SCHARF INVESTMENTS

# THE BIG Picture

Q4 2024

# 2025 Market Outlook

- President's Perspective
- Stock Spotlight: Donaldson
- Key Considerations for the Year Ahead






## ALSO IN THIS ISSUE



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.

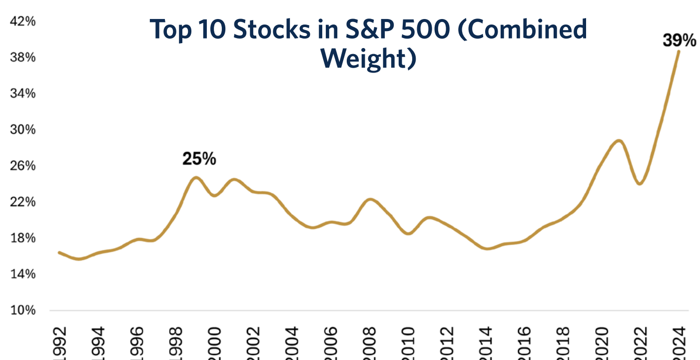
BRIAN KRAWEZ, CFA®
President, Investment Committee Chairman

To Our Valued Clients:

The concentration of the S&P 500 has reached unparalleled levels, as the top 10 largest companies now account for a staggering 39% of the index's total market capitalization. This is the highest concentration observed in modern history, surpassing the dot-com bubble of the late 1990s and the "Nifty Fifty" era of the early 1970s.

Much like today's "Magnificent 7" (Apple, Nvidia, Google, etc.), the "Nifty Fifty" were a group of 50 high-growth stocks that investors believed were "buy and hold forever" investments. Companies like IBM, Xerox, and Coca-Cola were considered stable, reliable, and certain to continue growing. However, this dominance was built on excessive optimism. Just as the internet bubble burst in the early 2000s, the "Nifty Fifty," which had been trading at extraordinarily high price-to-earnings (P/E) ratios, suffered steep declines during the 1973-1974 bear market. In both instances, investors rushed into a small group of stocks, driven by excitement over future growth, only to face long periods of underperformance after the bubbles burst.

Today, we are witnessing a similar pattern. In 2024, the top 10 S&P 500 companies accounted for nearly 65% of the index's total return. While the S&P surged 53% over the past two years, earnings growth at just 7% has been lackluster. This discrepancy has been driven by inflated valuations, as investors treat these dominant stocks as 'can't miss' propositions. This mirrors the psychology and high P/E ratios that characterized the Nifty Fifty and dotcom eras.



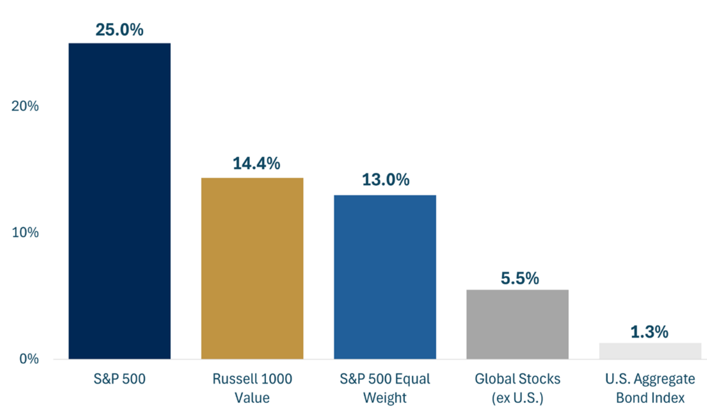

Sources: Bloomberg, Scharf Investments. Data as of 12/31/2024.

History doesn't repeat, but it often rhymes. The past offers us valuable lessons about the risks of market concentration and speculative optimism. Investors would be wise to remember the famous quote by George Santayana, 'Those who cannot remember the past are condemned to repeat it.' Caveat Emptor.

## Strong Stock Returns, Weak Earnings Growth

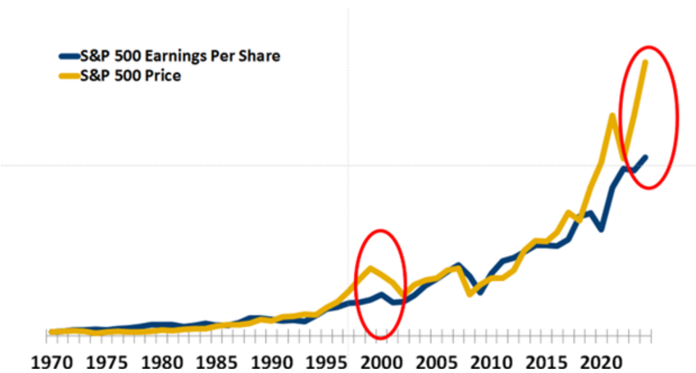
The S&P 500 concentration has soared in recent years due in large part to the dramatic outperformance of just a handful of stocks. As a result, despite lackluster earnings growth, the S&P 500 index soared above other major U.S. large-cap indexes in 2024. Meanwhile, U.S. large-cap stocks significantly outpaced bonds and international stocks. Lacking the sizzle of the Magnificent Seven, global stocks excluding the U.S. gained a modest 5.5%, while European stocks lagged with gains of less than 2%. Emerging markets, including Brazil, Mexico, and South Korea, faced negative returns. Bonds had a muted year, with the U.S. Aggregate Bond Index—which tracks Treasury bonds, corporate credit, and mortgages—returning just 1.3%. Notably, short-term U.S. Treasury bills outperformed the Aggregate Bond Index for the third time in four years.

