearly 10% below 2019 levels.

While Heineken's stock price is up this year as of this writing, it has recently come off the highs due to concerns about near-term growth headwinds in some regions. These headwinds include unfavorable weather in certain European countries, which negatively impacts on-trade demand, slowing growth in Brazil, currency circulation issues in Nigeria, and issues in key growth market Vietnam. We agree that these concerns are valid and will likely impact Heineken's reported results. However, the challenges appear to be transitory and, importantly, reflected in Heineken's current valuation. Heineken's stock trades at around 16x forward earnings, which represents a discount to its median high P/E ratio of 22x. We believe present trading levels represent an attractive entry-point for long-term investors, with the valuation discount suggesting plenty of room for re-rating once we get past the aforementioned headwinds.

> Heineken has many attractive investment characteristics that align with our investment philosophy. ”

In addition to the compelling valuation, Heineken has many attractive investment characteristics that align with our investment philosophy. The company has a strong portfolio of leading brands, a long track record of consistent, low-economic-sensitivity earnings growth, excellent financial health, strong future growth prospects, and a good favorability ratio. We see Heineken as a core long-term portfolio holding.

MONEY CONVERSATIONS

Engaging the Next Generation

KEN VANDER KOOI, CFP
Senior Wealth Advisor

Conversations about money and wealth can often be difficult, especially when speaking with family members. Communication and education are both key. Engaging younger generations in conversations on managing and protecting your family's wealth can have a big impact on the legacy you will leave them. Starting these conversations sooner rather than later can help to solidify and promote the financial goals you wish to pass on to future generations.

Where to Start?

In many cases, it often takes the work of a lifetime (or several lifetimes) to amass a family's wealth. Protecting and preserving it for the next generation can feel like a full-time job. How does one teach successive generations to be good stewards of family wealth without destroying the motivation to succeed on their own? How can the value of hard work and the rewards of self-made success be instilled in someone who constantly has a monetary safety net beneath them?

The term "wealth" means different things to each of us. Before attempting to teach younger members of your family about wealth, it is prudent to explore what the term means to you personally. What does it mean in the context of family? Does being wealthy mean having enough to alleviate worries about how to pay for life's necessities? Does it mean having enough that day-to-day costs are of no concern? Does it mean being able to aggressively pursue altruistic endeavors while maintaining a comfortable lifestyle?

Before you begin the conversation, it may be helpful to clarify your own goals. Keep in mind there are no right answers, and the purpose of these exercises is to gain a deeper understanding of your own wishes. What is it you want to communicate to your children and grandchildren? What values are most important to you? What values do you believe are most important to them? What do you desire most from your financial legacy?

Next, begin thinking about what you would like your wealth to do for you, your children and subsequent generations. How much will you need to supplement your income in retirement? Can you meet those needs without eating into your principal? Are there charities you wish to support? Will you need to modify your spending habits to achieve the goals that are most important to you? It's important to define your goals for your money over your lifetime.

Developing a Family Vision

Once you have a clear definition of wealth and an understanding of your own goals in relation to it, you can initiate discussions on these topics with other family members. Through those discussions you can develop and refine a shared family vision of wealth. This vision should be crafted with both present and future generations in mind. A clear and well-articulated vision serves as the foundation for the direction and nature of inter-family education. When you feel the family vision is nearing full development, write it down. The process of crafting a concise mission statement for your family's wealth allows for further refinement of your goals. Revisit your mission statement annually, if not more frequently, to ensure that it accurately reflects the family's wishes. Remember this is not meant to be a list of rules set in stone, but rather an expression of the values and desires of the collective generations of your family.

Express your wishes in terms of a desire for future actions by subsequent generations, rather than a mandate for those actions. Mandates and absolutes handed down to future generations without ties to the family's shared vision can often breed arguments and resentment. For example, you may own a vacation home that you would like to see kept in the family and not sold. Let your children or grandchildren know that you hope to see the home passed along to future generations so they can enjoy it as older generations have. Show them how it can help future generations connect with the shared family history. While there are no guarantees they will do as you ask, chances are much higher if they fully understand your reasoning.

Fostering Effective Communication

Fostering effective and open communication between generations can greatly increase the odds of your family's wealth weathering the shifting sands of time. Communication also opens the door to motivating and inspiring the next generation to become good stewards of the wealth they inherit. Within those shared values lies the true wealth of the family. Protecting that wealth for future generations is an ongoing process, one that begins with open communication.

