

## Independent Accountant's Verification and Performance Examination Report

NewSouth Capital Management, Inc.:

We have examined whether (1) NewSouth Capital Management Inc. (the "Firm") has complied with all the composite construction requirements of the Global Investment Performance Standards (GIPS® standards) on a firm-wide basis for the periods from January 1, 1999, to December 31, 2016, and (2) the Firm's policies and procedures are designed to calculate and present performance results in compliance with the GIPS standards as of December 31, 2016. We have also examined the accompanying performance presentation and Composite Disclosure Presentation of the Firm's **Value Opportunity Composite** for the periods from January 1, 2001, to December 31, 2016. The Firm's management is responsible for compliance with the GIPS standards, the design of its policies and procedures and for the Quarterly Performance and Composite Disclosure Presentations. Our responsibility is to express an opinion based on our examination.

### Scope of Work

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

### Opinion

In our opinion, in all material respects,

- the Firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis for the periods from January 1, 1999, to December 31, 2016; and
- the Firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards as of December 31, 2016.

Also, in our opinion, in all material respects, the Firm has

- constructed the **Value Opportunity Composite** and calculated the **Value Opportunity Composite** performance for the periods from January 1, 2001, to December 31, 2016, in compliance with the GIPS standards; and
- prepared and presented the Composite Disclosure Presentation of the Firm's **Value Opportunity Composite** for the periods from January 1, 2001, to December 31, 2016, in compliance with the GIPS standards.

This report does not contain an opinion on the accuracy of any composite presentation of the Firm other than the Composite Disclosure Presentation of the Firm's **Value Opportunity Composite** for the periods from January 1, 2001, to December 31, 2016.



Ashland Partners & Company LLP  
March 1, 2017

**NEWSOUTH CAPITAL MANAGEMENT, INC.**  
**VALUE OPPORTUNITY COMPOSITE**  
**QUARTERLY PERFORMANCE PRESENTATION**  
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*Asset-Weighted Performance Gross and Net of Fees*  
*Results have been calculated in U.S. Dollars*

		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual
2016	Gross	5.10%	0.01%	1.51%	1.43%	8.22%
	Net	4.93%	(0.16%)	1.35%	1.27%	7.52%
2015	Gross	5.13%	0.42%	(9.58%)	4.29%	(0.45%)
	Net	4.97%	0.25%	(9.72%)	4.14%	(1.06%)
2014	Gross	1.68%	7.41%	(1.39%)	4.10%	12.10%
	Net	1.49%	7.25%	(1.55%)	3.95%	11.39%
2013	Gross	9.01%	3.75%	7.38%	9.32%	32.77%
	Net	8.82%	3.55%	7.19%	9.09%	31.77%
2012	Gross	9.62%	(7.01%)	9.07%	3.12%	14.65%
	Net	9.40%	(7.20%)	8.88%	2.95%	13.80%
2011	Gross	7.08%	0.02%	(20.02%)	12.35%	(3.77%)
	Net	6.99%	(0.14%)	(20.14%)	12.16%	(4.30%)
2010	Gross	11.79%	(13.16%)	16.49%	18.25%	33.73%
	Net	11.56%	(13.33%)	16.27%	18.03%	32.69%
2009	Gross	(10.05%)	27.93%	29.36%	4.39%	55.38%
	Net	(10.24%)	27.72%	29.15%	4.18%	54.26%
2008	Gross	1.66%	11.62%	(14.05%)	(29.45%)	(31.19%)
	Net	1.46%	11.43%	(14.22%)	(29.62%)	(31.75%)
2007	Gross	4.80%	11.66%	(3.12%)	(5.63%)	6.98%
	Net	4.60%	11.45%	(3.31%)	(5.81%)	6.17%

**NEWSOUTH CAPITAL MANAGEMENT, INC.**  
**VALUE OPPORTUNITY COMPOSITE**  
**QUARTERLY PERFORMANCE PRESENTATION**  
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*Asset-Weighted Performance Gross and Net of Fees*  
*Results have been calculated in U.S. Dollars*

		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual
2006	Gross	10.23%	1.66%	0.51%	11.28%	25.33%
	Net	10.04%	1.47%	0.32%	11.07%	24.41%
2005	Gross	(2.87%)	(0.60%)	7.29%	5.52%	9.30%
	Net	(3.06%)	(0.79%)	7.10%	5.32%	8.48%
2004	Gross	7.66%	0.64%	(1.88%)	12.81%	19.94%
	Net	7.47%	0.45%	(2.07%)	12.60%	19.04%
2003	Gross	(3.15%)	22.25%	3.74%	11.98%	37.56%
	Net	(3.27%)	22.11%	3.60%	11.83%	36.84%
2002	Gross	4.46%	(15.57%)	(21.26%)	12.77%	(21.69%)
	Net	4.32%	(15.64%)	(21.37%)	12.61%	(22.08%)
2001	Gross	2.75%	11.58%	(20.39%)	16.77%	6.58%
	Net	2.71%	11.44%	(20.50%)	16.62%	6.12%

Past performance is not indicative of future results. The Independent Accountant's Verification and Performance Examination Report and Composite Disclosure Presentation are an integral part of this presentation.