**2024 Returns**




Sources: Bloomberg, Scharf Investments. Data as of 12/31/2024.

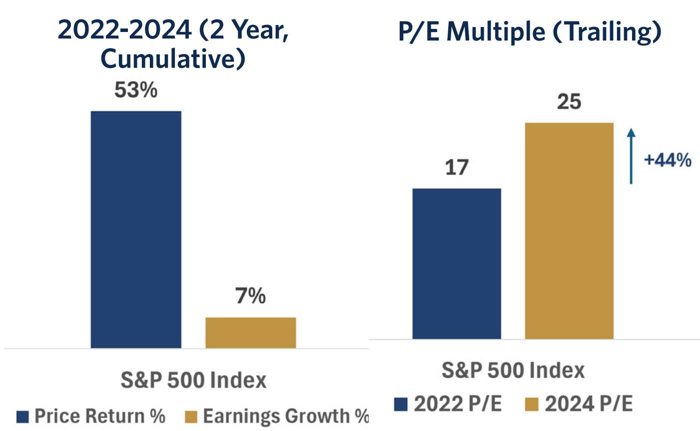
Despite the strong stock returns driven by a select few, these gains are not backed by earnings growth — a pattern that has historically signaled trouble. As seen in the accompanying graph, the S&P 500 index price has typically tracked closely with earnings growth. However, during periods of extreme optimism, like the dotcom era and recent years, stock prices have diverged significantly from earnings. We believe this unsustainable gap can only be corrected by either a correction in stock prices or a rapid increase in earnings.




Sources: Bloomberg, Scharf Investments. Data as of 12/31/2024.

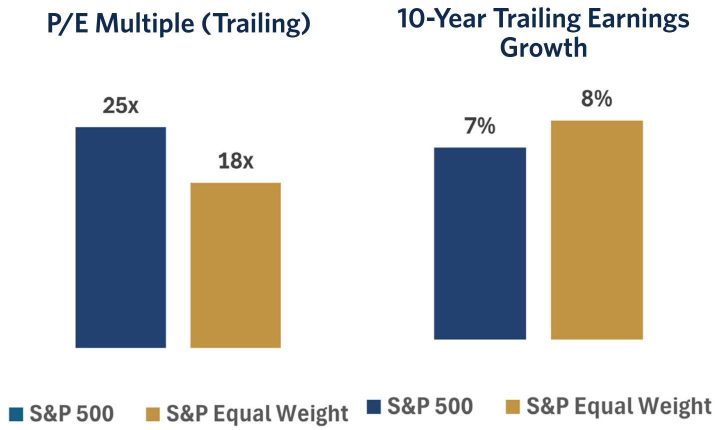
A stark example occurred in the dotcom era, as it took a sharp 50% decline in prices to realign the S&P 500 price and earnings. From that point until 2020, stock prices and earnings generally moved in tandem. The onset of COVID-19 in 2020, however, disrupted this relationship. Massive government stimulus and accommodative monetary policy drove S&P 500 prices well ahead of earnings growth.

This trend briefly reversed in 2022 when aggressive Federal Reserve tightening, aimed at combating elevated inflation, caused the S&P 500 to decline, temporarily realigning stock prices with earnings. However, the late 2022 debut of ChatGPT and the rise of an AI-driven innovation cycle reignited market enthusiasm. Unfortunately, investor optimism was not met with fundamental earnings growth. This resulted in a 44% surge in the S&P 500's multiple to 25 times, well above historical averages.



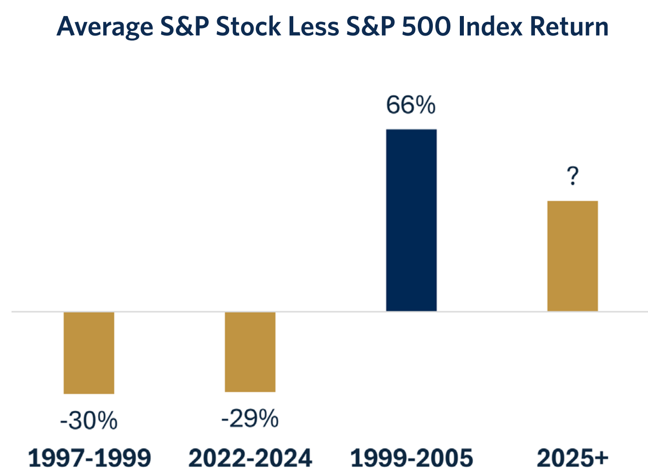

Sources: Bloomberg, Capital IQ, Scharf Investments. Data as of 12/31/2024.

## History Doesn't Repeat, but it Often Rhymes




Sources: Bloomberg, Capital IQ, Scharf Investments. Data as of 12/31/2024.

While the cap-weighted S&P 500 is historically expensive (roughly in the 95th percentile), the average stock in the S&P 500 trades just above its long-term historical median despite faster historical growth. We believe stock prices will eventually realign with earnings growth, and the narrow rally will broaden over time. This shift, which we previously termed the 'revenge of the average stock,' began in Q3 of last year, but reversed sharply after the election as speculative optimism resurfaced. While timing is uncertain, we believe history is on our side. To wit, the recent underperformance of the average S&P stock mirrors the pattern before the dotcom crash. The chart below shows how disciplined investors were handsomely rewarded over the next five years.