For communication between family members to be truly effective, conversations should be "adult-to-adult" regardless of the participant's ages or stature within the family. Children and grandchildren must feel that they are being heard and taken seriously, as they will one day be the ones leading these discussions with their own children and grandchildren. Give all family members permission to assert themselves and make their feelings known. Try to do so in a way that makes all family members feel they are safe from judgment and ridicule. The last thing you want is family members parroting ideas that do not reflect their true feelings for fear of losing standing with others in the family. Family members must feel that their contributions are valuable and can influence the tone and direction of the family vision. Feeling vested in the plan can greatly increase their sense of ownership, leading to increased odds of your shared vision being carried out by future generations long after you pass.

Involve a Neutral Third Party

It can often be helpful to bring in a third party, such as a trusted friend or your wealth advisor, as a sounding board for ideas or to aid in advancing discussions between generations. This person should ideally be someone whose only goal is to help advance the family mission statement. Crafting a financial plan for your lifetime and beyond can also be helpful in this process, aiding in consolidating all financial information, as well as exploring and refining your own goals in relation to wealth.

In Conclusion

While crafting a unified family vision on wealth, inheritance and philanthropy can appear to be an insurmountable task, it does not take much to get the conversation started. Begin by thinking about what wealth means to you personally in its various forms. Then consider how, when, and how much of your wealth you want to pass on to future generations. After answering those questions for yourself, you can use the same questions surrounding wealth and philanthropy to begin conversations with your heirs. These conversations can be a vehicle to draw families closer and provide an avenue to pass down the hopes, goals, and achievements of multiple generations.

If you would like to discuss your family vision or explore your goals as part of a comprehensive financial plan, please contact your wealth advisor at Scharf Investments today.

Strategy Overviews

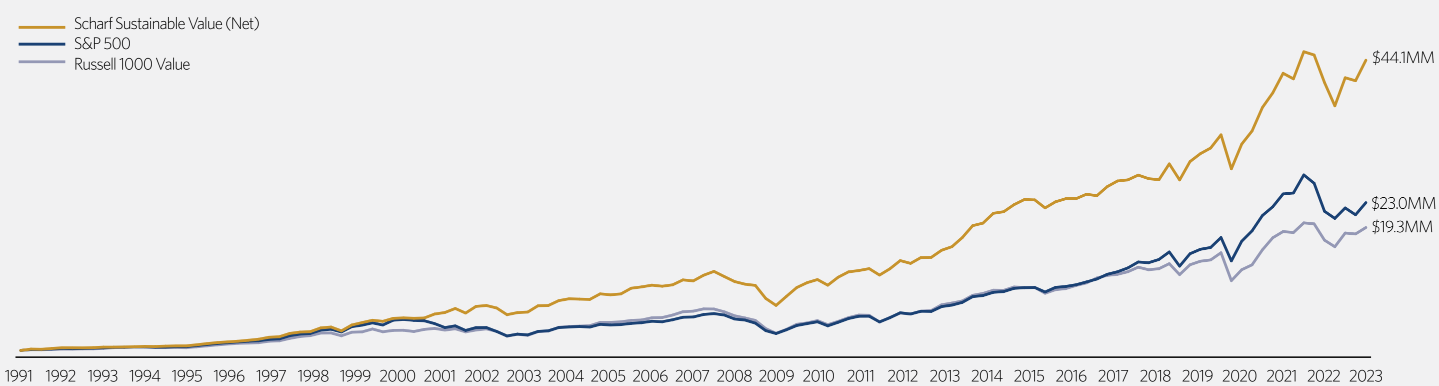
as of June 30, 2023

Scharf Sustainable Value (Equity)

The Scharf Sustainable Value Strategy seeks to invest in high quality, enduring franchises priced at substantial discounts to fair value. The team seeks to identify companies with low valuations combined with consistent and sustainable earnings, cash flow and/or book value. The goal is to provide capital appreciation over the course of an entire market cycle while losing notably less than relevant benchmarks in falling markets.

For the second quarter of 2023, Scharf Sustainable Value (Equity) account gains centered on 5.5% (net of fees). As short-term market and economic activity can be volatile, we encourage investors to take a long-term view. That said, we are pleased with the long-term performance of the Strategy. Since December 31, 1990, the Strategy returned 12.4% (net of fees) annualized compared with 10.1% for the Russell 1000 Value Index and 10.5% for the S&P. In other words, $1 million invested in the Strategy on December 31, 1990, grew to $44.1 million as of June 30, 2023, compared to $23.0 million and $19.3 million for the same $1 million invested in the S&P and Russell 1000 Value, respectively.

