Asia Pacific UCITS Fund Commentary
1Q25

Longleaf Partners Funds

For Professional Investors Only

Portfolio Returns on 31/3/25 – Net of Fees

Calendar Year Total Returns (%)

Past performance does not predict future returns.

	Class I (USD)	FTSE Asia Pacific (USD)	MSCI AC Asia Pacific (USD)	Class I (GBP)	FTSE Asia Pacific (GBP)	MSCI AC Asia Pacific (GBP)
2015	-2.74	-1.10	-1.96	NA	NA	NA
2016	12.29	5.32	4.89	NA	NA	NA
2017*	37.94	30.50	31.67	7.75	8.59	8.18
2018	-21.45	-13.76	-13.52	-16.94	-8.40	-8.14
2019	18.58	18.84	19.36	14.04	14.25	14.75
2020	10.97	19.77	19.71	7.50	16.07	16.01
2021	-14.70	-0.38	-1.46	-13.77	0.54	-0.55
2022	-8.24	-16.42	-17.22	2.70	-5.89	-6.80
2023	-2.49	11.88		-7.47	5.57	
2024	11.51	9.15		13.54	11.11	

*2017 is a partial year for Class I (GBP), from inception of 15 September 2017

Additional Performance Data (%)

Past performance does not predict future returns. The following performance is in addition to and should be read only in conjunction with the performance data presented above.

	1Q25	1 Year	3 Year	5 Year	10 Year	Since Inception 2/12/2014
APAC UCITS (Class I USD)	4.36	11.16	4.01	5.88	3.10	3.06
FTSE Asia Pacific Index	0.83	5.29	2.87	8.83	4.82	5.20
Relative Returns	3.53	5.87	1.14	-2.95	-1.72	-2.14

Selected Indices	1Q25	1 Year	3 Year	5 Year	10 Year
Hang Seng Index (HKD)	16.06	46.08	5.61	2.98	2.70
TOPIX Index (¥)	-3.48	-1.68	13.71	16.37	8.06
TOPIX Index (USD)	1.19	-0.75	6.04	8.94	5.68
MSCI Emerging Market (USD)	2.93	8.09	1.44	7.94	3.71

Commentary

The Fund generated positive returns of 4.36%, outperforming the FTSE Asia Pacific Index ("Asia Index") by around 3.5% in the first quarter, continuing its outperformance of the Asia Index from the second half of last year. The Fund's returns year-to-date (YTD) were generated by our investments in China, which significantly outperformed the China index by around 900 basis points. This was partially offset by our Japanese investments, which underperformed the Japan index by around 130 basis points.

In the fourth quarter of 2024, the Chinese equity markets experienced a partial retracement following a significant rally in the third quarter. However, in 2025, they made a strong comeback, outperforming the U.S. market in the first quarter by the largest margin since 2007.

Performance Comparison: MSCI China vs. Other Markets (2024 - YTD 2025)

Source: Bloomberg

After a prolonged period of American exceptionalism in the U.S. equity capital markets, which was dominated by the Magnificent Seven ("Mag7") tech stocks, the narrative has begun to change. Chinese tech stocks have shown strong performance this year, while U.S. tech stocks have retreated. The KraneShares CSI China Internet ETF (KWEB) was up 19% in the first quarter, in sharp contrast to the Nasdaq index, down about 10%. All seven Mag7 stocks are in the red, with a cumulative decline of 16% quarter-to-date.

The rebound in China Tech was not the only factor that drove our strong returns in China. Our value-oriented food and beverage brands in China, Luckin Coffee and Domino's Pizza China (DPC), performed exceptionally well, achieving over 25% quarterly returns. These companies offer Chinese consumers great value by providing high-quality food and beverages at competitive prices. We were pleased to see both companies increase their revenues by over 38% year-over-year, significantly outperforming the food and beverage industry with rapid network expansion and attractive unit economics.

In late January 2025, the advanced AI model "R1" released by Chinese start-up DeepSeek boosted confidence in China's tech sector, leading to a notable 21% QTD gain in the Hang Seng Tech Index. DeepSeek, founded in 2023, created an AI model that rivals ChatGPT using fewer resources, challenging the dominance of U.S. tech giants despite export restrictions on advanced chips. Nvidia's stock, which had risen 171% in 2024, dropped nearly 17% in a day following concerns about sustainability amid DeepSeek's low-cost model.

DeepSeek's success illustrates China's innovation capabilities, as it ranks among the top productivity apps, even in Apple's U.S. App Store. By open-sourcing its AI models, Chinese tech companies foster global collaboration, enabling rapid iteration and challenging U.S. monetization strategies. This shift in approach makes it difficult for companies like OpenAI to justify prices when free, competitive alternatives exist. Open-sourcing AI allows for broader contributions to model development, unlocking creative potential across various industries and countries. Other Chinese firms, including Alibaba, Baidu, and Tencent, have also begun offering powerful AI models for free, further fueling this trend.

