

Economic Policy Own Goal?

- President's Perspective
- Why Warren Buffett Built a \$334b Mountain of Cash
- Scharf Multi-Asset Receives "Top Gun" Recognition



1
President's
Perspective



6
Why Warren Buffett Built a \$334b Mountain of Cash



9
Scharf Multi-Asset Receives "Top Gun" Recognition



ALSO IN THIS ISSUE

Media Mentions	11
Tax Efficient Investment Strategies and Wealth Planning for 2025	12
Strategy Overviews	14
Community Engagement	16
Events Calendar	17



BRIAN KRAWEZ, CFA®
President, Investment Committee Chairman

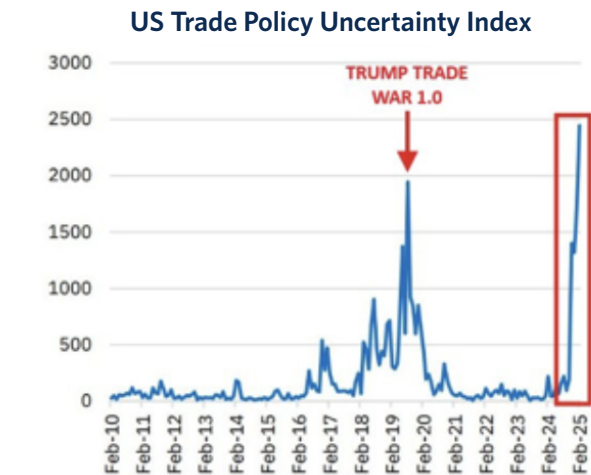
To Our Valued Clients:

Overview of Market Performance in Q1 2025

U.S. equities entered 2025 with sky-high valuations, driven by investor optimism and expectations of pro-business policies. However, this optimism quickly collided with record levels of policy uncertainty. Instead of the anticipated rally, U.S. markets stumbled out of the gate—led by an 8% drop in the NASDAQ. In contrast, long-overlooked international stocks delivered an impressive 5.3% gain for the quarter.



Sources: Bloomberg. . "International Stocks" is represented by the MSCI ACWI ex US Index. "Global Stocks" is represented by the MSCI ACWI Index.

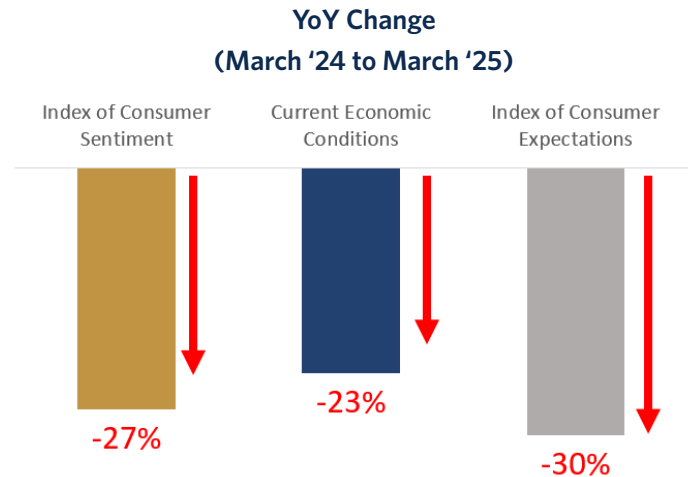


Source: US Federal Reserve. Data as of February 2025.

A key theme this quarter was the shift in market leadership away from mega-cap tech toward a broader set of companies. The S&P 500 Equal Weight Index declined 0.6%, while the so-called "Magnificent 7" dropped 15%. We are pleased to report that all four Scharf strategies—Quality Value, Global, Multi-Asset, and Hedged—posted positive net returns for the quarter.

Liberation Day or an "Own" Economic Goal?

Record policy uncertainty has rapidly shifted investor sentiment from optimism to pessimism. As shown in the charts below, metrics related to consumer sentiment have dropped significantly year-over-year. This swift change has been enough to make any investor's head spin.



Source: : University of Michigan Consumer Sentiment Index, March 2025

What makes these declines especially notable is they appear largely self-inflicted - driven by shifts in economic and diplomatic policy, rather than external shocks like energy spikes, war, pandemics, or financial crises.

An "own goal" in soccer occurs when a player accidentally directs the ball into their own net. It's an unintentional blunder—sometimes unavoidable, always regrettable. Own goals can shift the momentum of the game and impact a team's morale. Given the speed, intensity, and randomness



of soccer, mistakes like this can happen. Just like an ‘own goal’ in soccer shifts momentum in the wrong direction, avoidable policy missteps can have significant consequences that alter the trajectory of the economy and markets. Is current U.S. economic policy causing an “own” goal? We believe recent tariff measures and mixed signals to historical U.S. allies may have disrupted the reinvestment cycle that has traditionally supported U.S. markets.

For decades, U.S. trade deficits have fueled a cycle where foreign sellers of goods and services receive U.S. dollars and typically reinvest those dollars back into U.S. assets. This cycle works in three primary ways:

- 1. Reinvestment into U.S. Goods:** Foreign sellers use the dollars to purchase U.S. goods, which helps reduce the trade deficit.
- 2. Holding Cash:** Foreign sellers may hold onto the dollars as idle cash—an inefficient option and one that’s rarely chosen.
- 3. Reinvestment into U.S. Assets:** The most common choice, where foreign entities invest in U.S. real estate, stocks, or bonds. This drives up asset prices, lowers borrowing costs, and reduces capital costs, all of which have historically bolstered the U.S. economy.

However, recent tariff policies threaten to disrupt this cycle. Efforts to reduce the trade deficit will almost certainly lead to a decline in foreign capital flows into the U.S. This will likely raise the cost of capital, lower stock and real estate valuations, and drive-up interest rates. Rather than strengthening the U.S. economy, these policies could very well score an own goal, disrupting the reinvestment cycle that has been a cornerstone of American economic strength.

Early signals point to a slowdown taking shape, with some GDP forecasts suggesting negative growth for Q1 and rising recession risks. While consensus still expects double-digit S&P 500 earnings growth in 2025, we remain skeptical, believing that earnings for the broader index are just as likely to fall as rise. On a more optimistic note, we believe the companies in our portfolio should prove much more resilient

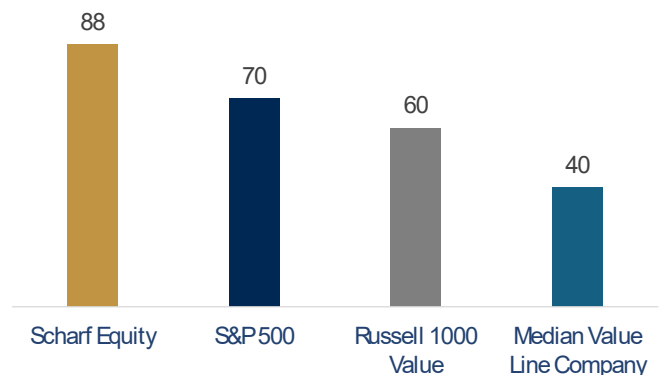
than the broad indices.

