SCHARF INVESTMENTS

THE BIG Picture

Q2 2025

When the Tide Turns: How Policy Shifts Are Redefining Market Leadership

- President's Perspective
- Artificial Intelligence and Earnings Growth
- The "One Big Beautiful Bill Act": Key Takeaways

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.

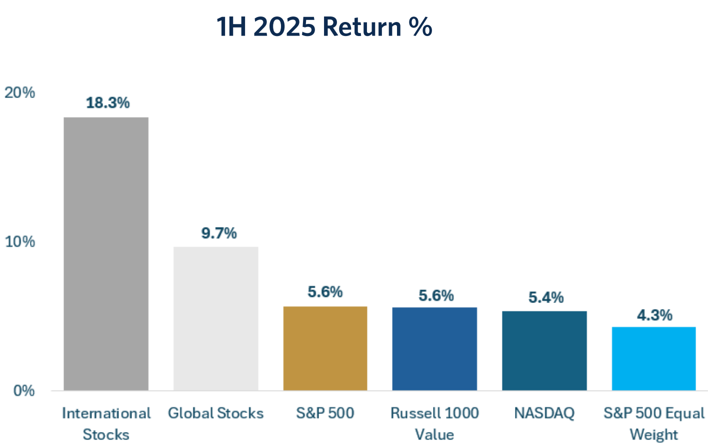
BRIAN KRAWEZ, CFA®
President, Investment Committee Chairman

To Our Valued Clients:

Overview of Market Performance in 1H 2025

For an investor that went to sleep for the first half, markets would appear deceptively calm. Markets entered the halfway point of 2025 on a high note, with the major U.S. indexes setting new all-time highs. But as any seasoned investor knows, headlines often obscure the underlying reality. Under the surface, important structural shifts are taking shape, some of which could define the next decade of global market leadership. This year has been anything but smooth sailing. Through March and April, markets were rocked by tariff announcements, policy ambiguity, and escalating geopolitical tensions, particularly in the Middle East. Oil prices spiked, recession whispers returned, and investors were forced to reassess the path forward. However, fears faded as the implementation of tariffs was delayed, economic data remained broadly resilient, and the worst geopolitical outcomes were avoided.

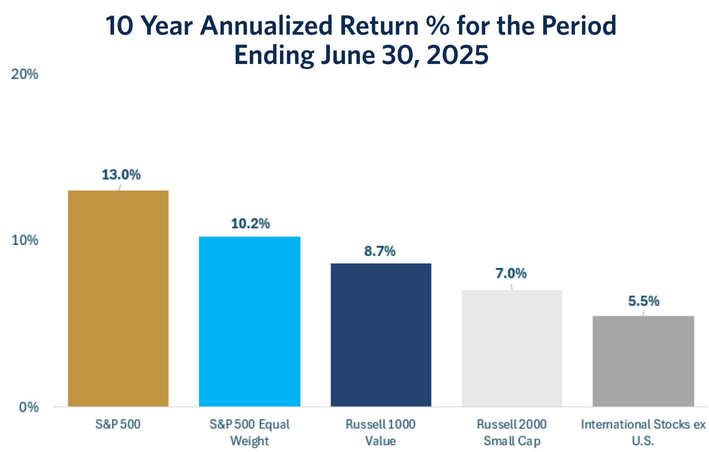
One of the most notable developments this half has been the resurgence of international equities. For the first time since 2017, non-U.S. stocks are on pace to outperform their U.S. counterparts. A sustained stretch of international leadership last occurred in the early 2000s.



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

That era was marked by dollar weakness, commodity strength, and a synchronized global expansion. While today's backdrop is different, the shift may prove long-lasting. This raises a fundamental question facing investors: Has the era of U.S. stock market exceptionalism run its course?

To be clear, we believe U.S. companies continue to lead the world in key areas, including profitability, innovation, and shareholder governance. The U.S. remains home to many of the world's most efficient capital allocators. However, recent policy trends, particularly trade protectionism and surging deficits, are beginning to erode the structural tailwinds that have long supported domestic market, particularly US growth stocks

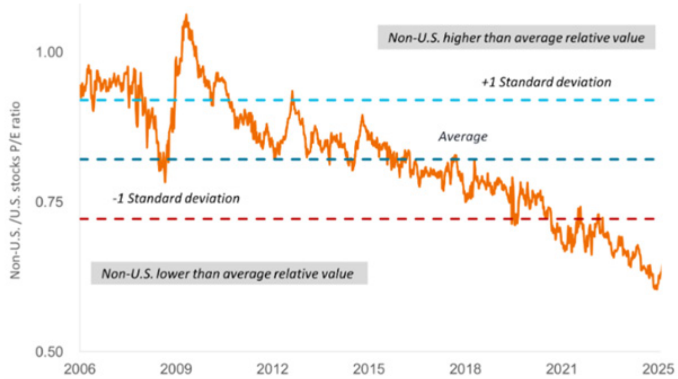


Source: Bloomberg. "International Stocks" is represented by the MSCI ACWI ex US Index.

Macro—A Shift in the Tide?

Over the past decade, American equities benefited not only from earnings growth, but from an embedded reinvestment loop. Dollars sent overseas through trade were recycled back into U.S. stocks, bonds, and real estate. This reinforced high valuations and helped subsidize lower borrowing costs. But if the reinvestment cycle begins to fray—as recent currency, trade, and capital flow dynamics suggest—it may alter the return profile for U.S. assets going forward. For patient investors, compelling opportunities exist outside of the current US market darlings, most notably in value and international stocks. As the chart shows, international stocks are historically cheap relative to U.S. stocks.