Sources: Bloomberg, Scharf Investments. Data as of 12/31/2024.

*Those who cannot remember the past are condemned to repeat it.*

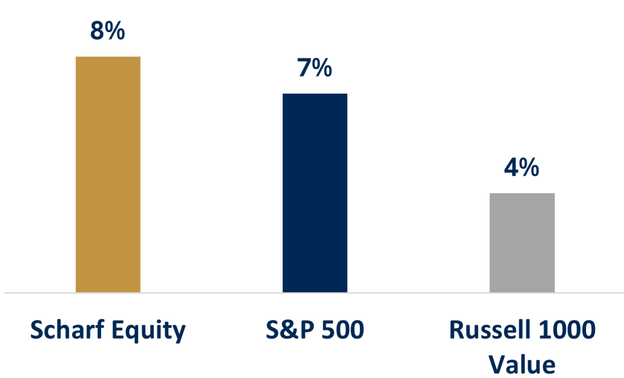
*— George Santayana*

## Portfolio Positioning

We continue to see opportunities for investors outside of large-cap U.S. technology stocks. Given the current market dynamics, we believe that stocks outside the expensive market leaders will eventually outperform as earnings catch up with prices. The key to navigating this environment will be patience and investment discipline, as we anticipate a broader realignment between stock prices and earnings growth will take time. In selecting securities, our focus remains on three primary screening criteria.

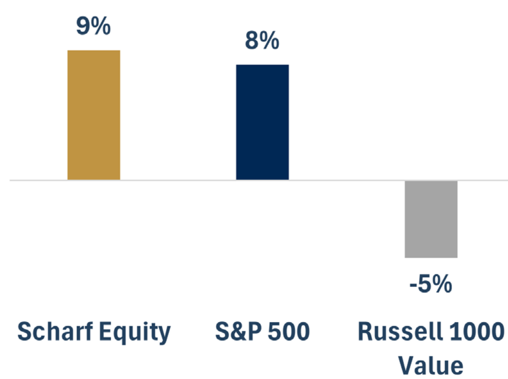
Firstly, we believe our portfolio will be rewarded for its superior growth over the long term. As discussed above, stock prices have historically tracked earnings over time. As shown in the chart below, Scharf portfolio companies achieved earnings growth above the S&P 500 and Russell 1000 Value indexes for the trailing 10-year period and in calendar-year 2024. Looking forward, Scharf portfolio company earnings are also currently projected to grow earnings ahead of and/or in line with the S&P 500 and Russell 1000 Value indexes.

**10-Year Trailing Earnings Growth**




Sources: Bloomberg, Scharf Investments. Data as of 12/31/2024.

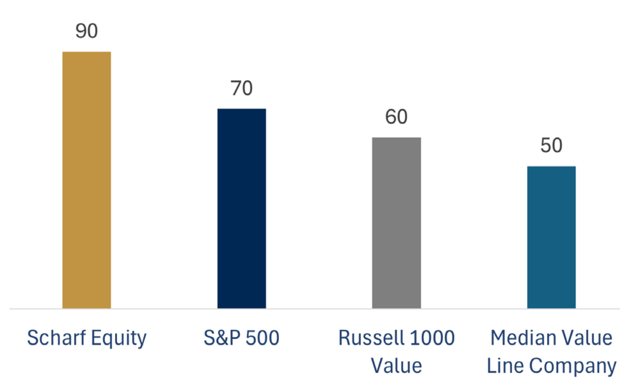
**2024 Earnings Growth**




Sources: Bloomberg, Scharf Investments. Data as of 12/31/2024.

Second, we focus on companies with predictable profit growth. Our portfolio consists of companies that exhibit solid and predictable growth throughout market cycles. Specifically, most Scharf portfolio companies operate high quality, low-risk business models. This includes companies with recurring or long-term contractual revenues. Current examples are Berkshire Hathaway, Fiserv, Microsoft, Lockheed Martin, Oracle, and Markel. In other cases, the companies provide or distribute consumable necessities like medicine and broadband access. Centene, McKesson, Novartis, and Comcast fall into this category. As a result, as shown in the chart below, Scharf portfolio companies offer significantly better earnings predictability than the relevant indexes.

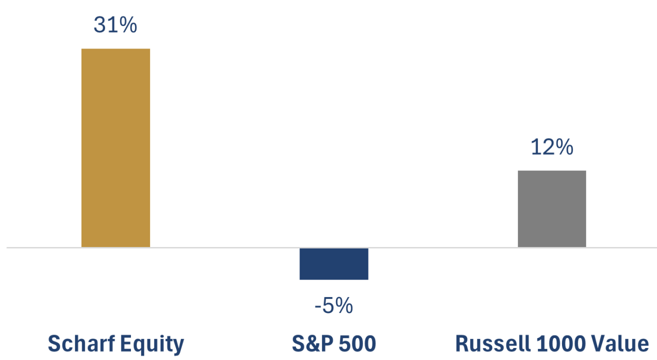
**Earnings Predictability**




Sources: Value Line. Data as of 12/31/2024.