# ANNUAL PERFORMANCE

## NSCM Value Opportunity Equity Composite – Tax Exempt Funds

	Gross of Fees	Net of Fees	Russell 3000	Russell 3000 Value	S & P 500 w/div.	Number of Portfolios	Internal Dispersion	3-Yr STDV	Russell 3000 3-Yr STDV	Russell 3000 Value 3-YR STDV	S&P 500 w/div. 3-YR STDV	Total Composite Assets (Millions)	Total Value Opportunity Assets (Millions)	Total Firm Assets (Millions)	Percent of Comp with Bundled Fees
2001	6.6%	6.1%	-11.5%	-4.3%	-11.9%	1	N/A					\$55.9	\$55.9	\$2,363.5	0.0%
2002	-21.7%	-22.1%	-21.5%	-15.2%	-22.1%	1	N/A					\$72.3	\$73.5	\$1,682.9	0.0%
2003	37.6%	36.8%	31.1%	31.1%	28.6%	1	N/A	22%	18%	16%	18%	\$7.4	\$9.4	\$1,725.7	100.0%
2004	19.9%	19.0%	12.0%	16.9%	10.9%	1	N/A	20%	15%	15%	15%	\$8.5	\$10.9	\$1,645.8	100.0%
2005	9.3%	8.5%	6.1%	6.9%	4.9%	1	N/A	14%	9%	10%	9%	\$9.1	\$11.9	\$1,453.2	100.0%
2006	25.3%	24.4%	15.7%	22.3%	15.8%	3	N/A	12%	8%	7%	7%	\$15.1	\$18.6	\$1,382.5	72.7%
2007	7.0%	6.2%	5.1%	-1.0%	5.5%	3	N/A	12%	8%	8%	8%	\$15.7	\$80.9	\$1,341.7	71.5%
2008	-31.2%	-31.8%	-37.3%	-36.3%	-37.0%	5	N/A	22%	16%	16%	15%	\$12.2	\$65.1	\$939.5	66.3%
2009	55.4%	54.3%	28.3%	19.8%	26.5%	5	N/A	28%	20%	21%	20%	\$20.2	\$115.4	\$1,105.0	64.4%
2010	33.7%	32.7%	16.9%	16.2%	14.8%	8	0.7%	30%	23%	23%	22%	\$31.5	\$218.7	\$1,474.6	59.1%
2011	-3.8%	-4.3%	1.0%	-0.1%	2.2%	9	0.5%	24%	19%	21%	19%	\$149.8	\$392.1	\$2,064.5	3.1%
2012	14.7%	13.8%	16.4%	17.6%	16.0%	13	0.5%	19%	16%	16%	15%	\$128.0	\$381.5	\$2,596.7	10.8%
2013	32.8%	31.8%	33.6%	32.7%	32.4%	15	0.4%	15%	13%	13%	12%	\$109.5	\$473.1	\$3,365.6	17.2%
2014	12.1%	11.4%	12.6%	12.7%	13.7%	17	0.5%	11%	9%	9%	9%	\$434.5	\$866.9	\$3,732.0	4.7%
2015	-0.5%	-1.1%	0.5%	-4.1%	1.0%	18	0.7%	12%	11%	11%	11%	\$384.9	\$1,187.3	\$4,262.9	5.3%
2016	8.2%	7.5%	12.7%	18.4%	12.0%	18	0.4%	12%	11%	11%	11%	\$354.0	\$1,273.4	\$4,584.6	6.0%

Note: Past performance is not indicative of future results. Please see the following page for our disclosure.

# NSCM VALUE OPPORTUNITY DISCLOSURE STATEMENT

NewSouth Capital Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. NewSouth Capital Management, Inc. has been independently verified for the periods January 1, 1999 through December 31, 2016. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The NewSouth Value Opportunity Composite has been examined for the periods January 1, 2001 through December 31, 2016. The verification and performance examination reports are available upon request. NewSouth Capital Management, Inc. is defined as an independent investment management firm that is not affiliated with any parent organization. Information regarding the firm's policies and procedures for valuing portfolio, calculating and reporting performance results, and preparing compliant presentations are available upon request. This composite was created in December of 2000. A complete list and description of the firm's composites is available upon request. The NewSouth Value Opportunity Composite focuses on companies which sell at reasonable market multiples of earnings and/or book value based on historical data and which NewSouth believes have the potential for above average free cash flow over the next 2-3 years. Also, we look for companies which possess other catalysts which will cause the market to recognize the intrinsic value of the company. The accounts included in the composite will invest primarily in companies with market capitalizations similar in size to those found in the Russell 3000 Index. However, our composite accounts will differ from its benchmark with fewer holdings concentrated in fewer economic sectors.

All returns are calculated and reported in U.S. Dollars and are calculated as of calendar month ends. The minimum account size for this composite

is \$1,000,000. Beginning April 1, 2008, composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash outflow of 10% of portfolio assets.

The composite represents 100% of the discretionary, tax-exempt assets in fee-paying value opportunity accounts invested with a value opportunity mandate. Internal dispersion is calculated using the equal weighted standard deviation of all portfolios that were included in the composite for the entire year. Internal dispersion is calculated using the equal weighted standard deviation of all portfolios that were included in the composite for the entire year and is shown as N/A where there are 3 or fewer accounts included for the entire year. Gross of fee performance results do not reflect the impact of management fees or custodian fees. Net of fee returns are calculated using actual fees. Actual fees incurred by advisory clients may vary. Wrap or bundled fee accounts may be included in the composite. If accounts of this type are included in the composite, gross of fee performance results reflect the impact of the non-management fee portion of the total wrap fee while net of fee performance results reflect the impact of both the management and non-management fee portion of the wrap fee. Non-management fee portions of a wrap fee are defined as any fee paid by the client to another party to cover transaction fees, reporting, custody, or consulting. The composite results reflect the reinvestment of dividends, capital gains, and other earnings. Performance of taxable accounts may differ because taxable accounts may be managed to reduce the impact of taxes. NewSouth's published fee schedule for investment management services is 0.75% on the first \$25 million of assets, 0.65% on the next \$25 million, and 0.60% on all assets above \$50 million. The account minimum is \$10,000,000. Past performance is not indicative of future results.