

**Independent Accountant's Report**

NewSouth Capital Management, Inc.  
1100 Ridgeway Loop Road, Suite 444  
Memphis, TN 38120

**Report on Firm-Wide Verification and Performance Examination**

We have examined NewSouth Capital Management, Inc.'s (the "Company") (1) compliance with all the composite construction requirements of the Global Investment Performance Standards (GIPS®) on a firm-wide basis for the periods January 1, 1999 through September 30, 2011, and (2) design of its policies and procedures to calculate and present performance results in compliance with the GIPS standards as of September 30, 2011. We have also examined the accompanying performance presentations, Annual Performance and NSCM Small/Mid Cap Value Disclosure Statement of the Company's **Small-Mid (SMID) Cap Value Composite** for the periods January 1, 1999 through September 30, 2011.

**Management and Accountant's Responsibility**

The Company's management is responsible for compliance with the GIPS standards, the design of its policies and procedures and for the Quarterly Performance Presentation, Annual Performance and the NSCM Small/Mid Cap Value Disclosure Statement. Our responsibility is to express an opinion based on our examination.

**Opinion**

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 Company's compliance with the above-mentioned requirements; evaluating the design of the Company's policies and procedures referred to above; examining, on a test basis, evidence supporting the accompanying composite performance presentation; and performing the procedures for a verification and a performance examination set forth 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.

In our opinion, NewSouth Capital Management, Inc. has, in all material respects:

- Complied with all the composite construction requirements of the GIPS standards on a firm-wide basis for the periods January 1, 1999 through September 30, 2011; and
- Designed its policies and procedures to calculate and present performance results in compliance with the GIPS standards as of September 30, 2011.

Also, in our opinion, the Annual Performance and NSCM Small/Mid Cap Value Disclosure Statement of the Company's **Small-Mid (SMID) Cap Value Composite** for the periods January 1, 1999 through September 30, 2011, is presented, in all material respects, in conformity with the GIPS standards.

This report does not relate to any composite presentation of the Company other than the Company's **Small-Mid (SMID) Cap Value Composite**.

*Ashland Partners + Company LLP*

Ashland Partners & Company LLP  
December 13, 2011

**NEWSOUTH CAPITAL MANAGEMENT, INC.**  
**SMALL-MID (SMID) CAP VALUE COMPOSITE**  
**QUARTERLY PERFORMANCE PRESENTATION**

*Asset-Weighted Returns Gross and Net of Management Fees*  
*Results have been calculated in U.S. Dollars*

		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Annual
2011	Gross	8.28%	(1.14%)	(16.47%)		(10.58%)*
	Net	8.13%	(1.29%)	(16.62%)		(11.00%)*
2010	Gross	11.82%	(10.16%)	15.00%	17.68%	35.97%
	Net	11.62%	(10.29%)	14.80%	17.51%	35.08%
2009	Gross	(12.90%)	27.45%	35.55%	7.22%	61.35%
	Net	(13.09%)	27.27%	35.42%	7.07%	60.39%
2008	Gross	2.03%	11.37%	(14.61%)	(27.08%)	(29.25%)
	Net	1.85%	11.24%	(14.74%)	(27.25%)	(29.73%)
2007	Gross	3.46%	12.10%	(3.69%)	(6.53%)	4.40%
	Net	3.29%	11.92%	(3.86%)	(6.70%)	3.70%
2006	Gross	10.16%	1.43%	(0.89%)	12.10%	24.14%
	Net	9.99%	1.26%	(1.22%)	11.92%	23.13%
2005	Gross	(1.06%)	0.69%	7.32%	5.07%	12.33%
	Net	(1.20%)	0.56%	7.14%	4.90%	11.66%
2004	Gross	7.85%	2.07%	(2.23%)	11.03%	19.50%
	Net	7.70%	1.94%	(2.41%)	10.87%	18.78%
2003	Gross	(5.37%)	21.22%	5.02%	12.37%	35.38%
	Net	(5.50%)	21.10%	4.90%	12.20%	34.70%
2002	Gross	2.40%	(14.46%)	(23.05%)	7.66%	(27.43%)
	Net	2.28%	(14.59%)	(23.18%)	7.52%	(27.84%)
2001	Gross	(0.51%)	11.55%	(23.02%)	18.76%	1.46%
	Net	(0.64%)	11.41%	(23.13%)	18.60%	0.92%
2000	Gross	(0.83%)	2.88%	2.30%	2.53%	7.01%
	Net	(0.94%)	2.75%	2.18%	2.39%	6.48%
1999	Gross	(2.74%)	25.95%	(13.24%)	5.95%	12.59%
	Net	(2.88%)	25.80%	(13.36%)	5.80%	11.99%

\* Performance represents a non-annualized partial period return ending on September 30, 2011.