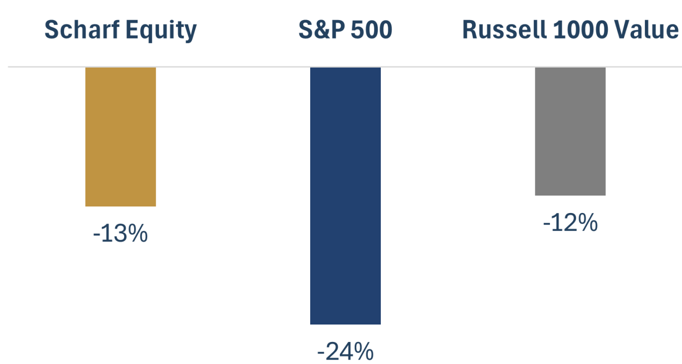
Finally, we prioritize margin of safety by seeking companies that are trading well below their historical trading ranges. We look for stocks offering strong "favorability" ratios. In other words, stocks that we believe offer significantly more upside than downside based on their historical trading ranges. 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.

**Upside to Median High P/E**




Sources: Bloomberg, Capital IQ, Scharf Investments. Data as of 12/31/2024.

**Downside to Median Low P/E**




Sources: Bloomberg, Capital IQ, Scharf Investments. Data as of 12/31/2024.

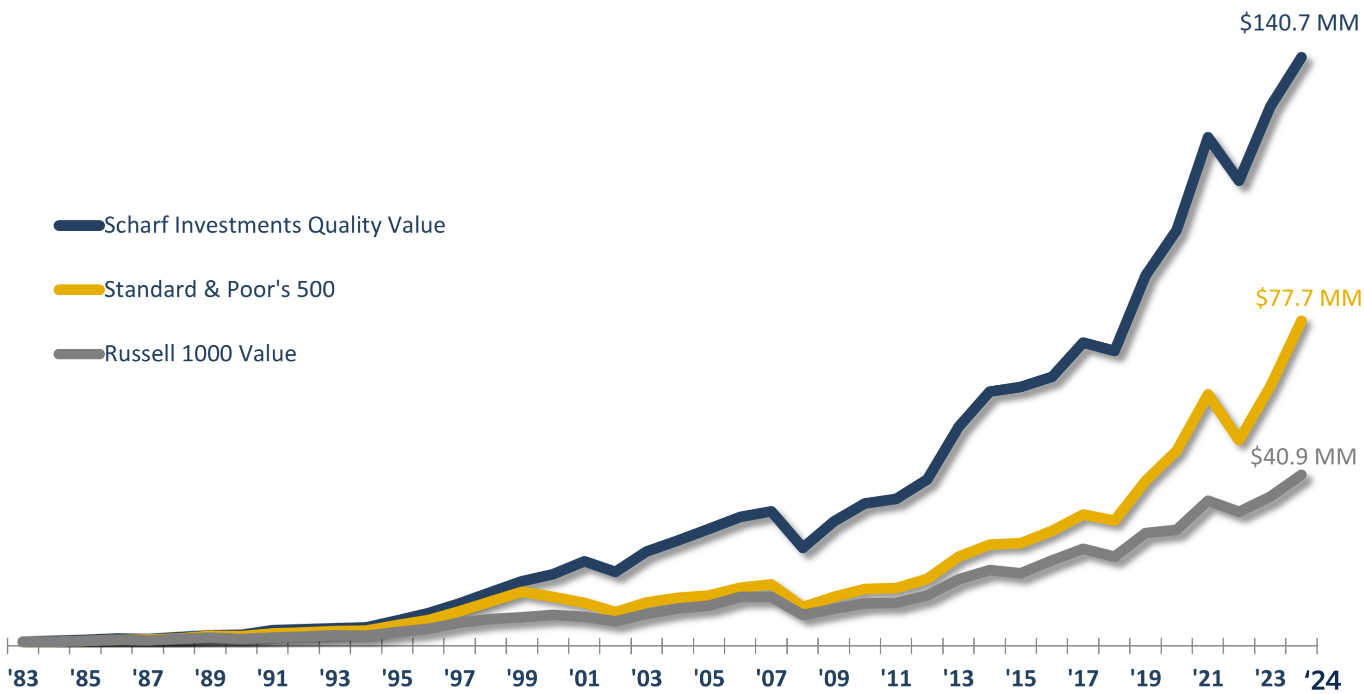
At Scharf Investments, we remain steadfast in our mission to protect and grow your capital, just as we have for over 40 years. Together, we will navigate the path forward with clarity and confidence. We believe our carefully selected portfolio companies are well positioned to perform in any market environment. For over four decades, we have weathered the ups and downs of many market cycles and remain focused on protecting your capital. We are proud of the mountain chart on the following page and believe it demonstrates the power of our simple, yet effective approach to investing. All of us at Scharf Investments thank you for the confidence and trust you have placed in us, and welcome any questions you may have.

Best regards,

Brian Krawez, CFA®

President, Investment Committee Chairman

**Scharf Quality Value: Growth of a $1,000,000 Investment**
12/31/1983 - 12/31/2024 (Net of Fees)




Sources: Bloomberg, Scharf Investments, as of 12/31/2024.
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.
Past performance is no guarantee of future results, and different periods and market conditions may result in significantly different outcomes. Performance for 1989 through 1996 includes all fee-paying, fully discretionary equity accounts open for the entire calendar year. The performance for each year beginning with 1997 includes all fee-paying, fully discretionary equity accounts from their first full quarter under management through their last full quarter under management. Performance for all years reflects the reinvestment of dividends and other earnings, along with the deduction of trading commissions and other costs including management fees. No guarantee can be made that the composite performance is the statistically accurate presentation representing performance of any specific account, as specific account performance depends on investment timing, account specific guidelines, and other factors that vary from account to account. Results were generated using an investment philosophy and methodology similar to that described herein and that Scharf Investments, LLC expects to ontinue to use, but future investments will be made under different economic conditions and in different securities. Further, the results do not reflect performance in all different economic cycles. It should not be assumed that investors will experience returns, if any, comparable to those shown above. 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 performance to the market index shown is inappropriate because the index is more diversified than the portfolios generating such performance and represents only unmanaged results. Due to these differences, potential investors are cautioned that no market index is directly comparable to the performance shown above.