While there remains a possibility that recent tariffs could be reduced through negotiations, the damage to confidence has already been done. U.S. exports are likely to face setbacks from retaliatory measures, deepening the economic strain. Further escalation—driven by policy decisions—remains largely avoidable. Without a swift change in course, however, the U.S. risks eroding its own economic strength, with unintended consequences that could be far-reaching.

Portfolio Positioning

Our goal is durable appreciation over long periods. We seek to own businesses with unique competitive advantages, a difficult to duplicate product or service, superior management, a history of thoughtful capital allocation and high returns on capital – all at a valuation which permits a stock to appreciate to multiples of its current price. A key to investing this way – particularly in a market characterized by policy uncertainty, recession risks, and elevated multiples is patience and discipline. In selecting securities our focus remains on three primary screening criteria: (1) earnings growth, (2) earnings predictability, and (3) margin of safety.

Earnings Predictability



Source: Value Line, Scharf Investments. Data as of 3/31/25 .

1. High Quality, Low-Risk Business Models

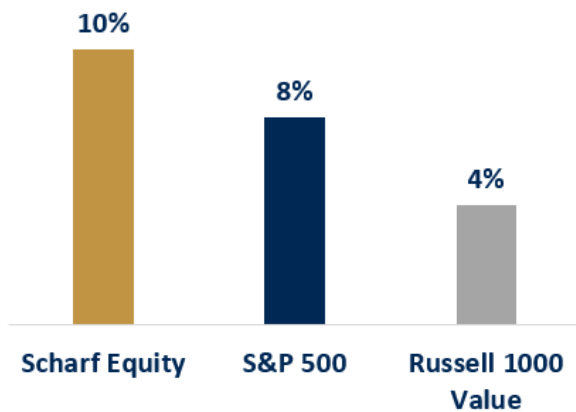
We target companies with predictable profit growth across market cycles, focusing on high-quality, low-risk business models, such as those with recurring revenues or essential,

non-discretionary products. Examples include Berkshire Hathaway, McKesson, Fiserv, Centene, and Novartis, which offer strong earnings predictability through stable, less economically sensitive long-term earnings streams. As a result, we believe the Scharf portfolio offers superior earnings predictability.

2. Sustainable Earnings Growth Over Time

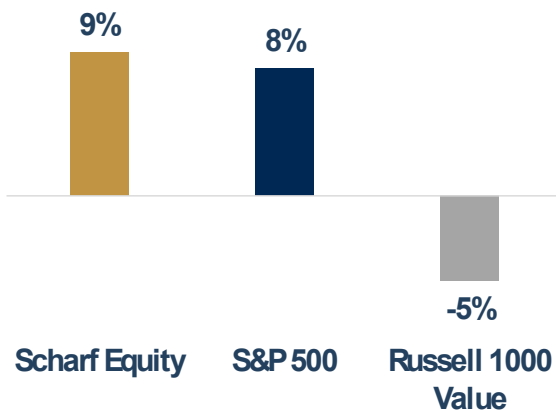
We believe stock prices generally track earnings over the long term, so our approach is data-driven and focused on evaluating expected earnings growth. As shown in the chart below, Scharf portfolio companies outperformed the S&P 500 and Russell 1000 Value indices in earnings growth over the past 10 years and in 2024. Looking ahead, we believe earnings for Scharf portfolio companies will grow in-line or ahead of these indices.

10-Year Trailing EPS Growth Rate



Source: Bloomberg, Scharf Investments. Data as of 3/31/25.

2024 Earnings Growth



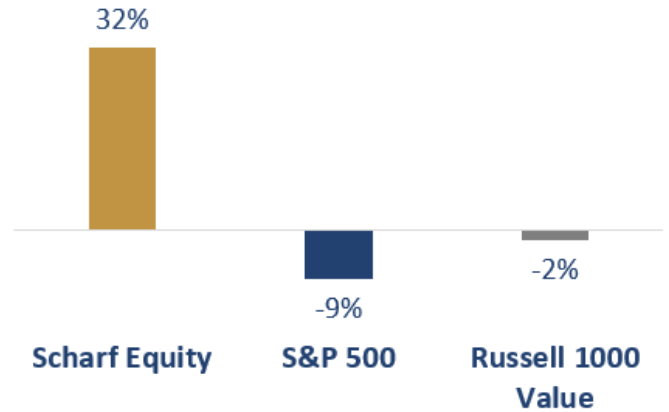
Source: Bloomberg, Scharf Investments. Data as of 3/31/25.

3. Margin of Safety: Strong Favorability Ratio

We prioritize margin of safety by targeting companies trading below their historical valuation ranges, seeking stocks with strong “favorability” ratios—those that we believe offer more upside than downside. These stocks are expected to provide protection against losses while presenting greater potential for gains. As shown below, our

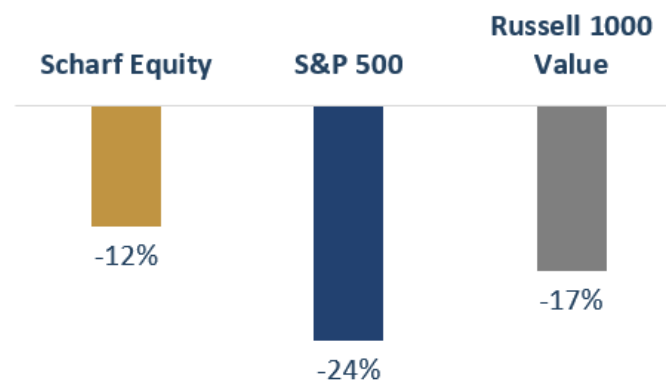
portfolio has historically higher upside and lower downside risk compared to the S&P 500 and Russell 1000 Value indices, based on their historical median high and low valuations. This strategy of focusing on companies near the lower end of their valuation ranges is designed to maximize returns while reducing risk.

Upside to Median High P/E



Source: Bloomberg, Scharf Investments. Data as of 3/31/25.