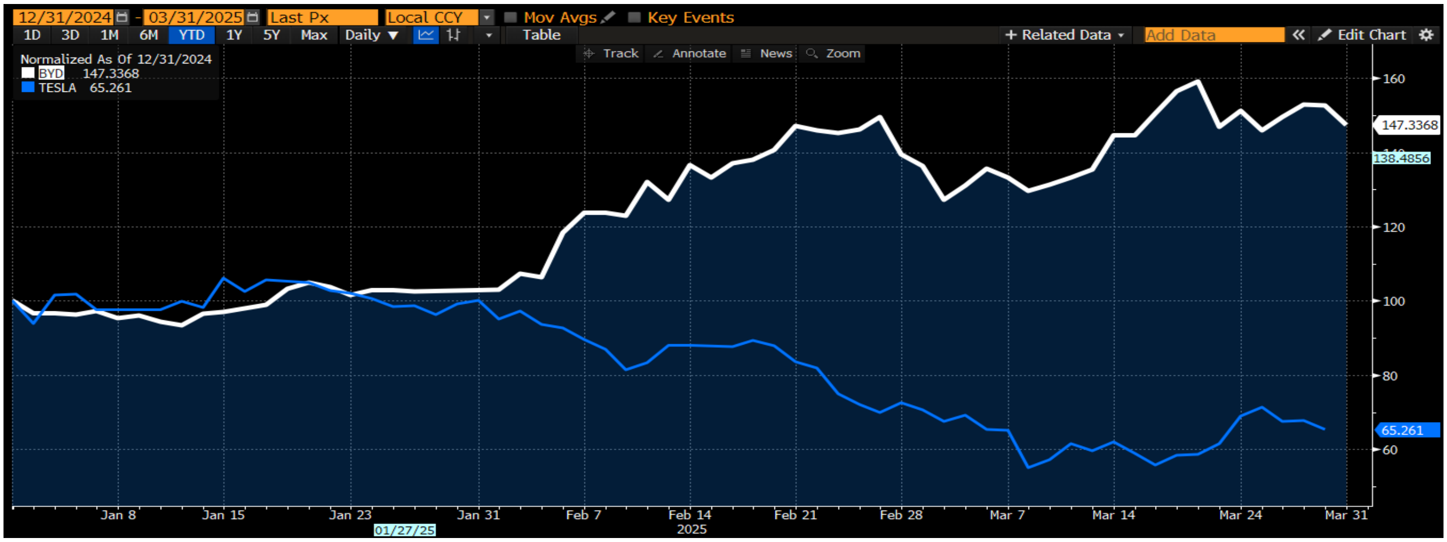
Alibaba, Tencent, and Baidu have all benefited to varying degrees from the excitement surrounding the potential of open-sourced Chinese AI technology, enabling them to develop cutting-edge AI models without relying on advanced Nvidia chips. Following DeepSeek's breakthroughs, Alibaba emerged as our most significant contributor for the quarter and released its Qwen 2.5 model, furthering China's pursuit of AI supremacy. Alibaba claims its Qwen model outperforms GPT-4o and DeepSeek-V3 in key benchmarks. The Qwen 2.5-Omni-7B series, launched in March, can process text, images, audio, and video and is efficient enough to operate directly on mobile phones and laptops.

In a strong endorsement of Alibaba's AI capabilities, Apple selected Alibaba's Qwen large language model (LLM) to power AI functions on iPhones sold within China. Additionally, the BMW Group announced an expanded strategic partnership with Alibaba to accelerate the integration of Alibaba's Qwen LLM into BMW's next-generation intelligent vehicles in China starting in 2026.

China's electric vehicle sector experienced its own "DeepSeek" moment this quarter, with BYD's 2024 revenue surpassing that of Tesla. BYD sold 4.27 million vehicles in 2024, more than double Tesla's sales volume, despite having no presence in the U.S. market. BYD aims for a 29% increase in unit sales this year, nearly doubling its export volumes. Last year, BYD reached over $100 billion in revenue for the first time, with automotive revenues growing by 27%. In contrast, Tesla faced a 3% decline in automotive revenues for the first time since going public. BYD's battery electric vehicle sales rose 39% year-over-year this quarter, whereas Tesla's deliveries fell by 13%.

This month, BYD unveiled groundbreaking charging technology capable of 1,000 kilowatts, *twice the speed of Tesla's superchargers*. This innovation allows vehicles to gain 400 kilometers of range in just five minutes. Last month, BYD launched "God's Eye," an advanced driver-assistance system that competes with Tesla's Full Self-Driving feature. Most of BYD's vehicles will feature this system at no extra cost and incorporate DeepSeek's AI technology.

BYD vs. Tesla Stock Price Performance YTD



Source: Bloomberg

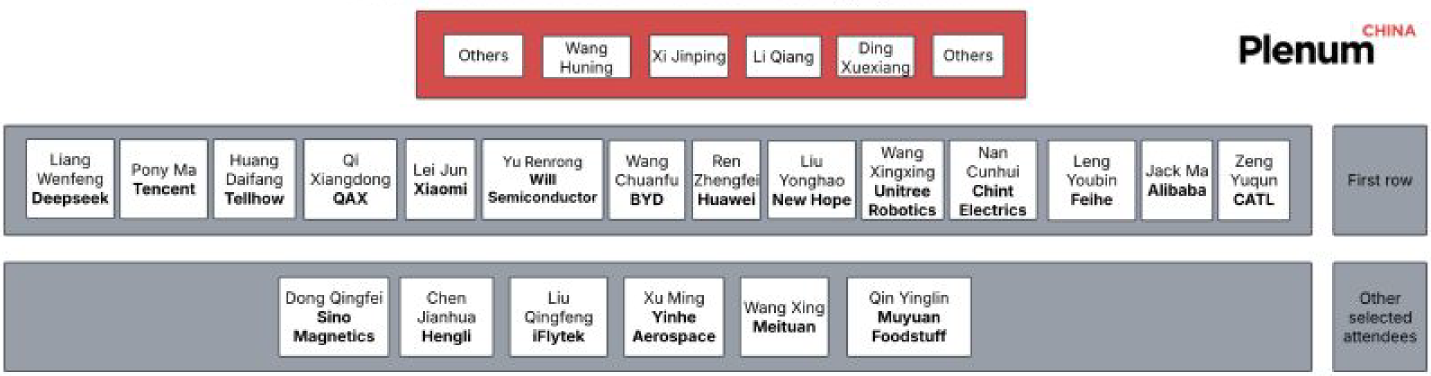
Ford CEO Jim Farley provided a frank assessment of the advances of Chinese Electric Vehicle (EV) makers last October. "You know, that [Xiaomi] is an industry juggernaut and a consumer brand that is much stronger than car companies. I don't like talking about the competition so much, *but I drive the Xiaomi*. We flew one from Shanghai to Chicago, and *I've been driving it for six months now, and I don't want to give it up*." Jim Farley, CEO Ford, [Everything Electric Show](#) 21 October 2024.