Past performance is not indicative of future results. The Independent Accountant's Report, Annual Performance and the NSCM Small/Mid Cap Value Disclosure Statement are an integral part of this presentation.

## Annual Performance

### NSCM Small/Mid Cap Value Equity Composite – Tax Exempt Funds

	Gross of Fees	Net of Fees	Russell 2500	Russell 2500 Value	Russell 2500 Growth	Number of Portfolios	Internal Dispersion	3-Yr STDV	Russell 2500 3-Yr STDV	Russell 2500 Value 3-Yr STDV	Russell 2500 Growth 3-Yr STDV	Total Composite Assets (Millions)	Total Firm Assets (Millions)	Percent of Comp with Bundled Fees
1996*	12.4%	12.1%	4.6%	12.8%	-2.8%	1	N/A					\$34.0	\$1,852.4	0.0%
1997	30.2%	29.5%	24.4%	33.1%	14.8%	1	N/A					\$33.0	\$1,870.2	0.0%
1998	-6.3%	-6.9%	0.4%	-1.9%	3.1%	1	N/A					\$39.9	\$1,858.9	0.0%
1999	12.6%	12.0%	24.1%	1.5%	55.5%	1	N/A					\$58.6	\$2,025.3	0.0%
2000	7.0%	6.5%	4.3%	20.8%	-16.1%	7	4.9%	23%	22%	17%	34%	\$297.2	\$2,370.9	2.3%
2001	1.5%	0.9%	1.2%	9.7%	-10.8%	7	1.7%	21%	21%	15%	35%	\$298.9	\$2,363.5	2.4%
2002	-27.4%	-27.8%	-17.8%	-9.9%	-29.1%	6	2.4%	23%	22%	16%	34%	\$243.1	\$1,682.9	2.2%
2003	35.4%	34.7%	45.5%	44.9%	46.3%	4	N/A	22%	20%	17%	27%	\$133.9	\$1,725.7	0.0%
2004	19.5%	18.8%	18.3%	21.6%	14.6%	4	N/A	19%	17%	16%	20%	\$188.4	\$1,645.8	0.0%
2005	12.3%	11.7%	8.1%	7.7%	8.2%	3	N/A	13%	13%	13%	15%	\$123.5	\$1,453.2	0.0%
2006	24.1%	23.1%	16.2%	20.2%	12.3%	5	N/A	11%	12%	11%	13%	\$113.7	\$1,382.5	1.0%
2007	4.4%	3.7%	1.4%	-7.3%	9.7%	4	N/A	11%	12%	11%	13%	\$117.5	\$1,341.7	0.9%
2008	-29.3%	-29.7%	-36.8%	-32.0%	-41.5%	3	N/A	21%	19%	18%	21%	\$110.8	\$939.5	0.0%
2009	61.3%	60.4%	34.4%	27.7%	41.7%	3	N/A	28%	24%	25%	25%	\$193.4	\$1,050.0	0.0%
2010	36.0%	35.1%	26.7%	24.8%	28.9%	3	N/A	29%	27%	27%	27%	\$238.5	\$1,474.6	0.0%
2011 (9.30.11)	-10.6%	-11.0%	-14.9%	-16.3%	-13.3%	6	N/A	28%	27%	27%	27%	\$253.4	\$1,736.4	0.0%

\*Represents the last seven months of 1996

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

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## NSCM Small/Mid Cap Value 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 September 30, 2011. 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 Small/Mid Cap Composite has been examined for the periods January 1, 1999 through September 30, 2011. 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 March of 1998. A complete list and description of the firm's composites is available upon request. The NewSouth Small/Mid Cap Value 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 2500 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 small-mid cap value accounts invested with a small-mid cap value mandate. Internal dispersion is calculated using the equal weighted standard deviation of all portfolios that were included in the composite 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 1.00% on the first \$25 million of assets, 0.85% on the next \$25 million, and 0.75% on all assets above \$50 million. The account minimum is \$5,000,000. Past performance is not indicative of future results.