Scharf Multi-Asset Opportunity (Balanced)

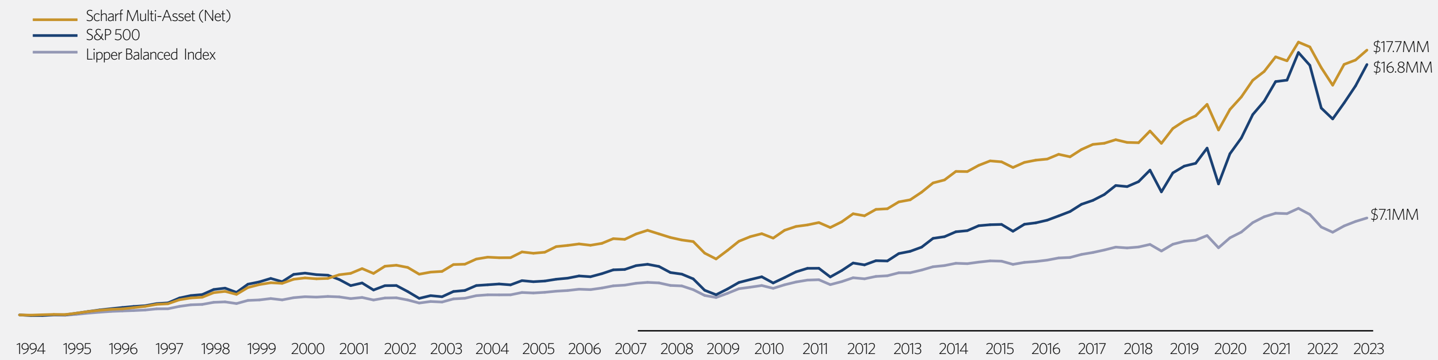


Source: Bloomberg, Scharf Investments. Data as of 6/30/2023

The Scharf Multi-Asset portfolio seeks to combine the appreciation potential of equities with the capital preservation and income generation qualities of fixed income and alternative investments. In the equity allocation, the team maintains a strict focus on valuation, margin of safety and sustainable earnings growth, but maintains investment flexibility towards market capitalization and domicile. On the non-equity allocation, the team emphasizes credit quality and capital preservation. We seek to deliver a compelling risk-adjusted absolute return.

Bonds have long been regarded as a reliable investment instrument that offers stability, particularly in volatile market environments. The market had its ups and downs this quarter, but bonds did well in this rising rate environment.

During the second quarter of 2023, Scharf Multi-Asset (Balanced) Strategy returned 3.7% (net of fees). We believe a balanced portfolio can provide investors with peace of mind during adverse market conditions and is ideal for clients near or in retirement. As short-term market and economic activity can be volatile, we encourage investors to take a long-term view. That said, our balanced accounts have delivered favorable results over the long term. Since December 31, 1993, we are delighted to report that balanced account returns centered on 10.2% (net of fees) annualized compared with 6.9% for the Lipper Balanced Index. In other words, a $1 million investment in a balanced account on December 31, 1993, grew to $17.7 million as of June 30, 2023, compared to only $16.8 million and $7.1 million for the same $1 million invested in the S&P or the Lipper Balanced Index, respectively.

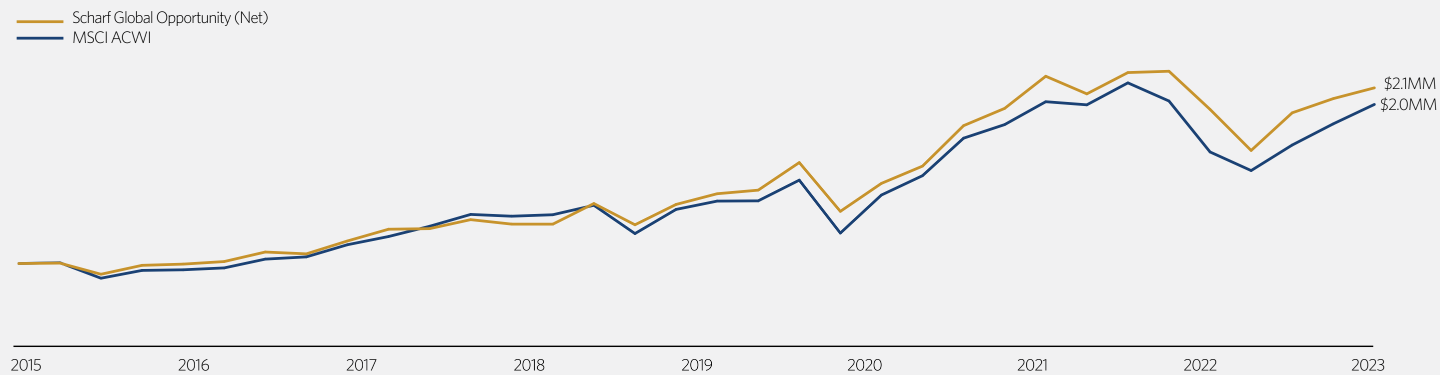


Source: Bloomberg, Scharf Investments. Data as of 6/30/2023

Scharf Global Opportunity

The Scharf Global Opportunity Strategy seeks to invest in high quality, enduring franchises priced at substantial discounts to fair value. It is an extension of our flagship Sustainable Value (Equity) Strategy with greater flexibility to invest globally. The investment team seeks to identify companies in the U.S. and abroad (developed and emerging markets) with low valuations combined with consistent and sustainable earnings, cash flow and/or book value.