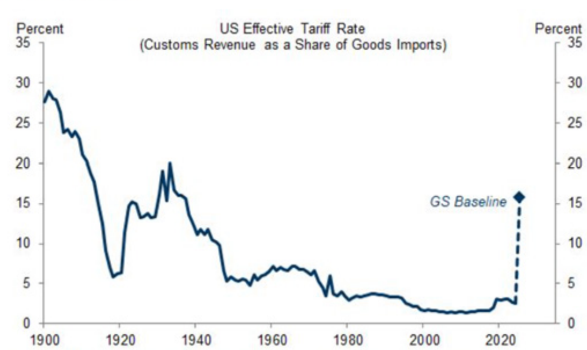
Relative Forward P/E ratio for U.S. and Non-U.S. Stocks



Source: Bloomberg, data from 6 January 2006 to 13 June 2025. P/Es are based on forward 12-month estimated earnings. U.S. stocks = S&P 500 Index. Non-U.S. stocks = MSCI All Country World Index ex USA Index, which captures large- and mid-cap representation across 22 developed markets countries (excluding the U.S.) and 24 emerging markets countries.

New tariff policies mark a significant departure from the past 35 years. Tariff rates, as shown in the chart, are now poised to surge well into the double digits. To put this in perspective, even going back to the 1960s, U.S. tariffs rarely exceeded 5%. These changes mark a clear departure from the post-Cold War era of globalization that shaped markets for the last 30 years. Such a shift has implications: diminished foreign capital inflows, reduced demand for U.S. Treasuries, and potentially higher borrowing costs across the board.

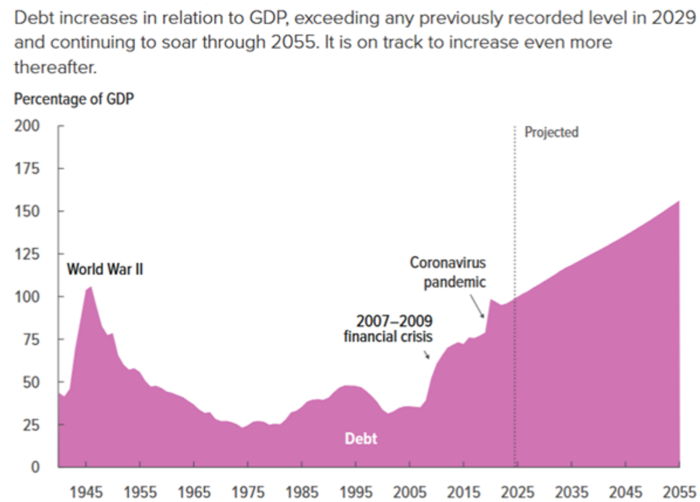
Exhibit 1: The US's Effective Tariff Rate Will Rise Sharply and Probably Remain Elevated for the Foreseeable Future



Source: Goldman Sachs Global Investment Research, Department of Commerce

At the same time, concerns around U.S. debt sustainability are no longer theoretical. Public debt is now approaching levels last seen during World War II, only this time, the surge reflects peacetime policy decisions rather than wartime necessity. The recently enacted Big Beautiful Bill (BBB) adds further pressure to an already concerning fiscal path. While government stimulus can be effective in the short run, excessive public borrowing at this scale introduces real long-term risks: it crowds out private investments, drives up interest rates, and increases the cost of capital, all of which have historically pressured equity valuations.

Federal Debt Held by the Public



Source: Congressional Budget Office. See www.cbo.gov/publication/59014#data.

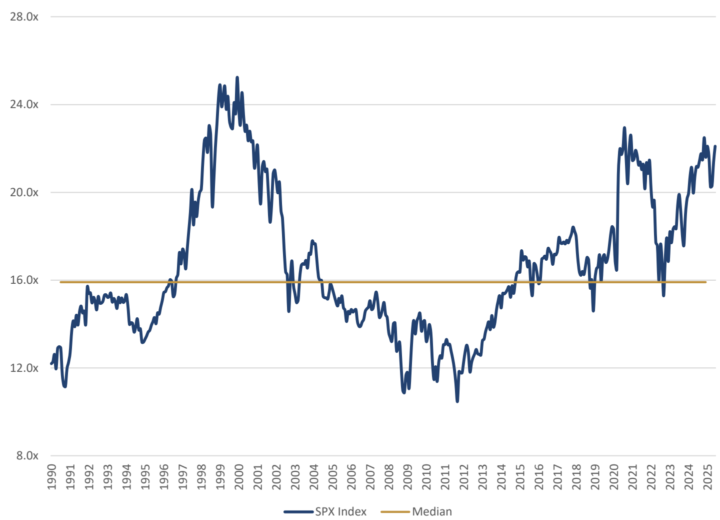
Markets may be starting to take notice. The U.S. dollar has shown signs of strain, declining 10% year-to-date through June 30, the worst start to a year since 1973. This is not an insignificant move. A weaker dollar suggests global investors may be losing confidence in U.S. macroeconomic policy. It also means that while domestic investors have seen asset prices rise, returns have been negative for many foreign investors after accounting for currency effects. These shifts, tariffs, debt, capital flows, and currency weakness, are not occurring in isolation. They are intertwined. And while none of them individually represent a crisis, collectively they suggest that the post-2008 playbook may be ineffective. We believe this moment calls for thoughtful recalibration. The world is changing, and with it, the assumptions that have anchored U.S. market leadership over the past decade.