"Well, our observation is generally that the Chinese car companies are the most competitive car companies in the world. So, I think they will have significant success outside of China depending on what kind of tariffs or trade barriers are established. Frankly, I think if there are not trade barriers established, *they will pretty much demolish most other car companies in the world. So they're extremely good*." Elon Musk, Tesla Co-Founder & CEO, 24 January 2024

In the first quarter, in addition to China's breakthroughs in the AI technology and electric vehicle (EV) sectors, increased stimulus measures in China also supported the outperformance of Chinese equity markets compared to the U.S.

Renewed investor confidence in China's tech sector also reflects Beijing's pro-technology policies. In February, President Xi Jinping met with some of the country's leading tech CEOs, assuring them that their companies' rights would be protected while China would continue to uphold its socialist system. The meticulously arranged seating at this meeting underscored the nation's priorities. In the front row, the CEOs of major national champions Huawei and BYD sat directly in front of President Xi. This row also featured the leaders of prominent firms such as AI's rising star DeepSeek, battery maker CATL, and major platform economy players Tencent and Alibaba. The presence of Alibaba's Jack Ma in the front row signals a rehabilitation for him and the company, reflecting Beijing's intent to restore confidence in the private sector. Following this highly symbolic meeting, Alibaba's share price reacted positively, with investors feeling assured that regulatory pressure on Alibaba has eased.

Notable attendees at Xi's business symposium

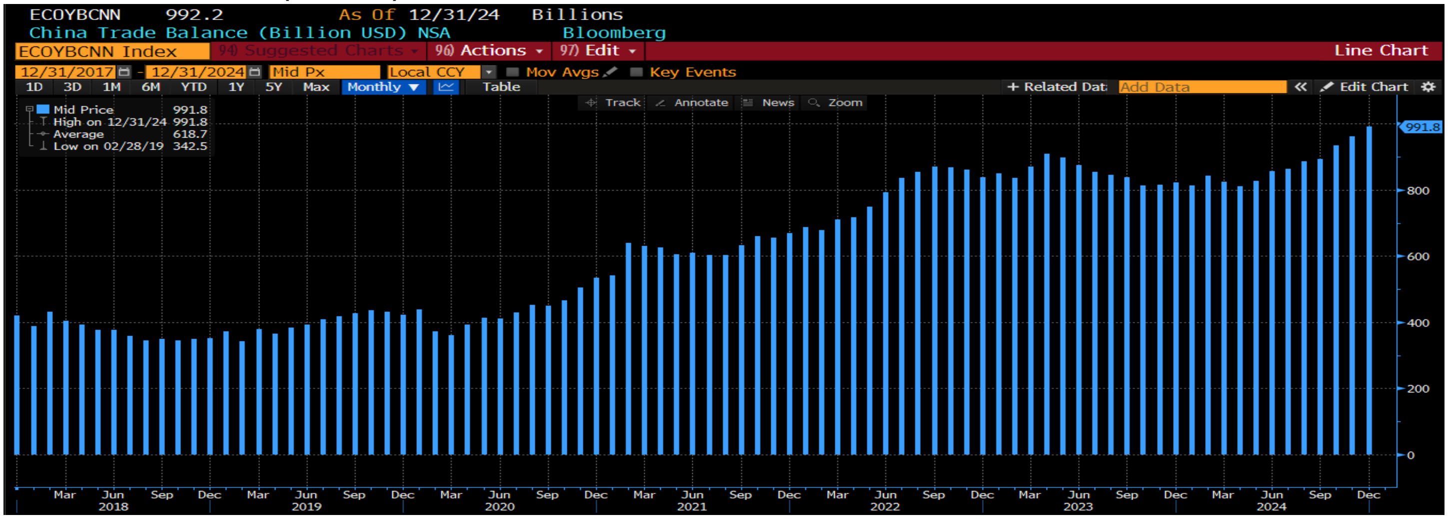


(Source: Plenum research)

Chinese markets have remained relatively stable despite the U.S. imposing an additional 34% tariff in April on top of the 20% imposed in March on Chinese exports in 2025, which raises the total tax rate for imports from China to around 54%. The U.S. semiconductor ban and the current U.S.-China tariff war, which stretches back to 2018, prompted China to prioritize technological self-sufficiency and industrial resilience. The Chinese leadership perceived the chip ban as beginning an economic conflict, leading them to reduce lending to the real estate sector and redirect resources toward critical industries such as semiconductors and EVs.