Downside to Median Low P/E

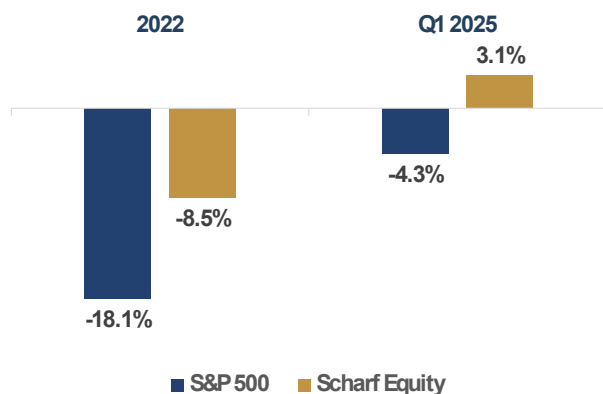


Source: Bloomberg, Scharf Investments. Data as of 3/31/25.

Safeguarding Your Future

At Scharf Investments, we remain dedicated to safeguarding and growing your capital, as we have for over 40 years. We are committed to protecting our clients’ capital and have successfully navigated multiple market cycles, including several significant downturns. We are proud of the fact that since 1984, the Scharf Quality Value equity strategy has outperformed the S&P 500 in every negative calendar year. One way to quantify this downside protection is through a metric called downside capture. Downside capture measures the percentage by which a portfolio declines relative to the S&P 500 in down markets. Since 1997, the downside capture of Scharf Quality Value equity has been 64%. In practical terms, if the S&P 500 declines by 10%, our equity portfolios have historically declined by approximately 6.4%. More recently, in 2022 (the most recent calendar year index decline), when the S&P 500 fell 18.1%, our equity portfolios declined only 8.5% net (roughly 46% downside capture). In Q1 2025, while the S&P 500 dropped 4.3%, Scharf equity rose 3.1%.

2022 and Q1 2025 Returns



Source: Bloomberg, Scharf Investments. Data as of 3/31/25.

While the current market is marked by heightened uncertainty and volatility, the Scharf investment process aims to mitigate capital loss by investing in companies with predictable earnings at prices that already account for potential risks. We believe our portfolio companies are better positioned for durability, less downside risk, and stronger long-term growth prospects than the broader market. As a result, for most long-term investors, doing nothing during stock market declines is often the best course of action. Even in difficult market environments we believe the disciplined investor can still earn satisfactory returns. For example, the decade of the “aughts” (1999 to 2010) was

marred by two massive corrections leading to cumulative gains over 11 years of only 5% for the S&P500. Our equity portfolios in contrast earned a respectable 114% cumulative net of fees. We believe this highlights the potential benefits of active portfolio management, especially in today’s market climate.

We are proud of our long-term track record, which underscores the effectiveness of our simple yet disciplined approach to investing. All of us at Scharf Investments deeply value your trust and confidence. We encourage ongoing discussions about your asset allocations and wealth management needs, and we look forward to continuing this journey with you.

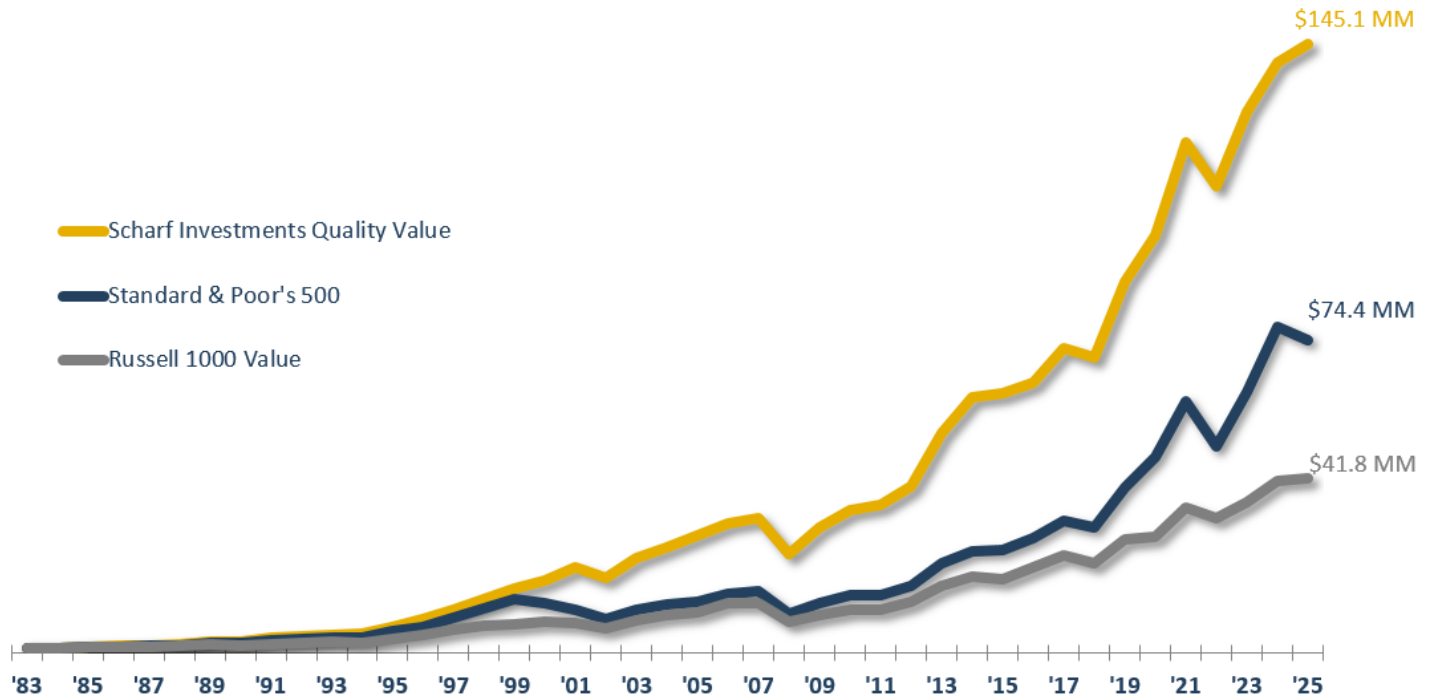
Best Regards,

Brian Krawez, CFA®

We understand that your risk tolerance and financial objectives can evolve over time, especially during periods of heightened market volatility. In the current environment of policy uncertainty and fluctuating asset values, it's crucial to ensure your investment strategy remains aligned with your long-term goals. At Scharf Investments, we offer tailored solutions designed to adapt to market changes while keeping your specific needs in mind. Whether you're seeking to preserve capital during uncertain times or capitalize on emerging opportunities, our team is here to help you navigate these shifts and adjust your portfolio as needed.

If you have concerns about your asset allocation in light of recent market developments, we encourage you to reach out for a personalized discussion to ensure your strategy continues to reflect both your current risk tolerance and future aspirations. And if you have friends or family who are feeling concerned about the current market climate, please have them reach out to see how we can help. We are here to support those you care about in managing their investments and achieving their financial goals.