Expensive U.S. Stock Market

While the underlying economy has remained resilient, it's worth noting that recent market gains have been driven more by valuation expansion than earnings growth. The S&P 500 now trades at 22x earnings—well above its long-term average of around 16x, and in the 92nd percentile relative to the past 30 years. It's reminiscent of the late 1990s dot-com era and the 2021 bull run, when optimism and price multiples expanded well ahead of fundamentals. While valuation is not a good timing tool, it's worth noting that when earnings and valuations diverge, markets have historically returned to more typical relationships over time.

Interestingly, while the broader market appears expensive

S&P 500 Index: Forward P/E Ratio



Source: Bloomberg. Data as of 6/30/25.

to historical standards, a closer look beneath the surface reveals a tale of two cities. The five largest sectors in the S&P 500 now comprise roughly 77% of the index by weight. Among them, Healthcare, Communication Services, and Financials stand out as materially undervalued, each trading below the 15th percentile of their respective 30-year valuation ranges. In contrast, Information Technology and Consumer Discretionary, the two sectors that have driven much of the recent market gains, are historically expensive. Meanwhile, Healthcare is at the cheapest that it has ever been relative to the S&P 500 over the past 30 years.

Scharf Positioned for Opportunity in Historically Undervalued Sectors

Sector	Current P/E	30-year P/E Percentile rank vs S&P 500	Scharf Weights	S&P 500 Weights
Cheap relative to history				
Healthcare	16x	0%	16%	10%
Financials	17x	12%	30%	14%
Communication Services	20x	3%	5%	10%
Expensive relative to history				
Information Technology	30x	63%	14%	33%
Consumer Discretionary	28x	75%	3%	10%
S&P 500	**22x**	**93%**	-	-

Source: Bloomberg, Scharf Investments. Data as of 6/30/25.

True to our focus on valuation and downside protection, approximately 51% of the Scharf Quality Value Strategy is allocated to the three most attractively valued sectors. We believe these holdings offer not only compelling long-term upside, but also resilience should the market correct or economic conditions soften.

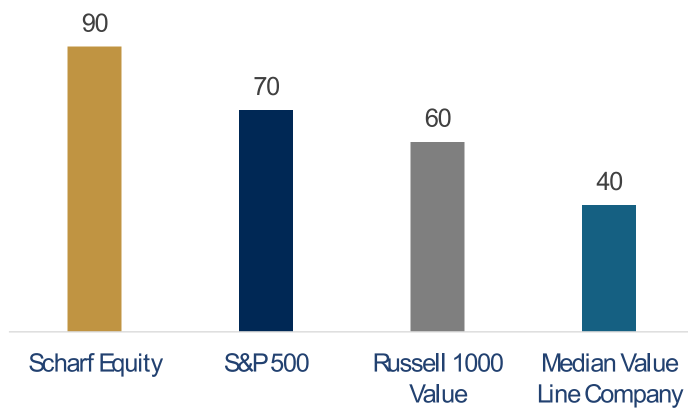
Portfolio Positioning

In an environment marked by shifting policy, elevated debt, and expensive valuations, we remain grounded in the same philosophy that has guided us for more than four decades. Our approach centers on three enduring principles: earnings predictability, sustainable growth, and margin of safety. It is this discipline that has helped our strategy navigate decades of market change.

1. Earnings Predictability

In volatile times, predictability is a scarce and valuable commodity. We focus on companies with consistent, recurring revenue streams, minimal sensitivity to economic cycles, and durable business models. Many of our holdings operate in essential sectors like healthcare, infrastructure, and consumer staples. Companies like Berkshire Hathaway, McKesson, Fiserv, and Novartis are examples of companies with stable earnings profiles, strong balance sheets, and a history of disciplined capital deployment. As shown in the graph below, Scharf Equity ranks well above the S&P 500 and Russell 1000 Value, delivering steadier results and fewer surprises.

Earnings Predictability

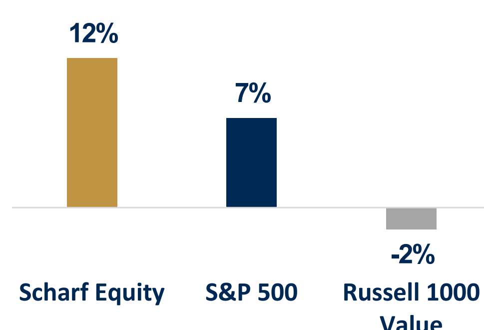


Source: Value Line, Scharf Investments. Data as of 6/30/25.

2. Sustainable Growth

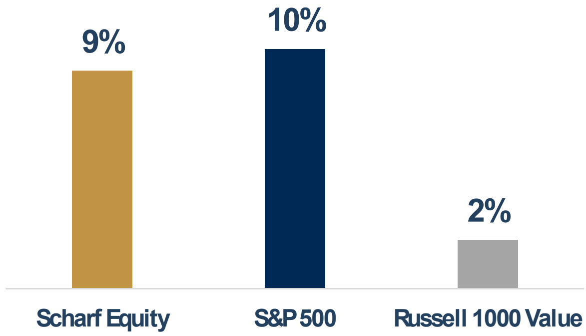
We seek businesses with a track record of delivering real earnings growth, supported by structural advantages such as strong brand equity, industry leadership, or operating leverage. Looking ahead, we believe our holdings remain well positioned to grow earnings in line with or ahead of the market. As shown below, our companies have historically grown faster than the indexes.

10-Year Trailing EPS Growth Rate



Source: Bloomberg, Scharf Investments. Data as of 6/30/25.