The U.S.'s ability to exert pressure on China is now viewed as more limited than five or six years ago. China's intense focus on developing a competitive industrial sector has yielded significant results. China's trade surplus has reached nearly $1 trillion, more than double the amount in 2018 when the trade war began. Today, China is the largest exporter of electric vehicles, wind turbines, solar panels, automotive components, semiconductors, integrated circuits, batteries for renewable energy storage, and rare earth minerals. Chinese exports are no longer limited to cheap plastic toys or fabrics; the country has also emerged as a world leader in AI and EVs.

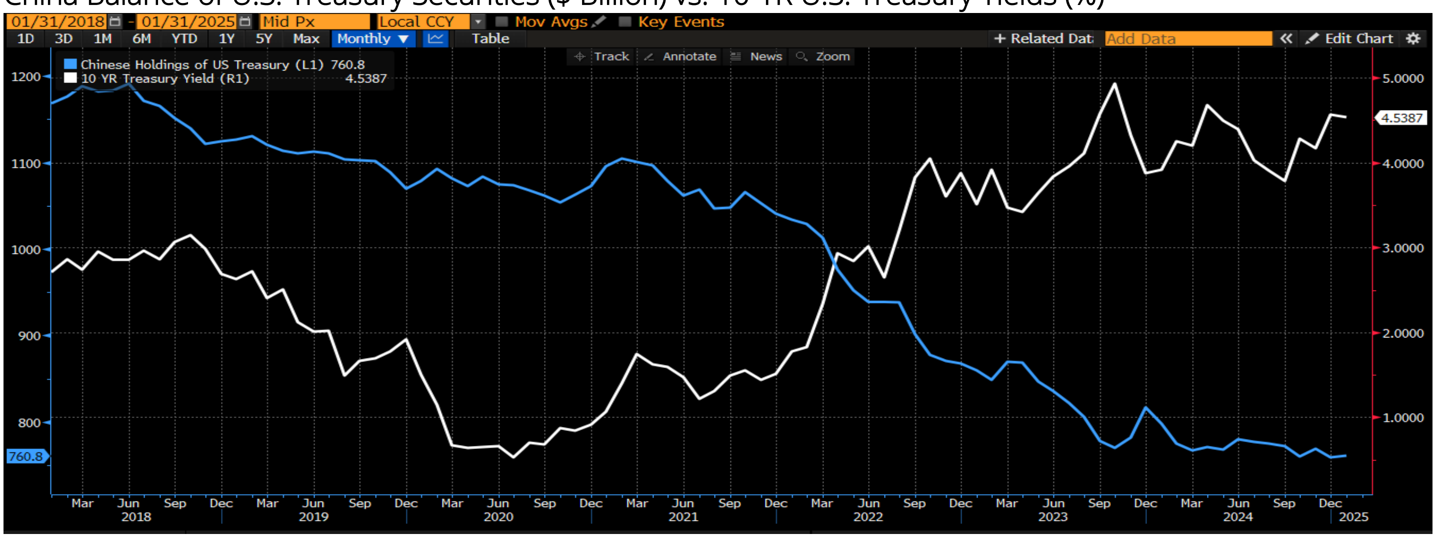
China Trade Balance ($ Billion)



Source: Bloomberg

While volatility has increased under the Trump 2.0 administration, this does not necessarily harm Chinese equities. The premium the U.S. enjoys as a nation defined by the rule of law is rapidly eroding. The U.S. confiscation of Russian foreign exchange reserves following the invasion of Ukraine in 2022 has sent a clear message to other nations that the "risk-free" status of U.S. Treasuries is contingent upon geopolitical alignment with the U.S. As a result, some countries are seeking alternative safe assets such as gold, Bitcoin, or Chinese government bonds. It is perhaps no surprise that Chinese selling of U.S. Treasury securities accelerated after the Russian invasion of Ukraine, coinciding with record-high prices for gold and record-low yields on Chinese government bonds.

China Balance of U.S. Treasury Securities ($ Billion) vs. 10-YR U.S. Treasury Yields (%)



Source: Bloomberg

American exceptionalism is at risk when the U.S. alienates its allies by threatening tariff hikes, and annexation of their territories. Under President Trump's leadership, Europe has been marginalized on pressing global issues, including vital peace negotiations regarding Ukraine, while his combative rhetoric has deepened divisions. The Signal leak, revealing a conversation between Vice President Vance and Defense Secretary Hegseth, highlighted the Trump administration's disdain for America's European partners. This environment has driven many European leaders to call for greater autonomy and a more balanced foreign policy, seeking deeper engagement with China. China is seizing the opportunity to improve its economic and political ties with European nations. The increasing perception of the U.S. as an unreliable ally has inadvertently empowered China on the global stage.

Portfolio Changes

This quarter, we made few changes to our portfolio, but most of our time was spent evaluating opportunities in the semiconductor and consumer tech sectors across Asia, including in some countries we had not previously considered. We focused on assessing investment prospects in Japanese small-cap companies and Chinese firms.

In late December 2024, we initiated a new investment in Luckin Coffee, China's leading coffee brand. Luckin Coffee is well-known for its accounting fraud scandal that erupted in April 2020, when it was discovered that the company had inflated its 2019 sales figures by approximately $310 million. As a result, it was delisted from NASDAQ in 2020 after experiencing significant growth, with 4,500 stores. In recent years, under private equity control, Luckin has transformed into the dominant coffee player in China, boasting over 22,000 stores — more than four times its size in 2019, and almost three times the size of Starbucks China. Luckin stores operate with attractive unit economics, achieving store-level operating profit margins of 19% in FY24, with an attractive 1.5 to 2.0-year payback period. This success comes despite intense competition in China's coffee and tea segment, with competitors like Cotti offering drinks at Rmb 9.9 (about $1.35) per cup. We believe store-level operating margins should settle in the mid-20% range.