Scharf Quality Value: Growth of a \$1,000,000 Investment
 12/31/1983 - 3/31/2025 (Net of Fees)

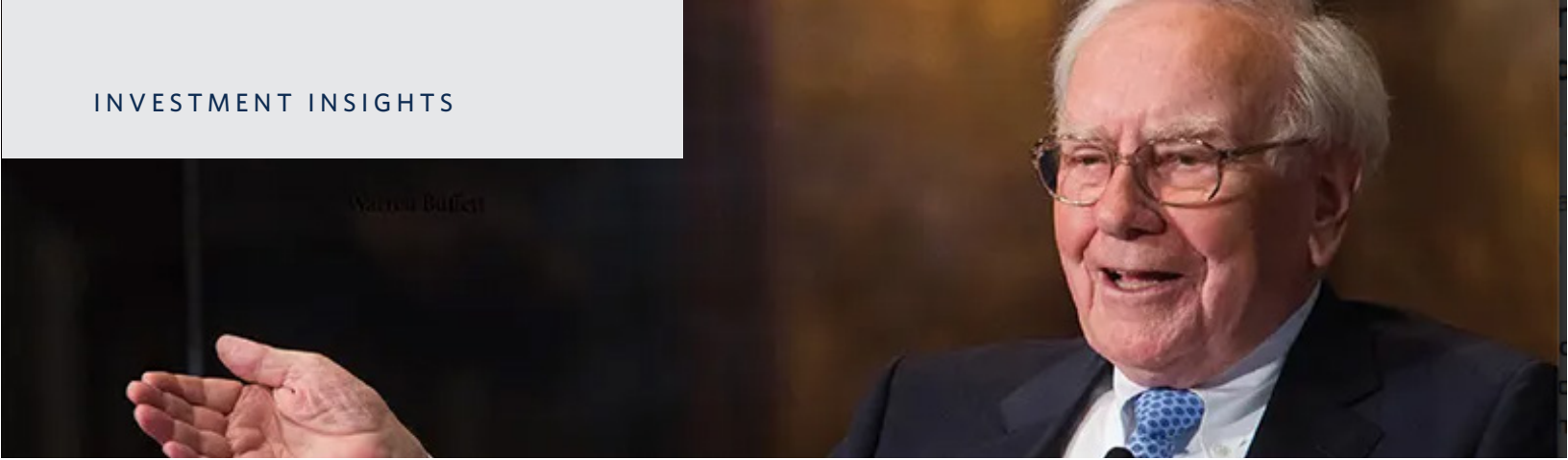


Sources: Bloomberg, Scharf Investments, as of 3/31/2025.

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 continue 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 March 2025	1 Year	5 Years	10 Years
Scharf Quality Value (Net)	5.8%	14.1%	8.7%



Two Financial Concepts Help Explain Why Warren Buffett Built a \$334 Billion Mountain of Cash

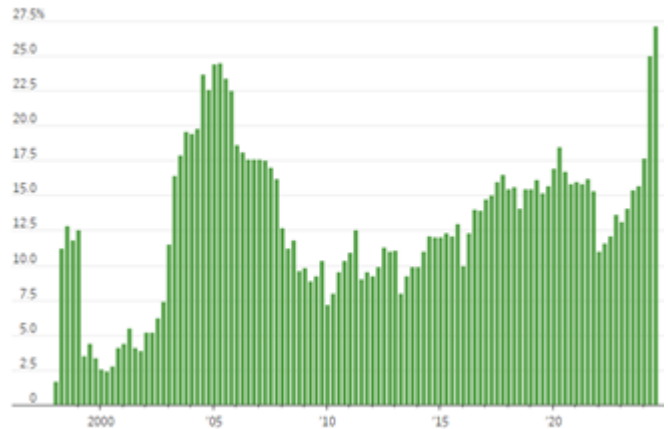


JERRY BEYKE, CFA®
Senior Research Analyst

Around two years ago, in Berkshire’s 2022 Annual Report, Berkshire reported \$125 billion in cash. That was an unremarkable cash position in relation to the fact that Berkshire had Insurance Float Liabilities of \$164 billion and a common stock portfolio of \$309 billion. Since that time, Berkshire has been a net seller of stocks for 8 consecutive quarters, including a 70% reduction in its Apple holding. In the most recent 2024 Annual Report, Berkshire now reports holding \$334 billion in cash, which is enough cash to buy all of the outstanding shares of 475 out of the 500 companies in the S&P 500 Index.

As shown in the chart on the right, cash now represents 28% of Berkshire’s overall assets, an all-time high, well above the 12% average cash position over the past 30 years. It is also unusual for Berkshire’s \$334 billion in cash to outweigh the \$272 billion market value of common stocks at year-end. Buffett minimized the cash subject in his Annual Shareholder Letter and wasn’t really as candid as he could have been at opening up more about the \$334 billion “elephant in the room.”

Berkshire Hathway cash as percentage of assets



Source: Dow Jones Market Data
Note: Cash defined as cash and equivalents plus Treasury bills, minus payables for purchases of Treasury bills

Warren Buffett’s annual letter to shareholders did not fully elaborate on the “elephant in the room”—Berkshire’s \$334 billion accumulation of cash after 8 straight quarters of net stock sales. Our theory may explain the *real reason why* cash has grown.



Given that Buffett missed the opportunity to enlighten us regarding his thinking in his Annual Letter, then, for those of you who are curious, I will speculate on why Buffett has accumulated such an unusually large cash reserve. In my view, there are two reasons behind why Buffett has such a recent fondness for cash instead of stocks. Reason #1 is that the **"Equity Risk Premium"** for large cap stocks became too small to properly compensate investors for the risks involved in owning stocks versus cash. If the Equity Risk Premium falls to 0% (or below zero), then Buffett would view cash as a uniquely undervalued asset because of the fact that cash has an **"Option Value."**

Alice Schroeder, author of Snowball, says, *"Buffett thinks of cash differently than most investors. He appreciates the **Optionality** of cash. He thinks of cash as a call option with no expiration date, an option on every asset class, with no strike price."* If you understand the Option Value of cash, then you can more properly appreciate the value of being able to confidently scoop up a bargain stock if it happens to become available down the road.