| Annualized Rates of Return (%) as of December 2024 | 1 Year | 5 Years | 10 Years |
|---|---|---|---|
| **Scharf Quality Value (Net)** | 9.1% | 9.7% | 8.8% |

# Donaldson

FILTRATION SOLUTIONS

OWEN WARREN, CFA®
Research Analyst

Founded in 1915 after the eponymous Frank Donaldson, Sr. invented the world's first effective air cleaner for a tractor engine, Donaldson Company is now a globally leading designer, manufacturer and vendor of industrial filtration products. Headquartered in Minnesota, DCI has a global manufacturing presence, operating out of approximately 150 locations across six continents, including roughly 77 manufacturing and distribution facilities.

With around 2,800 patents related to filtration technology and design, Donaldson's products incorporate custom micro-materials and custom chemistries to prevent the flow of contaminants while enabling the flow of filtrate, thus allowing for more productive, longer-lasting capital equipment. Donaldson's products are installed into commercial vehicles in both "off-road" industries, such as construction, mining and agriculture, as well as "on-road" medium- and heavy-duty trucks, manufacturing environments, and Life Sciences industry processes.

Donaldson sells "first fit" products to original equipment manufacturers and replacement parts to equipment owners in the aftermarket. While first-fit sales are driven by capital equipment purchasing decisions, replacement part sales are driven by asset utilization and are thus less exposed to economic cyclicality. In a decades-long transition, replacement parts sales have increased to approximately two thirds of company sales, which has improved overall earnings predictability.

Successful commercialization of research and development efforts has enabled Donaldson's expansion into new markets and a multi-decade track record of impressive returns on invested capital and earnings growth. Over the last 30 years, Donaldson has grown its Adjusted Earnings per Share at an approximate 11% compounded annual growth rate. Donaldson's consistent free cash flow generation is reflected in its record of paying a regular dividend for 68 consecutive years and increasing its dividend per share for 27 consecutive years.

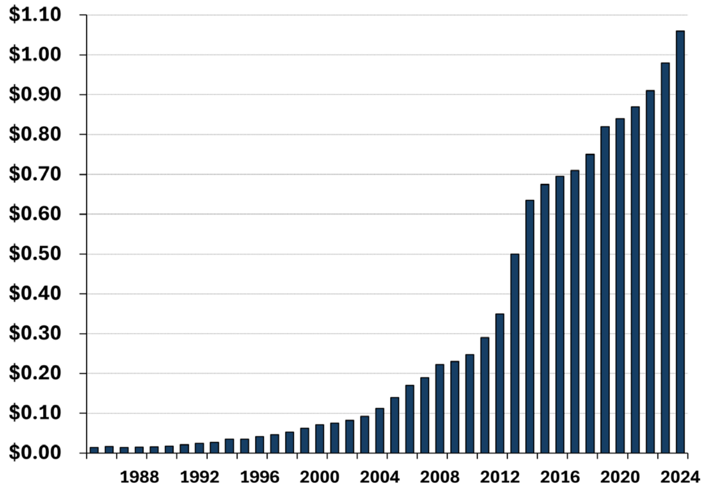
**Entering New Markets**

- **1970's** - Factory Air Filtration
- **1980's** - Disk Drive
- **1990's** - Membranes
- **2000's** - Venting
- **2010's** - Food and Beverage
- **2020's** - Bioproduction

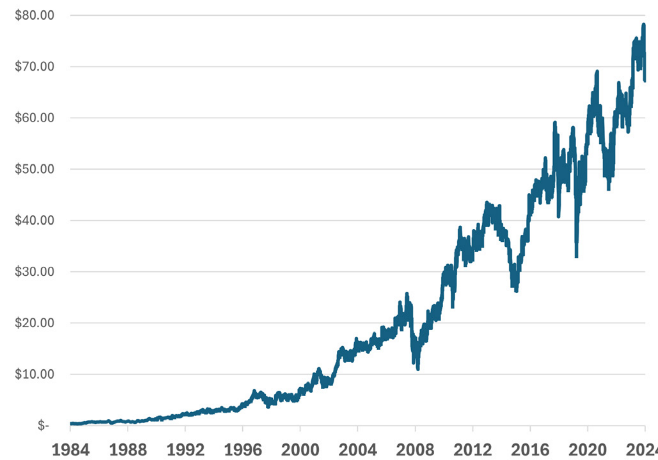
At an approximate 17.5x 2025 forward price-to-earnings (P/E) multiple, Donaldson currently trades near its 10-year median low multiples. We think this reflects excessive investor pessimism associated with the expected replacement of diesel engines in commercial vehicle powertrains, as well as concerns regarding the company's recent expansion into bioprocessing.

Donaldson is well positioned for a gradual evolution in commercial vehicle powertrains. For context, over three quarters of engine-related segment sales are replacement parts for use in previously sold commercial vehicles, as opposed to first-fit products in new commercial vehicles. Further, we expect the transition to alternate powertrains will take longer for off-road commercial vehicles, which Donaldson

**Donaldson Company: Trailing 12-Month Dividend per Share ($), 1984-2024**




**Donaldson Company: Share Price ($), 1984-2024**




has a higher sales exposure to relative to on-road trucks. Finally, Donaldson is well positioned to service the complex filtration needs of alternate powertrains, both with in-market solutions and ongoing product development.