We became interested in Luckin Coffee after noticing a shift in the competitive landscape of China's coffee segment, mainly due to the emergence of Cotti Coffee. Founded by Luckin Coffee founders, Cotti has aggressively discounted its drinks since February 2023, pricing them at Rmb9.9 per cup. Cotti purposefully opened its stores near Luckin stores, with an average distance of just 241 meters, triggering a price war that led to a significant decline in Luckin's same-store sales growth (SSSG) of approximately 20% in the first and second quarters of 2024.

However, Cotti faced challenges accessing the capital markets due to the fraud perpetrated by its founders while at Luckin Coffee. A Beijing court ordered the Cotti Coffee founders to relinquish assets worth over 1.89 billion yuan (about $262 million), subject to auction, transfer, or sale as part of judicial proceedings. Cotti sought funding through franchisees to counter these limitations by offering a lower initial franchise fee and smaller capital expenditure requirements than Luckin Coffee. This strategy enabled Cotti to expand rapidly from 419 stores in 2022 to 6,926 by the end of 2023. However, the sustainability of this expansion depended heavily on the unit economics of its franchisees, which we assessed to be weak based on our research.

In the first half of 2024, signs of trouble began to surface when a third-party information provider reported a significant slowdown in Cotti's store network expansion, with only 3% year-over-year (YoY) growth. Additionally, complaints from Cotti franchisees increased on social media platforms. In a bid to adapt, Cotti introduced a new concept: a 'convenience store' format, where coffee is served alongside other products to drive incremental sales. We believe the competitive landscape has begun to shift, as evidenced by Luckin's SSSG in the fourth quarter of 2024 narrowing to -3.4%, an improvement from -13.1% in the third quarter and turning positive in December.

We believe Luckin Coffee has significant potential for profitable growth, as coffee consumption in China remains notably lower than in other developed economies. In 2023, China's average coffee consumption per capita was approximately 16 cups yearly. This is considerably lower than in the U.S., where the average is around 289 cups per year. Even in Shanghai, where the average is 150 cups per year, it still falls short of Hong Kong's 200 cups yearly. Coffee consumption in China has been rapidly increasing, rising from just 11 cups per year in 2022 and 9 cups per year in 2021 to 16 cups per year in 2023. Given coffee's highly addictive nature and the growing exposure among consumers, we believe there will be a structural increase in coffee consumption per capita in China.

Luckin Coffee, which generated 37.4% returns in the first quarter, was a top-five contributor. Luckin reported strong results for Q4 and achieved a significant increase in gross margin, which expanded by 10 percentage points to reach 60%. Additionally, the store network continues to grow robustly, increasing by 4.7% quarter-over-quarter and 37% year-over-year. While we anticipate that rising coffee bean prices may put pressure on gross margins, we expect this negative impact to be partially offset by a more favorable competitive environment and the growing scale of the business. We believe same-store sales should turn positive in the first quarter.

Trump's Reciprocal Tariff

On April 2nd, President Trump announced new "reciprocal" tariffs under the International Emergency Economic Powers Act (IEEPA), citing a national emergency related to foreign trade practices. A baseline 10% tariff on imports from all countries will take effect on April 5th, followed by higher tariffs for countries with unfair trade practices, effective April 9th. Specific rates include 34% for China (on top of 20% imposed earlier this year), 20% for the European Union, 46% for Vietnam, 26% for India, 24% for Japan, and 10% for the UK.

With China's tariff rate set at 54%, we anticipate a significant decline in exports from China to the U.S. However, our investments in Chinese companies — Luckin Coffee, Tencent, Domino's China, Alibaba, Baidu, Tongcheng Travel, H World, and MGM China/Melco — are focused primarily on domestic consumption. These companies are largely insulated from the impact of U.S. tariffs and are expected to continue growing as Chinese consumption increases. They should also benefit from additional government stimulus measures anticipated in response to the new U.S. tariffs.

Most of our portfolio focuses on domestic investments that primarily generate local revenue. Since the start of the US-China trade war in 2018, we have actively reduced our investments in multinational companies affected by the conflict. As volatility caused by trade wars remains elevated, the appeal of domestic champions should increase.

Our Japanese investments, which comprise about 30% of our portfolio, are almost exclusively domestic consumption plays, apart from Hitachi, which generates 15% of its revenue from the U.S. However, some of Hitachi's U.S. revenue is derived from local content (and Mexican production under the US-Mexico-Canada Agreement) rather than imported products.

SharkNinja, Techtronic, and Samsonite represent about 9% of our holdings and are the most exposed companies to higher U.S. tariffs.

We anticipate that SharkNinja will be the most impacted by the U.S. tariffs, as 63% of sales come from the U.S. The company has been actively working to transition its U.S. supply chain from China to Vietnam, aiming to reduce its reliance on China to just 10% of U.S. sales by the end of 2Q25. However, the new tariff has complicated these efforts, as the tariff rate for imports from Vietnam has surged dramatically from approximately 9.4% to 46%. Despite these challenges, SharkNinja's rapid growth in its non-U.S. business should help mitigate the effects of higher tariffs on its U.S. sales. Their non-U.S. business, which makes up about 40% of its revenue, has been a key driver of growth, growing 40% last year and at a 36% compound annual growth rate (CAGR) over the past four years.