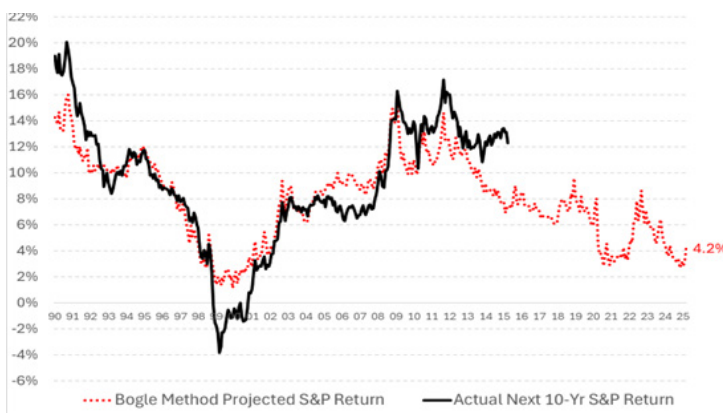


ICE BofA US High Yield Index Option-Adjusted Spread



Source: Ice Data Indices, LLC via FRED

Bogle Method S&P 10-Yr Forecasts vs Actual Results

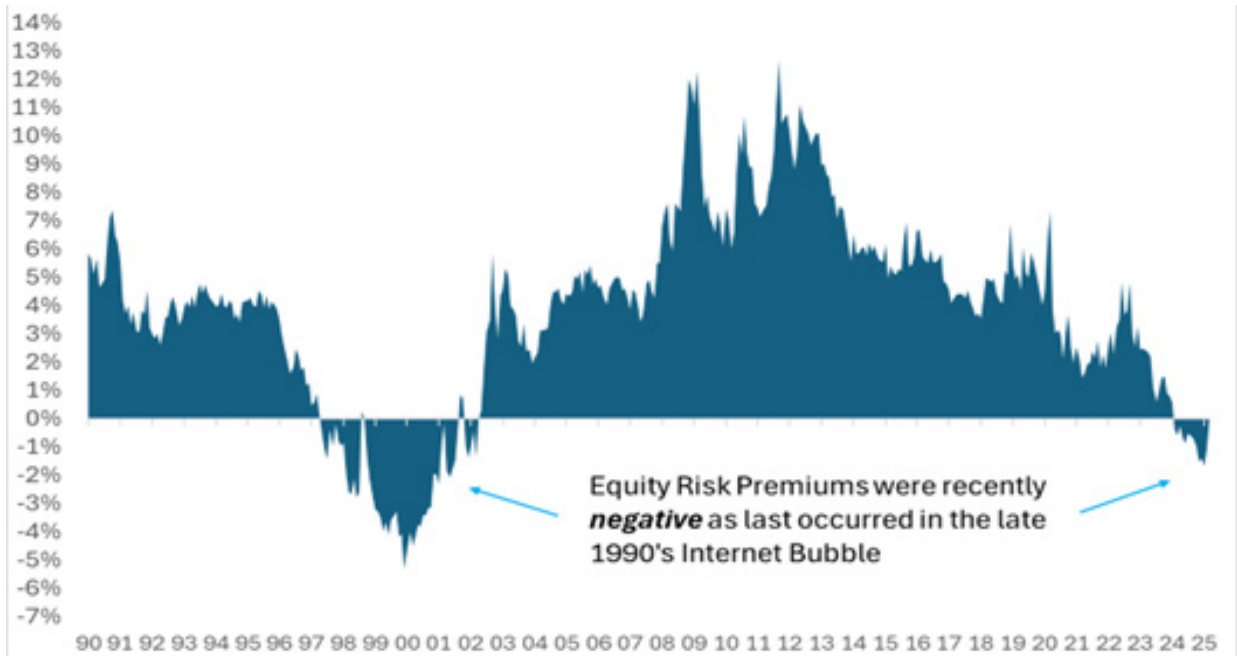


Source: Bloomberg.

In order to measure the Equity Risk Premium for the stock market, first we need to estimate reasonable return expectations for the next decade. I used Jack Bogle's "Occam's Razor" method for estimating next-decade S&P 500 total returns. Bogle's method is to add the Dividend Yield plus EPS Growth (assumed to be constant at 6.3%/year) plus Change in P/E (assumed to regress to the mean of 15.8x). The chart on the left shows that Bogle's return forecasts have tracked the direction and level of actual 10-year returns reasonably well historically. Given today's elevated stock valuations, this model forecasts only a **4.2% annual return** for the S&P 500 over the next 10 years, which implies a **negative Equity Risk Premium** over the return of riskless treasuries.

Equity Risk Premiums

Est'd S&P 500 Return Minus 10-Yr T-Note Yield



Source: Bloomberg.

Buffett has often said that he doesn't have any idea about what the Dow or the economy is likely to do in the short term. Buffett does not try to "time the market" based upon guesses about where the Dow will be 6-12 months from now. On the other hand, I would contend that **Warren Buffett is astute enough to recognize when the Equity Risk Premium has fallen to an unsustainably low level.** When the S&P 500 was recently trading at a 23x P/E on estimated year-ahead earnings, a popular figure of speech was that the "stock market was priced for perfection". Buffett also understands that cash is more than just a way to safely earn a modest return. Buffett believes that cash also has an option value.

There was an excellent recent article written by the Financial Times entitled, "*Certainty is now a scarcity in markets: capricious*

policies from Washington have created a very unpredictable economic environment." Larry Fink, the CEO of BlackRock, recently said that "Every time I talk with a client or business leader they tell me that they are more anxious about the economy than any time in recent memory." It was only a few weeks ago that stocks were priced for perfection and the equity risk premium was zero. Today, the equity risk premium is rapidly being re-priced higher to reflect all of the uncertainties about tariffs and global trade. Berkshire shareholders can be grateful that Buffett has \$334 billion in long-term free "options" that Buffett can exercise at stock prices where Buffett sees a bargain.

Sources: Bloomberg, Scharf Estimates.
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Scharf Investments has managed a multi-asset investment strategy since 1988. This strategy – sometimes referred to as a balanced strategy – combines Scharf equity with a fixed income (including commodities) allocation, resulting in a portfolio offering both growth and income. The standard allocation is generally 70% stocks and 30% Multi-Asset. However, many Scharf clients have customized Multi-Asset allocations to fit their risk and return preferences.

Scharf’s Multi-Asset strategy was recently recognized as a “Top Gun”, an achievement earned by only a handful of the top-performing Multi-Asset strategies for the 5-year period ending December 31, 2024 by PSN, an independent advisory organization whose focus is to rank and evaluate various investment strategies. The public recognition of Scharf’s Multi-Asset strategy is the result of 10.7% annualized returns net of fees since inception compared to 7.9% for the Lipper Balanced index, which is an index of peer balanced funds. Contributions from both stocks and fixed income allocations have contributed to Scharf outperformance since inception.

The equity allocation in Scharf’s Multi-Asset strategy leverages the same rigorous screening criteria as the firm’s core Quality Value equity strategy. Specifically, portfolio companies are selected based on: (1) earnings growth, (2) earnings predictability, and (3) margin of safety.

The fixed income component of the portfolio is characterized by quality bonds, preferred stocks, closed end funds, and selected commodities – including a long-held allocation to gold. These assets are designed to produce income and reduce return volatility.