Within the Life Sciences industry, Donaldson's management has identified Bioprocessing as an attractive long-term opportunity, and invested into the sector by making five acquisitions over the last three years. While these investments have yet to yield a meaningful return, we believe this is attributable to a combination of long sales cycles and a recent industry downturn that will prove temporary. Like its established business lines, we believe Donaldson will succeed in bioprocessing through the sale of patented, productivity-enhancing filtration products that can significantly improve customers' efficiency. In bioprocessing, this is achieved by reducing costs or improving process yields.

Sources: Company Reports, Bloomberg, Scharf Estimates.
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.

# MONEY CONVERSATIONS

## Key Considerations for the Year Ahead

**DEBBIE ROBINSON**
Sr. Director of Wealth Management

Happy New Year from all of us at Scharf Investments! As we start 2025, we wanted to make you aware of several significant updates and changes in the 2025 Federal Tax Guide that taxpayers should be aware of.

**1. Inflation Adjustments to Tax Brackets**

The federal income tax retains seven tax rates: 10%, 12%, 22%, 24%, 32%, 35%, and 37%. For tax year 2025, the top 37% rate applies to single filers with incomes over $626,350 and married couples filing jointly with incomes over $751,600. Other brackets have been adjusted for inflation accordingly.

**2. Standard Deduction Increases**

- **Married Couples Filing Jointly:** The standard deduction rises to $30,000, an $800 increase from 2024.
- **Heads of Household:** Increases to $22,500, up $600 from 2024.
- **Single Filers and Married Individuals Filing Separately:** Each sees an increase to $15,000, a $400 rise from 2024.

**3. Alternative Minimum Tax (AMT) Exemption Adjustments**

- **Unmarried Individuals:** The exemption amount increases to $88,100, with the phase-out beginning at $626,350.
- **Married Couples Filing Jointly:** Exemption rises to $137,000, with phase-out starting at $1,252,700.

**4. Expiring Tax Provisions**

Certain provisions from the Tax Cuts and Jobs Act (TCJA) of 2017 are set to expire after 2025, potentially impacting taxpayers:

- **Standard Deduction and Personal Exemptions:** The increased standard deduction and suspension of personal exemptions may revert to pre-TCJA levels.
- **Itemized Deductions:** Limitations on itemized deductions, such as the state and local tax (SALT) deduction cap, are scheduled to expire, which could affect taxpayers who itemize.

**5. Child Tax Credit Enhancements**

The Tax Relief for American Families and Workers Act introduces changes to the Child Tax Credit:

- **Credit Amounts:** The maximum refundable credit increases incrementally, reaching $2,000 per child for tax year 2025.
- Child Tax Credit income tax threshold is up to $200,000, and for joint filers, it is up to $400,000.

**6. 401(k), 403(b), and 457 plan Contribution Limit**

- **Standard Contribution Limit:** The annual contribution limit for 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan will increase to $23,500, up from $23,000 in 2024.
- **Catch-Up Contributions for Ages 50 and Over:** The catch-up contribution limit for individuals aged 50 and over remains at $7,500, allowing for a total contribution of up to $31,000 for these individuals.
- **Enhanced Catch-Up Contributions for Ages 60 to 63:** Under the SECURE 2.0 Act, individuals aged 60 to 63 can make increased catch-up contributions. Starting in 2025, these individuals can contribute an additional $11,250, bringing their total potential contribution to $34,750.

**7. Qualified Charitable Distributions from an IRA**

- A qualified charitable distribution (QCD) can be a great way to reduce required minimum distributions (RMDs) and optimize the tax benefits of giving. For tax year 2025, you can donate up to $108,000 directly from your IRA to a charitable organization.

**8. Annual Gift Exclusion and Lifetime Gift Exemption**

- For 2025, the annual gift tax exclusion allows individuals to give up to $19,000 per recipient without incurring gift tax or needing to file a gift tax return. Married couples can combine their exclusions to give up to $38,000 per recipient tax-free.
- Additionally, the lifetime estate and gift tax exemption has increased to $13.99 million per individual (or $27.98 million for married couples), allowing tax-free transfers up to these limits over a lifetime. However, under current law, these exemptions are set to decrease significantly in 2026, potentially reducing the individual exemption to approximately $7 million.
- Certain types of gifts remain exempt from taxation, including gifts to a U.S. citizen spouse, direct payments for tuition or medical expenses, donations to qualified charities, and contributions to political organizations.

**New Year – New Goals**

The beginning of a new year is the perfect time to consider reviewing your financial goals and reviewing the following financial checklist:

☑ We recommend that clients review their short-term, mid-term and long-term financial goals at the beginning of each year.

☑ Review your overall asset allocation. Scharf Investments can help you review your overall asset allocation to ensure you are appropriately allocated based on your risk tolerance, investment objectives, financial goals and timeline.

☑ Review your retirement account beneficiaries to make sure that they are current.

☑ Execute or update your financial plan by utilizing Scharf Investments complimentary financial planning services. This is a great way to make sure you are on track to meet your financial goals.

☑ We recommend analyzing your short-term cash needs and moving those funds into cash or a cash equivalent.