Power tool manufacturer Techtronic generates 76% of its revenue from the U.S. market. The company has a diverse production base: 35% of its production capacity is located in China, 35% in Vietnam, 15% in Mexico, and 13-14% in the U.S. The steep 46% tariff on all imports from Vietnam to the United States will significantly affect Techtronic's U.S. revenue.

Samsonite generates 36% of its revenue from the United States. Of its U.S. sourcing, 15% comes from China, while the remaining 85% is sourced from ASEAN countries, including Thailand, Cambodia, Indonesia, Vietnam, and the Philippines. The company's production is distributed as follows: 45% is produced in China, 40% in other Asian countries, and 15% is self-produced in Belgium, Hungary, and India.

All three companies have spent years refining their supply chains in response to the initial wave of the China-US trade war in 2018. They have become highly skilled at managing these adjustments. Although this setback is disappointing, we have great confidence in the ability of these management teams to quickly adapt their supply chains as needed.

Since the launch of our Asia Pacific strategy in 2014, we have navigated significant waves of volatility driven by negative sentiment. Each time, we have seized the opportunity to capitalize on distressed prices, enhancing our portfolio with high-quality franchises that attract aligned capital allocators. As value investors, we embrace macro-driven market fluctuations, recognizing that they can temporarily erode the value of some businesses while simultaneously unveiling compelling investment opportunities in high-quality companies that are undervalued in the short term. We view volatility not as a setback but as an opportunity to invest in exceptional businesses led by outstanding management, all at deeply discounted prices.

Notable Contributors and Detractors

Alibaba, China's largest e-commerce operator and cloud service provider, was a top contributor for the quarter. Alibaba reported strong results in Q3 FY25, with its CMR growth re-accelerating to +9% YoY, and cloud revenue growing +13% YoY. Taobao-Tmall adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) margins reverted to positive growth territory at +2% YoY. Its cloud business profitability continued to improve, achieving a better-than-expected 10% EBITDA margin. There were also several positive developments during the quarter, with the launch of the Qwen 2.5 model, which Alibaba claims to outperform GPT-4o and DeepSeek-V3 in key benchmarks. Apple has also selected Alibaba's Qwen LLM to power AI functions on iPhones sold in China.

Tencent, China's leading internet and technology company, had a strong performance in Q4. The company reported a YoY revenue growth of 11% and an adjusted net profit increase of 30%, benefiting from improved operational leverage. Like many other Chinese internet companies, Tencent is focusing on generative AI (GenAI). They quickly integrated DeepSeek into their Weixin (WeChat) app, including the Enterprise WeChat version. During the quarter, Tencent increased its operating capital expenditure meaningfully to RMB 34.9 billion, a 138% increase quarter-over-quarter (QoQ). Additionally, Tencent's large language model, Hunyuan, has now been integrated into its products. We remain optimistic about Tencent's investments in AI, as we expect them to yield a high return on investment at the application layer, particularly given the vast amount of data generated by their WeChat super app and its 1.3 billion monthly active users.

DPC Dash ("DPC"), also known as Domino's China, had a positive performance this quarter. DPC achieved its 30th consecutive quarter of positive same-store sales growth (SSSG). It holds the top 40 positions in Domino's global system for first-month sales. In 2024, DPC increased its revenue by 41% YoY on an adjusted basis, with adjusted EBITDA and adjusted net profit growing by 64% and 1,394% YoY, respectively. By the end of 2024, DPC operated 1,008 stores and plans to open an additional 300 new stores in FY25, which represents a network expansion of 30% YoY. Currently, in 39 cities, DPC aims to expand its presence into another 10-15 cities this year. Additionally, DPC's loyalty program grew by 68%, reaching 24.5 million members in 2024, which accounted for 64.5% of the company's revenues last year. Members of its loyalty program purchase pizza more frequently (3 times per year compared to 2.5 times for regular customers) and have higher retention rates (60% versus 50%).

Hikari Tsushin, a holding company that invests in Japanese small-cap stocks, reported a return of 18% for the quarter. In February 2025, Hikari announced its financial results for the December quarter, which showed a significant YoY increase in operating profit of 21%, excluding one-time gains and losses. Furthermore, recurring business earnings grew by 22% compared to the previous year.

The company continues to benefit from a strong investment portfolio. It anticipates realizing approximately JPY 39.9 billion from the sale of shares related to the tender offer for T-Gaia from January to March 2025. Due to its solid performance, Hikari has raised its operating profit guidance by 5% for the fiscal year ending March 2025 to JPY 105 billion. Additionally, the company has increased its full-year dividends from JPY 639 per share to JPY 651, representing a 1.8% change.

Looking ahead, Hikari expects to achieve long-term earnings growth of 15%, which includes 10% organic growth and 5% growth through mergers and acquisitions. The company believes its investment portfolio, primarily comprised of Japanese small-cap stocks, is significantly undervalued, trading at 0.8 times book value and 3x enterprise value to free cash flow.

Jollibee Group, the largest quick-service restaurant (QSR) player in the Philippines, was the biggest detractor for the quarter. The company reported disappointing results for Q4, missing its earnings expectations. While its domestic business in the Philippines continues to perform well, with SSSG increasing from 6.4% in the previous quarter to 7.4% in the most recent one, the Group's overall performance was negatively impacted by its international operations, particularly in the China region and with Smashburger.