During the second quarter of 2023, the Scharf Global Opportunity Strategy returned 3.3% (net). As short-term market and economic activity can be volatile, particularly in a global strategy, it is essential to take a long-term view. That said, the Strategy has outperformed over the long term, with an annualized return of 9.2% (net of fees) since its inception in 2014, compared to 8.5% for the MSCI ACWI benchmark. In other words, a $1 million investment in the Strategy on October 14, 2014, grew to nearly $2.1 million as of June 30, 2023, whereas the same amount invested in the MSCI ACWI Index would have grown to only $2.0 million. The current mountain chart illustrates how the Scharf Global Opportunity Strategy has increased over time and outperformed the benchmark MSCI ACWI Index.



Source: Bloomberg, Scharf Investments. Data as of 6/30/2023

Environmental Stewardship through Action

Springtime with Sempervirens Fund

Our commitment to Sempervirens Fund remains strong. Brian Krawez and his family participated in a special fundraising event held by the organization. This event was specifically aimed to support Camp Jones Gulch, the first YMCA camp in the U.S. and a place where thousands of youths from San Mateo and beyond can engage with nature. For some of these young people, this was their first experience in nature.

Celebrating Earth Day

On April 22nd, we celebrated Earth Day by participating in a beach clean-up event organized by Save Our Shores. It was a day dedicated to taking concrete action towards preserving and protecting our precious coastal ecosystems. We joined forces with like-minded individuals, volunteering our time and efforts to remove litter and debris from the beach, ensuring its cleanliness and safeguarding the well-being of marine life. By actively engaging in this beach clean-up, we demonstrated our commitment to environmental stewardship and contributed to the collective effort of creating a healthier and more sustainable planet.

Artists Abound in Santa Cruz

We had the opportunity to sponsor the Santa Cruz Spring Art Market at the Tannery Arts Center. This event promoted the talented local artists. What made our participation even more special was the opportunity for one of our own employees, Erica Cummings, to feature her artwork.

EVENTS CALENDAR

We hope you will join us for one of the events we have planned. Please scan the QR codes or visit scharfinvestments.com to learn more and register.

Tuesday, July 18

Equity Webinar: President's Perspective and Analyst Roundtable Discussion

12:00 pm PT/3:00 pm ET

Tuesday, July 18

Multi-Asset Webinar: Wealth Management Roundtable Discussion

2:00 pm PT/5:00 pm ET

Wednesday, August 2

Ice Cream Social

2:00 pm-4:00 pm

Location: Soquel Office

SCHARF IN THE NEWS

INTERVIEWS WITH BRIAN KRAWEZ

Thursday, July 20

CNBC ASIA "Street Signs"
7:00 pm PT / 10:00 pm ET

Monday, July 31

REUTERS TV "Trading at Noon"
(LIVE from their London studios)
8:15 am PT / 11:30 am ET

Tuesday, August 22

BLOOMBERG RADIO
8:40 am PT / 11:40 am ET

INTERVIEWS WITH ERIC LYNCH

Wednesday, August 9

REUTERS TV NEWS
11:00 am PT/ 2:00 pm ET

Focused on Your Goals. Invested in Your Success.

Helping you meet your financial needs and working to achieve your long-term goals is our passion. When you choose Scharf Investments, you gain a partner committed to providing individualized financial planning, strategic investment management, and superior service with a client centric focus. Building a relationship with you is our privilege and our responsibility. We are keenly aware that our efforts on your behalf have real-life consequences, and we constantly strive to add value across all aspects of our relationships.

Committed to Our Community. We Welcome Your Referrals.

We have safeguarded client's assets for 40 years. Scharf is eager to serve more individuals who could benefit from our expertise and ask that you consider referring us to friends, family, or colleagues. Your satisfaction as our client is paramount and we are committed to delivering exceptional service to you and anyone you refer. Growing our business allows us to help more individuals achieve their financial goals.

SCHARF
INVESTMENTS

16450 Los Gatos Boulevard, Suite 207
Los Gatos, CA 95032
831.429.6513
info@scharfinvestments.com

scharfinvestments.com