2025 Earnings Growth

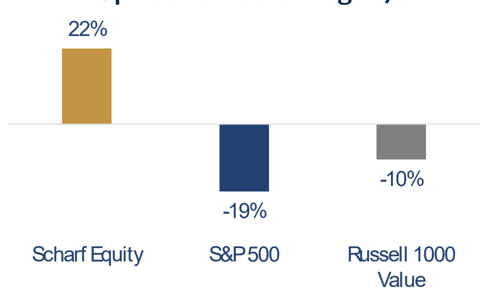


Source: Bloomberg, Scharf Investments. Data as of 6/30/25.

3. Margin of Safety

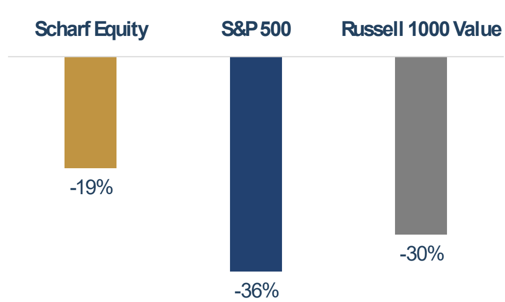
Valuation remains the cornerstone; we own businesses where we believe that the potential reward outweighs risk. While market excitement can lead to periods where expensive stocks get even more expensive, history has shown that paying a reasonable price for quality businesses leads to better outcomes over time. We seek companies trading near the low end of their historical ranges, offering asymmetric upside relative to downside risk. This "favorability ratio" helps protect capital in downturns while positioning us for gains when markets reward fundamentals. As shown below, Scharf Equity has about +22% upside to its median high P/E versus –19 % downside to its median low, better than both the S&P 500 and Russell 1000. This positioning is not accidental—it's the result of a systematic process designed to protect capital. We want to own companies that can do well in good times, and protect value when markets become more challenging.

Upside to Median High P/E



Source: Bloomberg, Scharf Investments. Data as of 6/30/25.

Downside to Median Low P/E



Source: Bloomberg, Scharf Investments. Data as of 6/30/25.

Safeguarding Your Future

The true test of any investment strategy is not how it performs during bull markets, but how it protects capital during difficult periods. Since 1983, our strategy has been defined by its ability to endure. Through recessions, wars, bubbles, inflationary shocks, and black swan events, our investment discipline has held steady. Consider the decade from 1999 to 2010, one of the most difficult periods in modern market history. The S&P 500 delivered just 5% total return over the span, marred by two severe bear markets. In contrast, our equity portfolios posted cumulative returns of 114%. That's the result of a disciplined, repeatable process built around quality, value, and patience. We understand that headlines can be distracting. The temptation to react—either to euphoria or fear—is natural. But our experience has taught us that resilience comes from consistency. While the market may reward speculation in the short term, over the long run, the fundamentals will prevail.

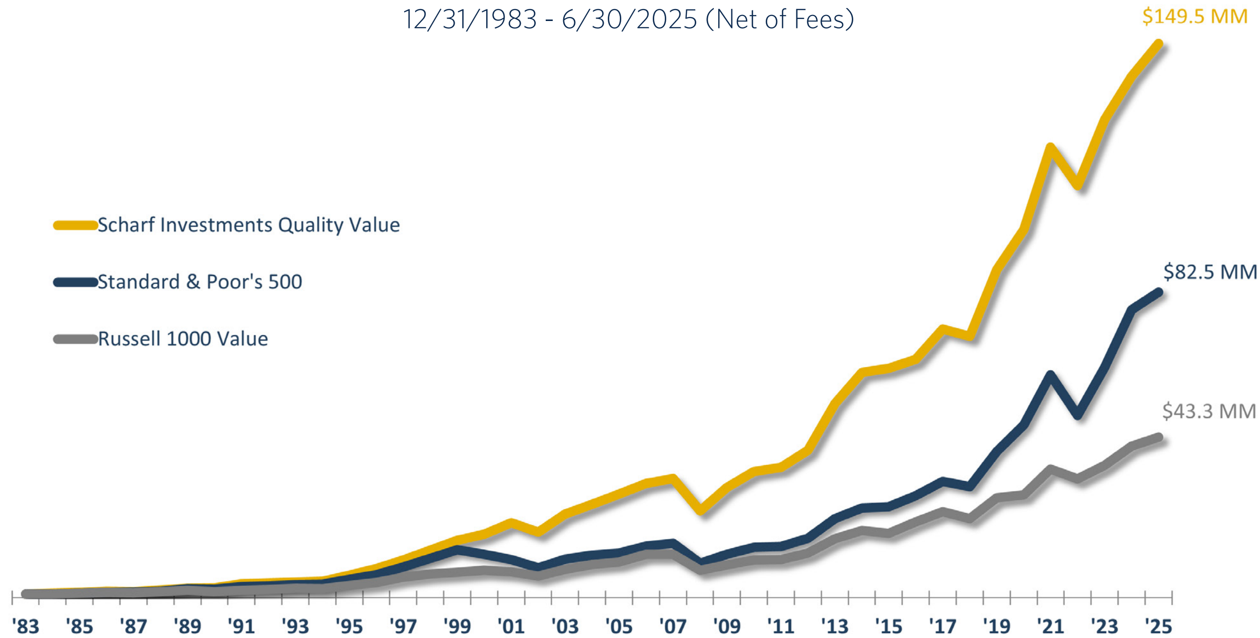
Best Regards,

Brian Krawez, CFA®

President and Investment Committee Chairman

Scharf Quality Value: Growth of a $1,000,000 Investment

12/31/1983 - 6/30/2025 (Net of Fees)