In China, EBITDA fell 57% YoY due to a challenging competitive environment and a weak consumer market. Meanwhile, in the U.S., Smashburger's EBITDA returned to negative territory as the revamp of the menu and increased marketing spending did not yield the desired results. Jollibee is actively implementing changes in these underperforming markets and brands. The company plans to limit losses in China by focusing on an asset-light approach. Additionally, Jollibee has changed the management of Smashburger and is pursuing a more cost-conscious strategy under the new President, Jim Sullivan, who is working to eliminate unnecessary overhead.

Jollibee Group remains focused on return on invested capital (ROIC), intending to raise it to 20% by fiscal year 2028. Encouragingly, they are seeing positive signs with the launch of Jollibee's U.S. Franchising Program, set for early March 2025. The Jollibee brand in North America reported an 8% increase in same-store sales last year and has average daily sales (ADS) of $13,300, nearly triple the ADS of KFC and double that of Popeyes in the U.S. Additionally, Jollibee Group is ready to begin franchising Coffee Bean & Tea Leaf beyond its core markets of Malaysia and Singapore.

Medley, the leading Japanese recruitment platform for medical staff, was a detractor this quarter. During Q4, Medley reported strong revenue growth of 52% YoY. Gross profit and EBITDA grew by 39% and 21% YoY, respectively. However, profits fell short of their revised guidance in 3Q24. This weakness was primarily due to their HR platform, which experienced a negative shift in the placement mix towards lower-wage medical staff, while placements for higher-wage medical staff underperformed. Additionally, Medley has issued more conservative guidance for fiscal year 2025, citing a volatile environment.

To address this, Medley is taking proactive measures to enhance the placements of key occupations, with early signs of success observed in the first two months of 2025. Importantly, Medley continues to outperform traditional headhunting companies and is gaining market share within this segment. Given its strong value proposition compared to these legacy firms in the medical sector, we expect Medley to continue expanding its market share.

SharkNinja, a leading manufacturer of small household appliances, experienced challenges this quarter despite strong performance. In Q4, the company achieved impressive revenue growth of 30% YoY. SharkNinja continues to benefit from operating leverage and the introduction of higher-margin products, with adjusted EBITDA and adjusted net income increasing by 32% and 114% YoY, respectively.

However, due to the increasingly volatile geopolitical landscape, including uncertainty on tariffs, management has guided conservatively for the upcoming period. They anticipate a significant decline in revenue growth for FY24, targeting high-single-digit growth in Q1, with FY25 revenue growth expected to be between 10% and 12% YoY. To adapt to the current geopolitical environment, SharkNinja has proactively shifted its production base outside of China, aiming for 90% of U.S. products to be manufactured outside China by the end of 2Q25. The company is on track to meet this target. We anticipate that management will actively modify their supply chain following the significant tariff increases in April. Importantly, core product innovation at SharkNinja remains strong, with plans for 25 product launches and expansion into two new product categories in FY2025.

Saizeriya, a casual Italian-inspired restaurant chain, was a detractor during the quarter. In the quarter ended November 2024, revenue and operating profits grew by 16% and 13% YoY, respectively. While revenue in Japan continues to grow strongly at 20% YoY, operating profit was significantly affected by higher ingredient costs, particularly for rice and vegetables. Additionally, the China region experienced a same-store sales decline of 10%, driven by a weaker consumer spending environment and increased competitive pressure. To address these challenges, Saizeriya is currently reworking its menu to introduce alternative items that can help offset higher raw material costs. Furthermore, management has announced a share buyback program worth 1 billion yen, worth approximately 0.40% of the shares outstanding.

Techtronic, the leading power tool maker, was a detractor for the quarter. Techtronic reported its 2H24 December results, with revenue growing 7% YoY, driven by strong 11% revenue growth in the Milwaukee brand. Techtronic benefited from a favorable mix shift towards a higher margin Milwaukee segment, driving higher gross profit growth of 9% YoY. In addition, operating leverage within the business allowed operating profit to grow faster at 12% YoY. However, despite strong results, management maintained its FY25 revenue guidance of mid-to-high single-digit growth, disappointing the market. In addition, concerns over tariff impacts and the U.S. macro environment further weighed on its share price. Techtronic has proactively shifted its supply chain since tariffs increased under Trump 1.0. China and Mexico production accounts for 30% of total output (compared to 70%+ in 2019). We believe competitors' production is significantly more exposed to China and Mexico. Also, management targets to shift all US production out of China by the end of 2025. We anticipate further adjustments to the supply chain following the announcement of a new set of U.S. tariffs in April. In addition, management noted that January and February numbers continue to be strong, exceeding their guidance.

See the following pages for important disclosures.

The Fund is actively managed. It uses the FTSE Asia Pacific Index (U.S.D) (FactSet ID: 100658) as a 'comparator benchmark' to compare the performance of the Fund against, but which is not used to constrain portfolio composition or as a target for the performance of the Fund.