Outperformance In Down Markets

The combination of Scharf equity with income producing low volatility assets has resulted in a solution with an exceptional track record of outperformance during periods of stock market declines. Per the table below, Scharf’s Multi-Asset composite has outperformed the S&P 500 net of fees in all negative return calendar years since inception. During these periods, the average return of the S&P was negative 13.8% and the average for the Lipper Balanced index was negative 7.0% while the Scharf Multi-Asset composite averaged only a 0.9% loss. Even more impressive, including this past quarter, during half of the eight periods the S&P declined, the Scharf Multi-Asset composite had a **positive** net return. These results during tough markets are a testament to our investment process and we believe disciplined investors can still make money in down markets. Case in point, from December 1999 to December 2009 the S&P **lost** 9.1% while the Scharf Multi-Asset enjoyed positive returns net of fees of 82.7%.



In sum, Scharf’s Multi-Asset strategy is an efficient way to achieve portfolio diversification and favorable risk adjusted returns via a highly liquid, publicly traded investment vehicle. The strategy tends to outperform in periods of elevated market volatility.

If recent stock market index declines have you concerned, and/or you are thinking about updating your asset allocation, Scharf’s Multi-Asset strategy may be a good fit for you. Please contact us and talk to your Scharf Wealth Advisor about Scharf’s Multi-Asset strategy.

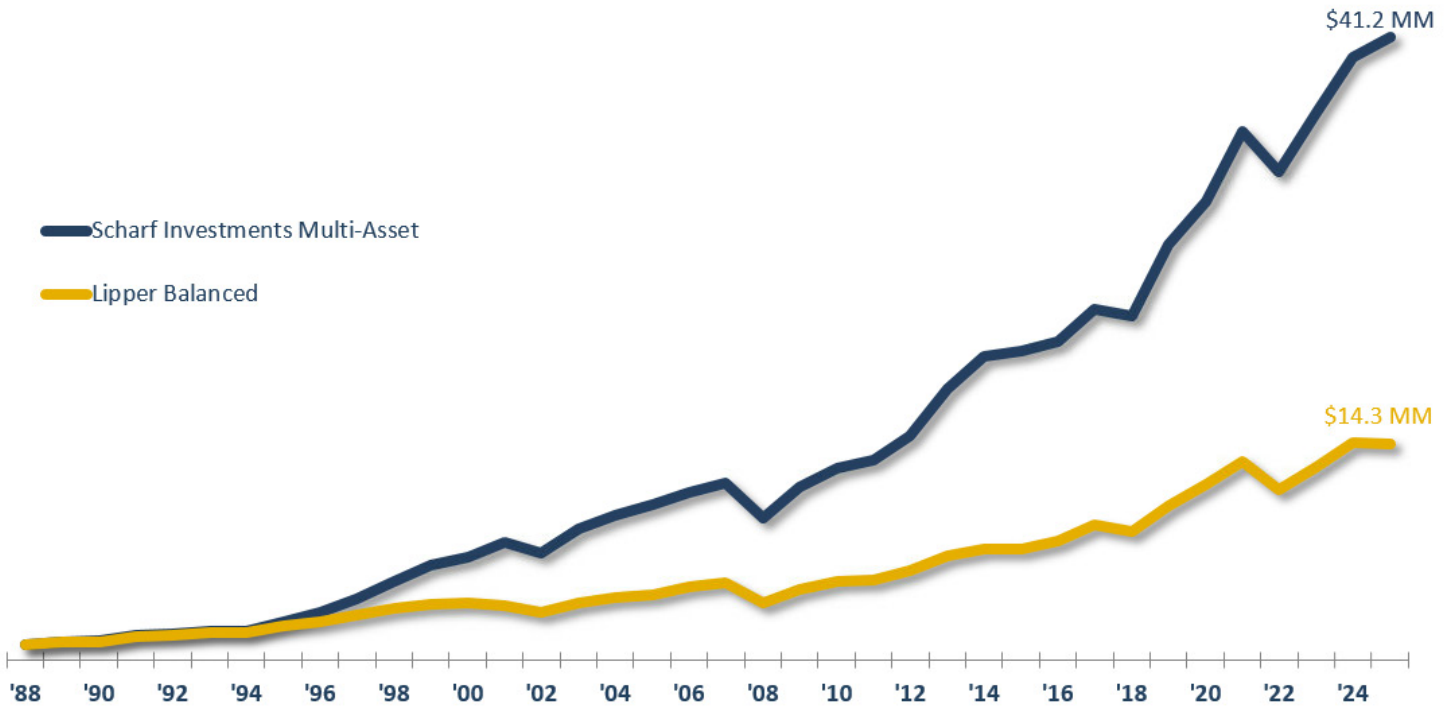
Scharf Multi Asset Returns in Calendar Years when the S&P 500 Declines, Since Inception

Year	Scharf Multi-Asset (Net)	S&P 500	Lipper
1990	4.4%	-3.2%	0.7%
2000	8.8%	-9.1%	2.4%
2001	15.2%	-11.9%	-3.2%
2002	-9.1%	-22.1%	-10.7%
2008	-19.8%	-37.0%	-26.2%
2018	-1.9%	-4.4%	-4.7%
2022	-7.7%	-18.1%	-14.4%
Q1 2025	3.3%	-4.3%	-0.2%
Average	-0.9%	-13.8%	-7.0%

Source: Scharf Investments. Data as of 3/31/25.

Total Net Growth of a \$1,000,000 Investment in Scharf Multi-Asset Composite Since Inception

12/31/1988 - 3/31/2025 (Net of Fees)



Sources: Bloomberg, Scharf Investments, as of 3/31/2025

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Scharf Investments' President Brian Krawez, was quoted in a recent Barron's article on top holding McKesson.

BARRON'S

"McKesson Gets Drugs to Patients. Buy the Stock for Healthy Returns."

by Teresa Rivas and Al Root

..."You're paying a below-market multiple for a lot more certainty and better growth," says Brian Krawez, president and portfolio manager at Scharf Investments, who notes that McKesson's roughly 11% growth rate over the past decade is better than the S&P 500's. His fund owns the shares.

"When you put it all together, it's a company with really high market share, a really high-cost advantage, one that's focused on the U.S. and a part of the economy that is less volatile," he says. "It should be far more insulated" than many other companies, no matter what happens with trade and other domestic policy changes in Washington, D.C....

Read the full article here: <https://www.barrons.com/articles/buy-mckesson-stock-price-pick-41b894f8>

MONEY CONVERSATIONS

Highlights from Scharf Investments' Q1 2025 Wealth Management Education Series

Tax Efficient Investment Strategies and Wealth Planning for 2025



DEBBIE ROBINSON
Senior Director of Wealth Management

Tax Advantaged Investment Accounts

1. Required Minimum Distributions (RMDs)

We kicked off discussing RMDs—mandatory withdrawals from tax-deferred retirement accounts that begin at age 73 or 75, depending on your birth year. Many retirees are surprised to find their taxable income remains high in retirement due to these required withdrawals.