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

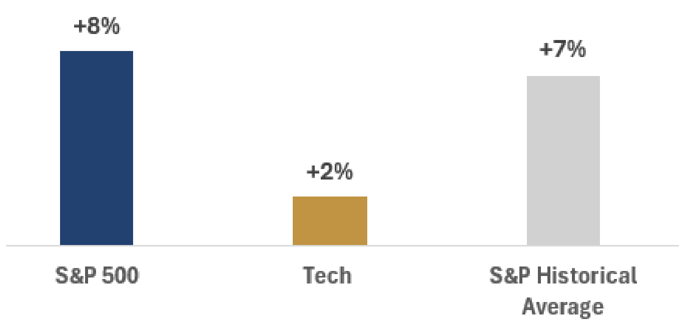
Sources: Bloomberg, Scharf Investments, as of 6/30/2025.
The securities identified and described do not represent all of the securities purchased, sold or recommended for client accounts. The reader should not assume that an investment in the securities identified was or will be profitable.
Past performance 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 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 June 2025	**1 Year**	**5 Years**	**10 Years**
Scharf Quality Value (Net)	11.4%	12.0%	9.1%

Artificial Intelligence (AI) and Earnings Growth

Investors commonly argue that today's exceptionally high stock valuations are warranted due to an AI-driven productivity boom on the horizon. We must take a step back and ask whether history supports these expectations. Before we dream about a future with autonomous vehicles and robotic surgeries, let's remember how prior tech waves delivered only modest earnings growth. In the dot-com era from 1995 to 1999, investors were initially excited as the internet was expected to change everything. While it completely revolutionized many areas of life, for shareholders, the payoff was modest.

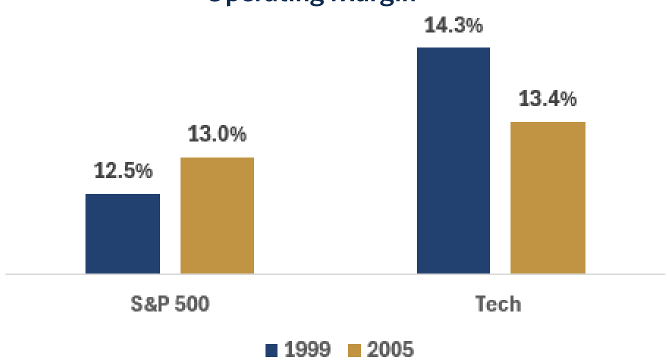
EPS Growth Post Dotcom Disappointed Investors



Source: Bloomberg, Scharf Investments. Data as of 6/30/25. Chart above shows annual earnings per share growth from 1999 to 2005.

Investors were sorely disappointed as from 1999 to 2005 EPS did not accelerate and instead, earnings for the S&P 500 grew about +8% each year, just one percent above the index's long-term average of +7%. The tech sector, which led the charge during the late 1990s, managed just +2% annual growth after the bubble burst as the previous sky-high IT demand quickly cooled. Operating profit margins for the tech sector actually declined by -0.9% during this period, whereas S&P 500 margin improved by a very modest +0.5%. These world-changing innovations, while dramatically improving humans' lives, simply did not produce spectacular market-wide profits.

Operating Margin



Source: Bloomberg, Scharf Investments. Data as of 6/30/25.

The reality is when one company becomes more efficient, competitors quickly follow, and this competition causes prices to fall. In the end, most of the benefits of increased productivity flow to the consumers, not shareholders. Over time, the market still grows at roughly its normal pace. Hence, while advances in AI may bring unprecedented productivity increases, we think those benefits are unlikely to translate into significantly higher market growth and better margins in aggregate.

That lesson matters today. Large U.S. indexes are now heavily weighted towards Artificial Intelligence (AI) stocks. Tech and 'Tech-Like' stocks now make up 41% of the S&P 500, more than twice their share ten years ago. But a lot of this new growth is trading on the expectation for future technology. If AI tech does not meet investors' high expectations, the market's high price-to-earnings ratio could slide back to its long-run median level.

S&P 500 Portfolio Weights 2014 vs Q2 2025

Industry Weight (%)	2014	Q2 2025
Technology & 'Tech-Like'	17%	41%
Financials	16%	14%
HealthCare	13%	11%
Industrials	11%	8%
Energy	10%	4%
Consumer Staples	10%	6%
Consumer Discretionary	8%	5%
Communication Services	6%	3%
Utilities	3%	2%
Materials	3%	2%
Real Estate	2%	2%

Source: Bloomberg. Data as of 6/30/25.

As the legendary hockey player Wayne Gretzky once said, "*Skate to where the puck is going, not where it has been.*" While the general market is very expensive, there are ways to invest that protect the downside. One way is to focus on the lower valuation and more defensive sectors such as Healthcare and Consumer Staples. Following the tech bubble burst in 2000, the Tech sector lost 60% of its value over the ensuing 5 years, while Healthcare and Consumer Staples sectors gained 13% and 19% respectively.

While it was difficult to do, investors that ignored the dot-com hype were rewarded in the end. We think that lesson is as true today as it was back then.

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 -- over $32 billion in sales in 2024 -- 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. Overall, Heineken markets and sells more than 300 brands worldwide. Notable brands for the company include Lagunitas, Dos Equis, Amstel, Tiger, and the Heineken brand.

While Developed Markets such as Europe tend to have slower growth, Heineken has also historically 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, the pricing power and secular growth of these brands has helped the company gain market share over time. The company reports that 2024 premium beer volume was 15% above 2019 levels, compared to around 1% for overall beer volume. In fact, the Heineken brand itself is the fastest-growing premium brand in the industry globally.