Risk/Reward Profile: As this Fund has such a broad selection of investment choices, there are many factors that could affect performance. These could include changes in the performance of different industrial sectors and individual securities. The performance of the Class I GBP Shares may also be affected by the exchange rate with U.S. Dollars, the currency in which the Fund is denominated, as the Investment Manager will not purchase financial instruments to mitigate any such potential changes. Because the Fund generally invests in 20 to 25 companies, each holding could have a more significant impact on the Fund's performance than if a greater number of securities were held. Because the Fund invests in companies in the Asia Pacific Region, adverse events related to the Asia Pacific Region could have a more significant adverse impact on performance than in a more geographically diversified Fund. Investment in China and other emerging markets may expose the Fund to more social, political, regulatory, and currency risks than securities in developed markets. A party with whom the Fund contracts with regard to the Fund's assets may fail to meet its obligations or become bankrupt, which may expose the Fund to a financial loss. Derivatives may fluctuate in value rapidly and certain derivatives may introduce leverage which may result in losses that are greater than the original amount invested. Losses to the Fund may occur as a result of human error, system and/ or process failures, inadequate procedures or controls. The value of the shares may go down as well as up and investors may not get back the amount invested. For a more detailed explanation of these and other risks please refer to the Prospectus under the "Risk Factors and Special Considerations" section.

This is a marketing communication. Please refer to the link below for the Prospectus and other offering documentation before making any final investment decision. A Prospectus is available for the Fund and key investor information documents ("KIIDs") are available for each share class of the Fund. The Fund's Prospectus can be obtained from www.southeasternasset.com and is available in English. The KIIDs can be obtained from this website and are available in one of the official languages of each of the EU Member States into which each share class has been notified for marketing under the Directive 2009/65/EC (THE "UCITS Directive"). Full information on associated risks can be found in the Prospectus and KIIDs. In addition, a summary of investor rights is available on this website. The summary is available in English. The Fund is currently notified for marketing into a number of EU Member States under the UCITS Directive. The management company can terminate such notifications for any share class of the Fund at any time using the process contained in Article 93a of the UCITS Directive.

Any subscription may only be made on the terms of the Prospectus and subject to completion of a subscription agreement.

P/V ("price-to-value") is a calculation that compares the prices of the stocks in a portfolio to Southeastern's appraisal of their intrinsic values. The ratio represents a single data point about a Fund and should not be construed as something more. P/V does not guarantee future results, and we caution investors not to give this calculation undue weight.

"Margin of Safety" is a reference to the difference between a stock's market price and Southeastern's calculated appraisal value. It is not a guarantee of investment performance or returns.

Important information for Australian investors:
Southeastern Asset Management, Inc. ("Southeastern") has authorised the issue of this material for use solely by wholesale clients (as defined in the Corporations Act 2001 (Cth)) of Southeastern or of any of its related bodies corporate. By accepting this material, a wholesale client agrees not to reproduce or distribute any part of the material, nor make it available to any retail client, without Southeastern's prior written consent. Southeastern is exempt from the requirement to hold an Australian financial services licence (AFSL) under the Corporations Act 2001 (Cth) in respect of financial services, in reliance on ASIC Class Order 03/1100, a copy of which may be obtained at the web site of the Australian Securities and Investments Commission, http://www.asic.gov.au. The class order exempts bodies regulated by the U.S. Securities and Exchange Commission (SEC) from the requirement to hold an AFSL where they provide financial services to wholesale clients in

Australia on certain conditions. Financial services provided by Southeastern are regulated by the SEC, which are different from the laws applying in Australia.

Important information for Danish investors:
Each Fund's prospectus has not been and will not be filed with or approved by the Danish Financial Supervisory Authority or any other regulatory authority in Denmark and the shares have not been and are not intended to be listed on a Danish stock exchange or a Danish authorized market place. Furthermore, the shares have not been and will not be offered to the public in Denmark. Consequently, these materials may not be made available nor may the shares otherwise be marketed or offered for sale directly or indirectly in Denmark.

Important information for Guernsey investors:
Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Council take any responsibility for the financial soundness of the Longleaf Partners UCITS Funds or for the correctness of any of the statements made or opinions expressed with regard to it. If you are in any doubt about the contents of this document you should consult your accountant, legal or professional adviser or financial adviser.

Southeastern Asset Management has taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the document, whether of facts or of opinion. It should be remembered that the price of Fund shares and the income from them can go down as well as up.

Important information for Hong Kong investors:
No person may offer or sell in Hong Kong, by means of any document, any Shares other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No person may issue, or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.
WARNING
The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about the contents of this document, you should obtain independent professional advice.

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Important information for Spanish investors:
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Important information for Swedish investors:
The following materials are intended only for qualified investors. This material shall not be reproduced or publicly distributed. The Longleaf Partners Unit Trust is not authorised under the Swedish Investment Funds Act. The shares of the Fund are being offered to a limited number of qualified investors and therefore this document has not been, and will not be, registered with the Swedish Financial Supervisory Authority under the Swedish Financial Instruments Trading Act. Accordingly, this document may not be made available, nor may the shares otherwise be marketed and offered for sale in Sweden, other than in circumstances which are deemed not to be an offer to the public in Sweden under the Financial Instruments Trading Act.

Important information for Swiss investors:
The jurisdiction of origin for the Fund is Ireland. The jurisdiction of origin for the Fund is Ireland. The Representative for Units distributed in Switzerland is Waystone Fund Services (Switzerland) SA., Av. Villamont 17, 1005 Lausanne, Switzerland. The Prospectus, the Simplified Prospectuses in respect of the Fund, the trust deed, as well as the annual and semi-annual reports may be obtained free of charge from the representative in Switzerland. The current document is intended for informational purposes only and shall not be used as an offer to buy and/or sell shares. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming shares. Past performance may not be a reliable guide to future performance.

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The KIID and Full Prospectus (including any supplements) for this Fund are available from Southeastern Asset Management International (UK.) Limited which is authorized and regulated by the Financial Conduct Authority in the United Kingdom.

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