Calculating your RMD doesn't have to be complicated. While the IRS formula can feel overwhelming, tools from Schwab and Fidelity make it easy to estimate both current and future RMDs. And of course, the Scharf team is here to help you make sense of it all and ensure your tax planning stays on track.

2. Qualified Charitable Distributions (QCDs)

QCDs allow IRA owners aged 70 or older to give directly to charities—up to \$108,000 annually—while reducing taxable income. A QCD not only fulfills your RMD requirement but also helps offset its tax impact. Scharf can facilitate these transactions for you, making charitable giving simple and rewarding.

3. Inherited IRA Distributions

Inherited IRAs are a great wealth transfer tool, but new rules demand attention. Starting in 2025, beneficiaries must take annual RMDs on inherited IRAs or face a 25% excise penalty.

This rule applies if the original owner passed after 2019, and the waiver for missed distributions ends this year. Scharf can help calculate these RMDs and ensure compliance with the updated regulations.

4. Roth Conversions

Converting a Traditional IRA to a Roth IRA means paying taxes now in exchange for tax-free growth and withdrawals later. Roth conversions can reduce future tax liabilities and avoid RMDs altogether. However, they come with income considerations and may impact Medicare premiums. Scharf works closely with clients to create customized Roth conversion strategies that minimize tax impacts and support long-term goals.

5. 401(k) Contributions and Catch-Up Opportunities

Maximizing 401(k) contributions remains a cornerstone of retirement planning. For 2025, the employee contribution limit is \$23,500.

- Ages 50–59 and 64+: Eligible for an additional \$7,500 catch-up contribution
- Ages 60–63 (starting in 2025): Eligible for a higher catch-up contribution of \$11,250

For those approaching RMD age, these opportunities can make a big difference in boosting retirement savings.



Healthcare and Tax Efficiency

6. Medicare Premium Planning (IRMAA Strategies)

Medicare premiums are tied to income levels (MAGI), and high earners may face additional charges (IRMAA). We explored strategies like Roth conversions and QCDs to manage MAGI and reduce future Medicare costs. Bunching deductions and timing income strategically can also help minimize these expenses.

7. Health Savings Accounts (HSAs)

HSAs offer a triple tax advantage: tax-deductible contributions, tax-free growth, and tax-free withdrawals for qualified medical expenses. Available to those with a high-deductible health plan, HSAs are a valuable tool not just for healthcare expenses but also for retirement planning—funds can even be used to pay Medicare premiums in the future.

Estate Planning and Lifetime Giving Opportunities

The current federal estate and gift tax exemption is historically high at \$14.0 million per person (or \$28.0 million per couple). We discussed ways to reduce taxable estates and make meaningful gifts:

8. Charitable Giving from Taxable Accounts

Donating highly appreciated stocks can provide a double benefit: a charitable deduction for the fair market value and avoidance of capital gains tax. Scharf can help identify the most advantageous assets to gift and manage the paperwork.

9. Donor-Advised Funds (DAFs)

DAFs offer flexibility for charitable giving. Clients can contribute assets now—claiming an immediate tax deduction—while granting funds to charities over time. Scharf partners with Fidelity and Schwab to make DAFs simple to establish and manage.

10. College Savings Plans (529s)

529 plans remain an excellent way to save for education expenses, offering tax-free growth and withdrawals. Contributions may also qualify for state-specific tax benefits. We touched on annual gift tax exclusions and “super funding” options for those interested in front-loading contributions.

Investment Solutions: Actively Managed ETFs

We concluded with a spotlight on actively managed ETFs, which offer clients tax-efficient investment strategies designed to complement their broader wealth plans. In 2H 2025 Scharf investments in launching a suite of new, actively managed ETF strategies. Scharf ETFs may be a good fit for many clients – particularly those with taxable accounts. If of interest, please follow-up with your Scharf wealth advisors on this topic.

Final Thoughts

Our Q1 2025 session reinforced the importance of thoughtful tax and estate planning, especially as laws and regulations continue to evolve. Whether you’re managing RMDs, considering a Roth conversion, or planning charitable gifts, the Scharf Investments team is here to guide you through every step.

Please reach out to your advisor with any questions or to discuss how these strategies might fit into your personal plan.

Our next Wealth Management Education Series Webinar is scheduled for Wednesday, June, 4, 2025 at 1PM PT.



Strategy Overviews

as of March 31, 2025

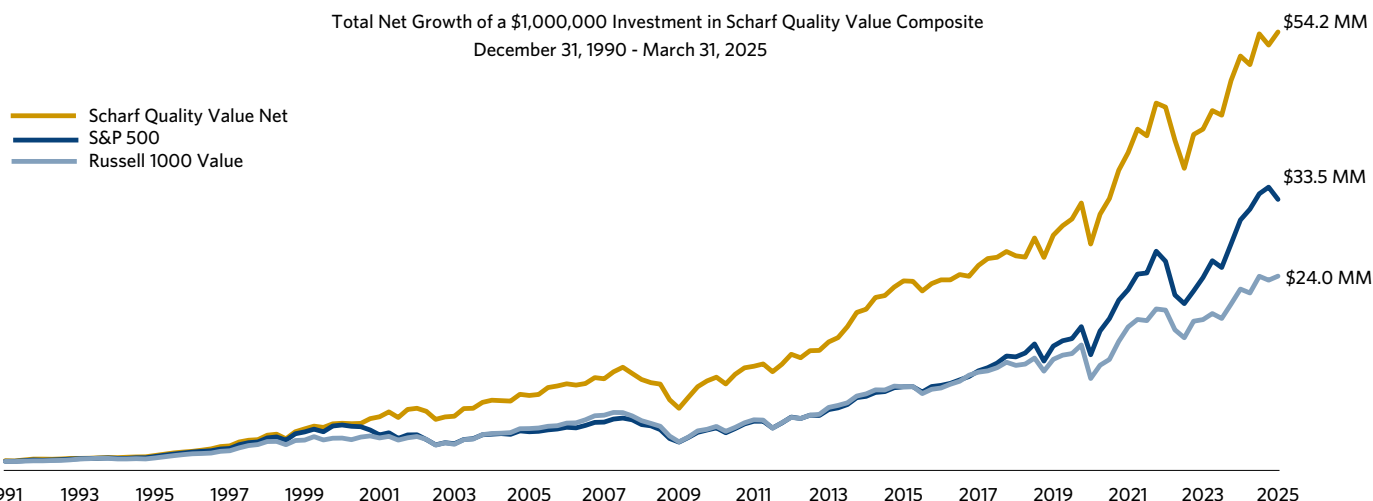
Scharf Quality Value (Equity)

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 first quarter of 2025, Scharf Quality Value (Equity)

account returned 3.1% (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 10.8% for the S&P 500. In other words, \$1 million invested in the Strategy on December 31, 1990, grew to \$54.2 million as of March 31, 2025, compared to \$33.5 million and \$24.0 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
December 31, 1990 - March 31, 2025



Sources: Bloomberg, Scharf Investments, as of 3/31/2025. This chart depicts returns since the strategy was GIPS-verified in 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.