Another positive for the Heineken investment case is that U.S. sales account for approximately 5% of overall company revenue. While higher U.S. exposure can often be a positive attribute for stocks, this is arguably not the case when it comes to beer. The U.S. beer market is a low-growth and very competitive market, making it relatively less attractive. Furthermore, with the uncertain backdrop of tariffs and related potential trade war headwinds, Heineken seems relatively well-insulated based on its low U.S. exposure and the fact that the company has localized manufacturing in nearly 95% of the regions it operates in.

While Heineken's stock price has risen more than 20% year-to-date as of this writing, we believe the valuation remains reasonable at just under 15x forward earnings. Heineken still trades at a meaningful discount to its median high P/E ratio of 22x, and the Consumer Staples sector also trades at around 22x forward earnings. These metrics support the case for upside for Heineken's stock if the company continues to report solid results, and we think current trading levels represent an attractive entry-point for long-term investors.

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

HEINEKEN

Barrons, April 30, 2025: Buy This Beer Stock, it's a Solid Buffer Aginst Tariffs

"With all the back and forth on tariffs, one outcome is that people are going to be a lot more interested in European investments as they look outside the U.S. for opportunities," says Brian Krawez, president and lead portfolio manager at Scharf Investments. "Heineken has very little exposure to the U.S., and it's trading cheaply compared to where it has historically, even though we believe it still has decent growth going forward."

https://www.barrons.com/articles/buy-heineken-stock-price-pick-0272508b

MONEY CONVERSATIONS

The "One Big Beautiful Bill Act": Key Takeaways for Tax, Estate & Charitable Planning

MARCUS POTEETE, CFP®
Wealth Management Advisor

In a landmark move, Congress passed the **One Big Beautiful Bill Act (OBBBA)** on July 4, 2025—a sweeping budget reconciliation package that extends core provisions from the 2017 Tax Cuts and Jobs Act (TCJA) and introduces new planning opportunities across income taxes, deductions, charitable giving, and estate strategies.

Extension of Tax Cuts & New Deduction Opportunites

The OBBBA permanently extends the lower individual income tax brackets enacted under the TCJA, preventing an automatic increase in tax rates at the end of 2025. In addition, several new deductions may open planning doors for eligible clients:

- SALT Deduction Increased: The cap on state and local tax deductions (SALT) rises to $40,000 in 2025 and increases by 1% annually through 2029, before reverting to $10,000 in 2030. Phaseouts apply to households with income over $500,000.
- Itemized Deduction Limits for High Earners: Starting in 2026, taxpayers in the top 37% bracket will only receive a 35% benefit for itemized deductions.
- Standard Deduction Increased: For 2025, the standard deduction rises to $31,500 for joint filers and $15,750 for individuals.
- New Deductions (2025–2028):
  - Up to $25,000 in deductible tip income for workers in traditionally tipped roles
  - Up to $25,000 in deductible overtime pay for joint filers
  - Up to $10,000 in auto loan interest (U.S.-built cars only)
  - A $6,000 deduction for taxpayers age 65+ to reduce taxable Social Security income

Estate Planning: A Bigger Window for Wealth Transfers

The OBBBA raises the federal estate, gift, and GST exemption from $13.99 million in 2025 to $15 million per individual ($30 million per couple) beginning in 2026. The exemption will be adjusted for inflation annually and is now considered permanent (though future legislation could still alter it).

Charitable Giving: New Rules for Both Standard and Itemized Filers

The bill creates meaningful changes for philanthropic planning, including:

- Standard Deduction Filers: Beginning in 2026, individuals can deduct up to $1,000 and joint filers up to $2,000 for cash gifts to public charities—excluding private foundations and donor-advised funds (DAFs).

- Itemized Deduction Filers: A new 0.5% of AGI floor will apply beginning in 2026, meaning donors must exceed this threshold to claim a deduction.
- Example: For $1M in AGI, the first $5,000 of gifts provides no deduction.
- New Charitable Tax Credit: Beginning in 2027, donors can receive a credit of up to $1,700 for cash contributions to qualifying scholarship-granting organizations. Contributions used for the credit cannot be deducted.

*Donor-Advised Funds remain a powerful tool, but clients should coordinate timing and vehicle selection carefully. Bunching gifts or using appreciated stock may enhance both impact and tax efficiency.

Family Accounts: New "Trump Accounts" for Children

A novel savings vehicle—known as the Trump Account—launches in July 2026. These are tax-deferred accounts for children under 18, with up to $5,000 in annual contributions, plus:

- $1,000 federal seed funding for children born 2025–2028
- Up to $2,500 in employer contributions, not counted as income
- Restricted investment options and withdrawals before age 18
- Treated as a Traditional IRA after the child reaches 18

What Should You Do Now?

While many provisions take effect in 2026, the time to act is now. Our team is helping clients:

- Evaluate charitable strategies to align with new deduction rules
- Revisit estate documents and gifting plans
- Model how the extended tax brackets and new deductions affect cash flow
- Strategically use Donor-Advised Funds, trusts, and family savings vehicles

At Scharf Investments, we're committed to helping you cut through the noise and make smart, forward-looking decisions. Please reach out to your advisor if you'd like to discuss how these changes impact your financial plan.

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

The Basics of Estate Planning and Why You Should Do It

ASHLEY THOMPSON
Estate Planning Attorney
Beautiful Life Estate Planning

When people hear the term "estate planning," they think it's only for the wealthy or the elderly. In reality, estate planning is something every adult should consider doing, regardless of age, family situation, or financial status. Estate planning is about making sure your assets are protected and your wishes are followed when you're no longer here. At its core, estate planning is about not leaving a mess behind for your loved ones!