There's more to your financial picture than just investing. A sound financial plan covers insurance, taxes, retirement, estate planning, and a myriad of other topics. We have recently assisted clients with setting up 529s to help them save for their grandchildren's college expenses. A 529 is a great way to save for college – at a high level, it is a tax-advantaged account that can be used to pay for qualified educational expenses. Another added benefit, especially for those who may be paying estate taxes, is that a 529 may be "superfunded." In other words, you can contribute five times the annual gift exclusion ($19,000 in 2025). Said simply, you can contribute $95,000 in a given year ($190,000 if you are married) and that would not only give your child/grandchild a head start on saving for college, but it would also help move money out of your estate. For example, if you and your spouse have three grandkids, you would be able to move a total of $570,000 out of your estate without cutting into your lifetime gift exemption.

We are also launching a webinar series covering various financial topics as it pertains to building a sound financial plan. **Our first webinar will be online on March 5th at 2pm PT.** Please join and come with questions. More information to come as we get closer to the event.

Your Wealth Management team is here to help you navigate through the different stages of your financial lives. Please do not hesitate to reach out to us if you have any questions or to set up a time to chat with your wealth advisor.

# Strategy Overviews

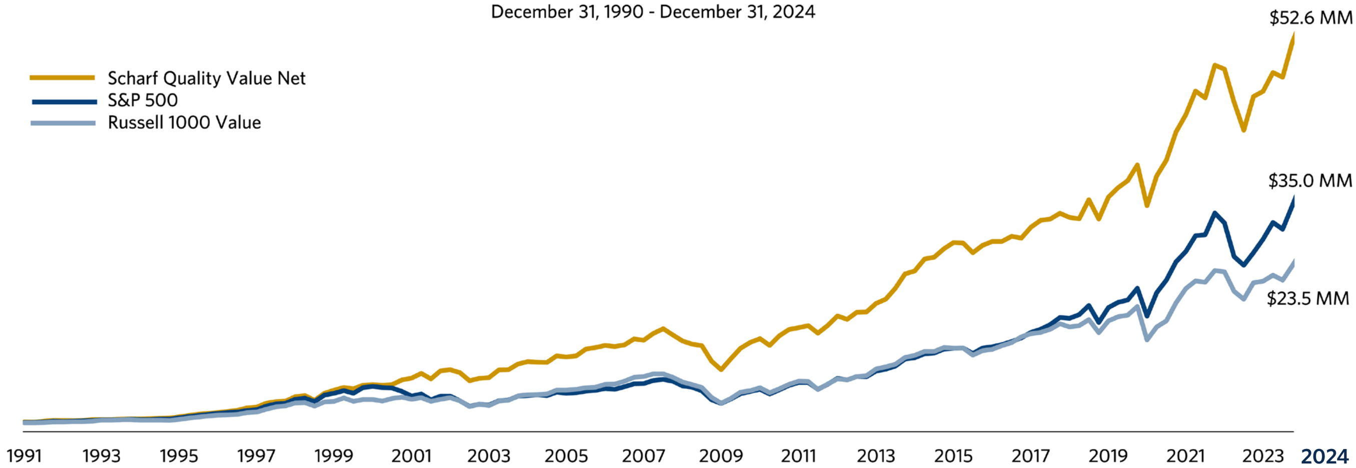
as of December 31, 2024

### Scharf Quality Value (Equity)

The Scharf Quality 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 fourth quarter of 2024, Scharf Quality Value (Equity) account returned -2.6% (net). 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 9.7% for the Russell 1000 Value Index and 11.0% for the S&P 500. In other words, $1 million invested in the Strategy on December 31, 1990, grew to $52.6 million as of December 31, 2024, compared to $35.0 million and $23.5 million for the same $1 million invested in the S&P 500 and Russell 1000 Value, respectively.

Total Net Growth of a $1,000,000 Investment in Scharf Quality Value Composite Since Inception
December 31, 1990 - December 31, 2024




Sources: Bloomberg, Scharf Investments, as of 12/31/2024.
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.
Past performance is no guarantee of future results, and different periods and market conditions may result in significantly different outcomes. Performance for 1989 through 1996 includes all fee-paying, fully discretionary equity accounts open for the entire calendar year. The performance for each year beginning with 1997 includes all fee-paying, fully discretionary equity accounts from their first full quarter under management through their last full quarter under management. Performance for all years reflects the reinvestment of dividends and other earnings, along with the deduction of trading commissions and other costs including management fees. No guarantee can be made that the composite performance is the statistically accurate presentation representing performance of any specific account, as specific account performance depends on investment timing, account specific guidelines, and other factors that vary from account to account. Results were generated using an investment philosophy and methodology similar to that described herein and that Scharf Investments, LLC expects to ontinue to use, but future investments will be made under different economic conditions and in different securities. Further, the results do not reflect performance in all different economic cycles. It should not be assumed that investors will experience returns, if any, comparable to those shown above. 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 performance to the market index shown is inappropriate because the index is more diversified than the portfolios generating such performance and represents only unmanaged results. Due to these differences, potential investors are cautioned that no market index is directly comparable to the performance shown above.

| Annualized Rates of Return (%) as of December 2024 | 1 Year | 5 Years | 10 Years |
|---|---|---|---|
| **Scharf Quality Value (Net)** | 9.1% | 9.7% | 8.8% |