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 continue 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 March 2025	1 Year	5 Years	10 Years
Scharf Quality Value (Net)	5.8%	14.1%	8.7%



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

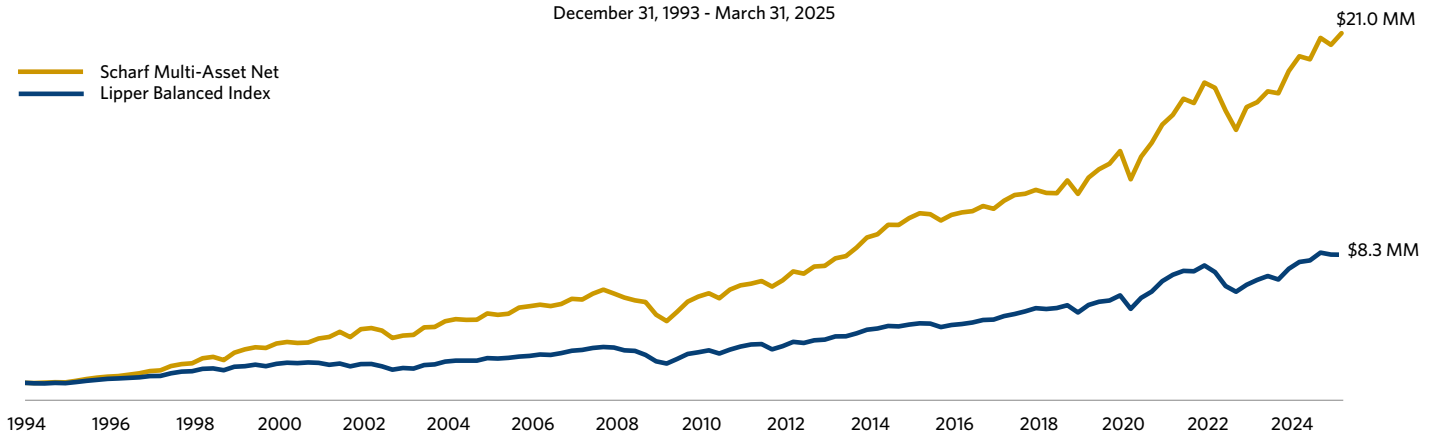
Scharf Multi-Asset Opportunity (Balanced)

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 first quarter of 2025, Scharf Multi-Asset (Balanced) Strategy returned 3.3% (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 7.0% for the Lipper Balanced Index. In other words, a \$1 million investment in a balanced account on December 31, 1993, grew to \$21.0 million as of March 31, 2025, 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
December 31, 1993 - March 31, 2025



Sources: Bloomberg, Scharf Investments, as of 3/31/2025. This chart depicts returns since the strategy was GIPS-verified in 1993.

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 each year beginning with 1997 includes all fee-paying, fully discretionary balanced accounts from their second full quarter under management through their last full quarter under management. Performance prior to 1996 includes all fee-paying, fully discretionary balanced accounts open for the entire calendar year. 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. Performance reflects the reinvestment of dividends and other earnings and the deduction of trading commissions and other costs. 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. Results were generated using an investment philosophy and methodology similar to that described herein and that Scharf Investments expects to continue 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. For comparison purposes only, the composite is measured against the Lipper Balanced Mutual Fund Average for the years 1994-2004 and the Lipper Balanced Fund Index from 2005 forward. Lipper Balanced Fund indicators track total return performance of selected funds within the category. The percentage allocated to stocks, bonds and cash within the balanced account portfolios may differ greatly from the percentages allocated within the benchmark. Therefore, potential investors are cautioned that no market index is directly comparable to the performance shown above.

Annualized Rates of Return (%) as of March 2025	1 Year	5 Years	10 Years
Scharf Multi-Asset (Net)	6.7%	10.7%	7.0%

Scharf Investments Client Appreciation Event: Galentine's Day

We celebrated Galentine's Day with some of our clients in Santa Cruz at Petroglyph Ceramic Lounge. Debbie Robinson, our Senior Director of Wealth Management, hosted this group of exceptional ladies. Everyone's creativity shone brightly! We had a fantastic time laughing and painting and enjoying each other's company. It was a great afternoon with ladies celebrating ladies and making memories together.



Scharf is Proud to Support Team Member in Military Service

Scharf Investments is proud to announce that Daniel Sung, a valued member of our investment team, is currently in Taiwan fulfilling his military service. We fully support his dedication to serving his country and admire his commitment to defending democracy.

A native of Taiwan, Daniel is currently on leave to undergo rigorous training, including basic training, combat drills, physical conditioning, and defensive tactics. As a firm, we are proud to support his efforts in safeguarding democratic values and contributing to the security of a free and open society. At Scharf Investments, we believe in the fundamental principles of democracy, individual liberty, and the rule of law—values that underpin both free markets and long-term prosperity.

We also hope Daniel gets to enjoy quality time with his parents and extended family during this period. Daniel's strong work ethic and financial acumen have made him a core contributor to our investment team. We look forward to his return later this year and wish him the best of luck!

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.

Sunday, May 18

Sempervirens Fund Redwoods Festival

Co-sponsored by Scharf Investments

1:00 pm PT

Sempervirens Fund is California's first land trust and the only organization dedicated exclusively to protecting the redwood forests of the Santa Cruz Mountains.

Wednesday, June 4

Wealth Management Education Series

Online

1:00 pm PT

Investment in securities involves significant risk of loss. An investor in any of the strategies managed by Scharf Investments must understand and be willing to accept those risks, including the loss of a substantial amount of any such investment in securities. Those risks include the risk of changes in economic and market conditions, the concentration of investments within a portfolio, and the volatility of securities. Do not use this presentation as the sole basis for investment decisions. Consider all relevant information, including investment objectives, risk tolerance, liquidity needs and investment time horizon before investing. The performance data quoted represents past performance; past performance is no guarantee of future results. S&P Index is a market-capitalization weighted index of 500 publicly traded companies in the U.S. It is not possible to invest direct into an index. Lipper Balanced Index Average is an index of open-end mutual funds whose primary objective is to conserve principal by maintaining at all times a balanced portfolio of both equities and bonds. It is not possible to invest direct into an index.

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.



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