What *really* is Estate Planning?

Estate planning refers to the process of proactively planning how your assets — such as your house, bank accounts, investments, and personal belongings — will be distributed after your death. Comprehensive estate planning also covers important decisions regarding your health and financial affairs if you become incapacitated prior to passing away.

Estate planning breaks down into four areas:

1. What happens to your stuff when you die?
2. What happens if you end up in the hospital and are unconscious?
3. What happens to your minor children if something happens to you?
4. What personal or practical things can you leave behind to make life easier for your loved ones after you're gone?

Let's break each of these down.

How do you pass on your stuff when you die?

Generally, passing on your money and possessions is done with two legal documents: a will or a trust.

The main issue with a will is that it does not avoid probate when you die. Probate is the court process your assets go through when you die with your assets in your name. A will doesn't prevent your loved ones from having to go in front of a judge when you die, a will just tells the judge who gets what instead of a statute deciding for you.

Probate is time-consuming, expensive, and public in nature. A trust, as long as you get all your assets out of your name and into your trust, is the best way to avoid a stressful court process for your heirs when you are gone. Simply stated, a trust allows for the peaceful transfer of your property to your loved ones without them having a mess when you die.

What happens if you end up in the hospital and are unconscious?

Who makes health care decisions on your behalf? Choosing the right people to be your health care agents in an emergency is an important part of estate planning. Would you want to prolong your life if you were in an irreversible coma or would you want someone to "pull the plug"? Consider who in your life you'd trust to make health care choices for you if you couldn't make them for yourself. Naming the desired people in an advance health care directive, which outlines your medical wishes, is paramount.

Moreover, who would make the financial decisions that you'd usually make if you weren't incapacitated? A financial power of attorney, which allows someone you trust to make financial and legal decisions on your behalf when you can't make those decisions, is another essential legal document to have in place.

What happens to your minor children if something happens to you?

Who would raise them? Who should not raise them? How do we prevent your minor children from going to child protective services? These are all questions that parents need to answer in an estate planning process. Naming the right people for these roles and having the proper legal documentation to support your choices can make a world of a difference in an emergency. As a parent, proactively naming people for these roles will also give you peace of mind and who doesn't want that?

What personal or practical things can you leave behind to make life easier for your loved ones after you're gone?

Having all the proper estate planning documents in place is only part of the battle. If you pass away, how will your loved ones know where you bank, who you have all your insurance through, and what the password is to your computer? Spoiler alert: your loved ones won't have access to any of this information unless you leave it for them. Making an asset list and putting all your important documents in one place (a place that you tell someone you trust about!) will make a world of a difference when someone is trying to pick up the pieces of your life after you are gone.

Estate Planning is for Everyone

Anyone who owns property, has savings, or wants to make specific arrangements for their loved ones should consider estate planning. Estate planning isn't just about distributing wealth. Estate planning is about protecting your family and giving yourself peace of mind.

Without proper planning, your family could face significant delays, legal battles, and financial losses — all at a time when they are already coping with grief. Taking the time now to create a thoughtful estate plan is one of the most responsible and caring decisions you can make for your loved ones.

While estate planning may seem overwhelming, but you don't have to do it alone. Working with an experienced estate planning attorney will allow you to have a tailored plan customized to your unique circumstances and help you to achieve your goals.

Scharf Investments partners with Ashley and other estate planning attorneys to support our client services. If you would like further information, please reach out to your Scharf representative or email service@scharfinvestments.com.

Strategy Overviews

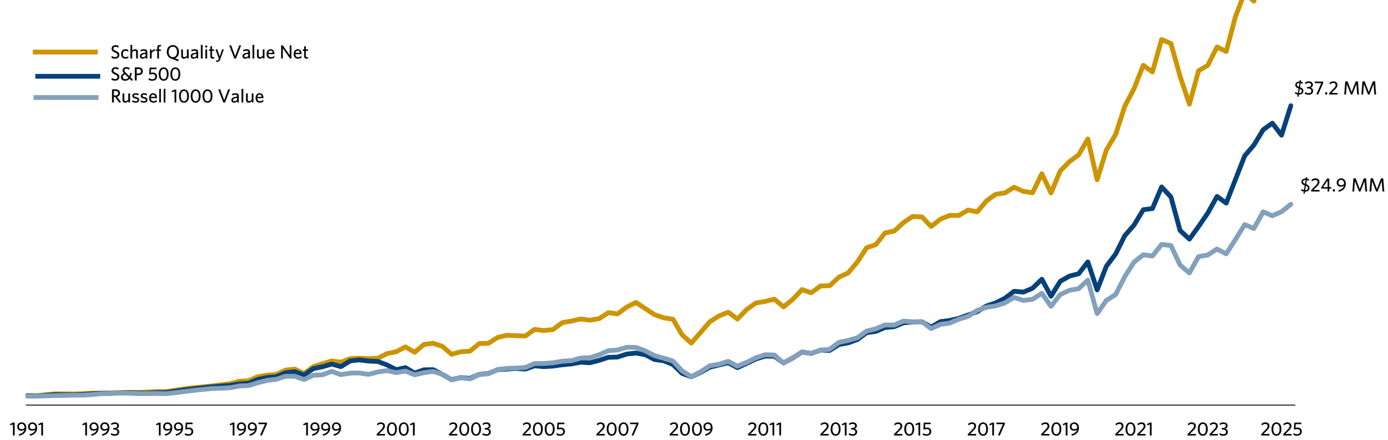
as of June 30, 2025

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 second 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 9.8% for the Russell 1000 Value Index and 11.1% for the S&P 500. In other words, $1 million invested in the Strategy on December 31, 1990, grew to $55.9 million as of June 30, 2025, compared to $37.2 million and $24.9 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 - June 30, 2025