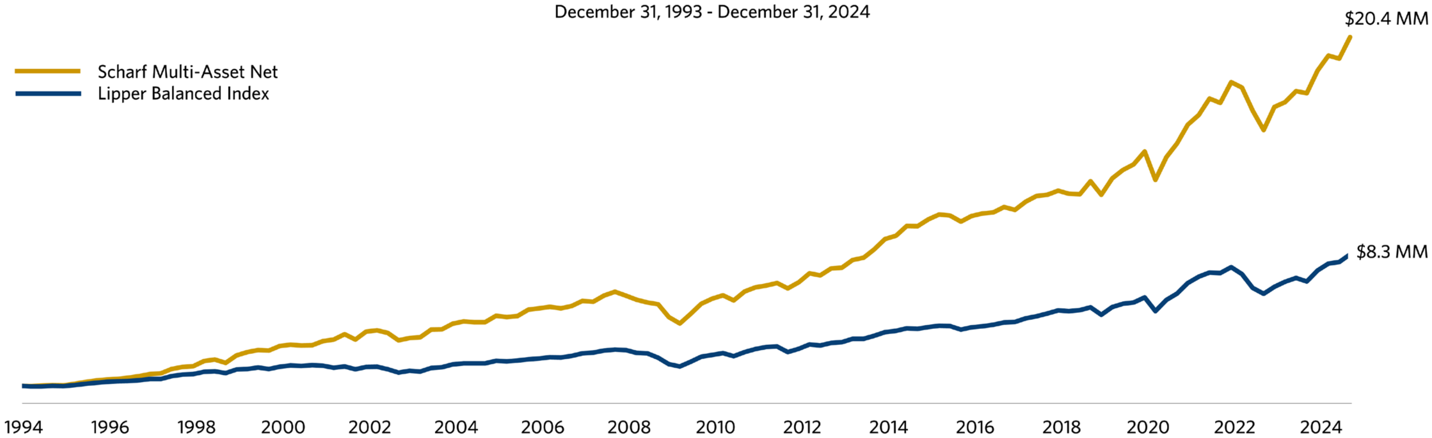
*Our strategy remains focused on identifying undervalued companies with predictable earnings trading at compelling valuations relative to their trading history.*

### Scharf Multi-Asset Opportunity (Balanced)

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.

During the fourth quarter of 2024, Scharf Multi-Asset (Balanced) Strategy returned -1.9% (net). 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 7.1% for the Lipper Balanced Index. In other words, a $1 million investment in a balanced account on December 31, 1993, grew to $20.4 million as of December 31, 2024, compared to only $8.3 million for the same $1 million invested in the Lipper Balanced Index, respectively.

Total Net Growth of a $1,000,000 Investment in Scharf Multi-Asset Composite Since Inception
December 31, 1993 - December 31, 2024




Sources: Bloomberg, Scharf Investments, as of 12/31/2024.
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.
Past performance is no guarantee of future results, and different periods and market conditions may result in significantly different outcomes. Performance for 1989 through 1996 includes all fee-paying, fully discretionary equity accounts open for the entire calendar year. The performance for each year beginning with 1997 includes all fee-paying, fully discretionary equity accounts from their first full quarter under management through their last full quarter under management. Performance for all years reflects the reinvestment of dividends and other earnings, along with the deduction of trading commissions and other costs including management fees. No guarantee can be made that the composite performance is the statistically accurate presentation representing performance of any specific account, as specific account performance depends on investment timing, account specific guidelines, and other factors that vary from account to account. Results were generated using an investment philosophy and methodology similar to that described herein and that Scharf Investments, LLC expects to ontinue to use, but future investments will be made under different economic conditions and in different securities. Further, the results do not reflect performance in all different economic cycles. It should not be assumed that investors will experience returns, if any, comparable to those shown above. 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 performance to the market index shown is inappropriate because the index is more diversified than the portfolios generating such performance and represents only unmanaged results. Due to these differences, potential investors are cautioned that no market index is directly comparable to the performance shown above.

| Annualized Rates of Return (%) as of December 2024 | 1 Year | 5 Years | 10 Years |
|---|---|---|---|
| Scharf Multi-Asset (Net) | 10.3% | 7.7% | 8.7% |

# Committed to Making a Difference

All of us at Scharf Investments support our clients, their families and friends throughout Los Angeles impacted by the wildfires. We have made donations to California Community Foundation to aid in the ongoing relief efforts and bring hope to those in the midst of this historic disaster.

Please know that Scharf Investments is here to support you and assist you in planning for life's unexpected events.

**Scharf Investments Client Appreciation Event and Holiday Dinner**

Our team had a wonderful time connecting with clients at our Client Appreciation Events in December. We were thrilled to meet with nearly 100 new and long-time clients, sharing stories, updates, and gratitude for the trust and support you've placed in us over the years. Afterward, we celebrated together as a team with a festive holiday dinner, reflecting on a meaningful year.

A heartfelt thank you to Los Gatos Wine Cellar and Seascape Resort for their exceptional hospitality and for making the events so special. Here's to another year of growth and partnership!

# EVENTS CALENDAR

We hope to see you at the community events taking place this Winter. Please visit scharfinvestments.com or email service@scharfinvestments.com to learn more.

**Wednesday, January 29**

Scharf Senior Moments Series: Navigating Cognitive Challenges in Aging Family Members

**Online**

2:00 pm PT

**Wednesday, March 5**

Wealth Management Education Series

**Online**

2:00 pm PT

**Monday, March 10**

Los Gatos High School Job Shadow Day

**16450 Los Gatos Blvd, Ste #207**

8:00 am-10:00am PT

## 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 Community.

We value your continued trust in our services. 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**