Sources: Bloomberg, Scharf Investments, as of 6/30/2025. 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 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 June 2025	1 Year	5 Years	10 Years
Scharf Quality Value (Net)	11.4%	12.0%	9.1%

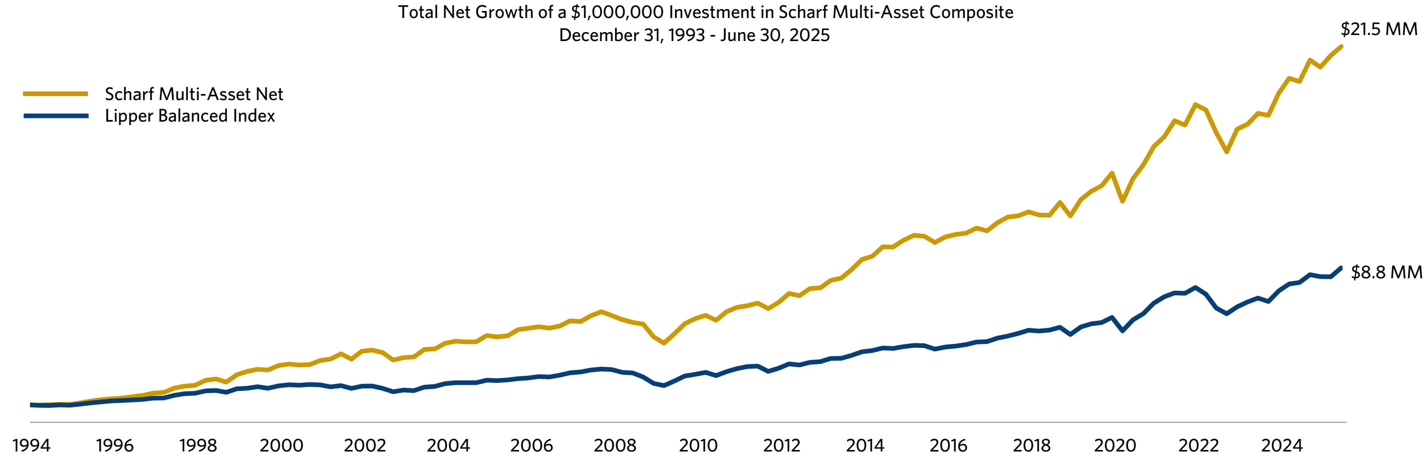
Our strategy remains focused on identifying undervalued companies with predictable earnings trading at compelling valuations relative to their trading history.

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 second quarter of 2025, Scharf Multi-Asset (Balanced) Strategy returned 2.4% (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 7.2% for the Lipper Balanced Index. In other words, a $1 million investment in a balanced account on December 31, 1993, grew to $21.5 million as of June 30, 2025, compared to only $8.8 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 - June 30, 2025



Sources: Bloomberg, Scharf Investments, as of 6/30/2025. 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 autioned that no market index is directly comparable to the performance shown above.

Annualized Rates of Return (%) as of June 2025	1 Year	5 Years	10 Years
Scharf Multi-Asset (Net)	10.3%	9.1%	7.3%

In Concert With Hope

Scharf Investments was proud to sponsor Hope Services' 7th annual In Concert With Hope fundraiser, held on Saturday, May 17th at the Mountain Winery in Saratoga. Scharf President Brian Krawez, CFA, Debbie McCarroll, and several Scharf clients attended the event, which featured outstanding performances by Grammy Award-winner Zeb Mo and acclaimed jazz saxophonist Mindi Abair.

The evening raised over $680,000 to support more than 3,800 individuals of all ages with developmental disabilities and co-occurring mental health needs throughout the Bay Area. Scharf Investments has been a dedicated sponsor of Hope Services since the event's inception and is honored to continue supporting their vital mission.

To learn more or get involved, visit www.hopeservices.org.

Celebrating 125 Years of Conservation with Sempervirens Fund

Scharf Investments is proud to be a long-time sponsor of the Sempervirens Fund, which has been protecting the redwood forests of the Santa Cruz Mountains for 125 years. On May 18, 2025, several Scharf clients and team members joined hundreds of supporters at the historic Roaring Camp for the organization's first-ever Redwoods Festival—a day of fun, connection, and celebration of the incredible legacy of redwood conservation.

PACE Graduation

Scharf Investments is proud to support PACE (Pacific Autism Center for Education), an organization dedicated to improving the lives of individuals impacted by autism through innovation, exceptional education, and compassionate care.

On June 27th, Debbie McCarroll of Scharf Investments attended PACE's heartfelt graduation ceremony. This year, five students proudly received their diplomas in full cap and gown—a touching reminder of the progress and perseverance of these incredible young individuals.

To learn more or support PACE's mission, visit www.pacificautism.org.

EVENTS CALENDAR

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

Sundays, July 20 to August 24

Los Gatos Music in the Park
Los Gatos Civic Center Lawn
5:00pm-7:00pm PT

Thursday, August 21 to Sunday, August 24

PGA Tour Championship
East Lake Golf Club, Atlanta GA
9:00am ET

Saturday, September 13

KCAT Oktoberfest
Los Gatos Civic Center Lawn
12:00pm-8:00pm PT

Thursday, September 25

17th Annual
PACE Golf Classic
Cinnabar Hills Golf Club
12:30pm-7:30pm 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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