

April 2026

# Longleaf Partners Global Fund 1Q26 Commentary



## Fund Characteristics

P/V Ratio	Mid-50s%
Cash	5.5%
# of Holdings	21

All data as of March 31, 2026

	Annualized Total Return (%)					
	1Q	1 Year	3 Year	5 Year	10 Year	Since Inception
Global Fund	-4.43	14.07	9.55	1.83	6.88	5.57
MSCI World	-3.57	18.90	16.77	10.27	11.80	11.05
MSCI World Value	1.18	16.60	14.61	9.59	9.35	8.79

The year started off much like the second half of 2025, with most stocks going up and caution being penalized. February brought a market that was best described as “weird” with multiple, large sector wide moves driven by themes like perceived AI winners and losers. Then the Iran War and growing systemic private credit risk complicated matters more. We lagged the market to start the quarter but performed better relatively as “weird” turned to “bad.” It is also worth noting that while our non-US overweight vs. the Global index helped in the first part of the quarter, it hurt in the back half. We still believe that non-US stocks are priced more attractively than their US large cap peers, even after a small sell-off of US software stocks in the quarter. We ended the quarter with a P/V in the mid-50s%, a rare level for us that bodes well for absolute returns moving forward.

*Inception date 12/27/2012. Returns reflect reinvested capital gains and dividends but not the deduction of taxes an investor would pay on distributions or share redemptions.*

*Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting [southeasternasset.com](http://southeasternasset.com). The prospectus expense ratio before waivers is 1.29%. The Global Fund's expense ratio is subject to a contractual fee waiver to the extent the Fund's normal operating expenses (excluding interest, taxes, brokerage commissions and extraordinary expenses) exceed 0.95% of average net assets per year. This agreement is in effect through at least May 1, 2027, and may not be terminated before that date without Board approval.*

A theme so far this year is that it has not been a good time to report a complicated quarter as a public company. Our investees that needed more explanation were overly punished by the market. To quantify this effect, stocks in the portfolio that each detracted more than 50 basis points individually combined for a negative impact of over 600 basis points. However, the value per share decline for these stocks was less than 150 basis points in aggregate. While we will always have winners and losers in any given quarter, this was an abnormally large mismatch between price and value change. Many of these companies had results that could be read as disappointing to short-term earnings per share, but there was little to no impact to the free cash flow (FCF) per share that we believe will materialize and/or is the consensus estimate for 2027+.

While this dynamic gives us comfort that we remain on the right track, we are not waiting for the market to be a weighing machine instead of a voting machine. We have stepped up our behind-the-scenes engagement with our investees and are optimistic some of this work (that could go public) will show results as the year goes on. We have already had one instance of that in the [Longleaf Small-Cap Fund](#). At our investments at larger and/or controlled companies such as FedEx, IAC, Philips and Exor where minority shareholders have less say (in theory), we have solid relationships and constructive dialogue with management teams. We are encouraged that newer holdings like Regeneron, IDP Education and Albertsons are off to a good start on the People angle. On the other hand, where we have neither a company on offense nor strong partners, we have sold to concentrate in higher conviction holdings.

This was a relatively good quarter for the value index. It was especially good for the Big Oil part of the [Big Banks, Oils and Pharmas that we have written about before](#), as large, unhedged oil majors were the biggest driver of the index. While the short-term earnings power of Exxon and others went up materially in the quarter, we do not think the long-term value per share of these companies – as defined by the futures curve and common sense – went up 40%. Another thing to consider is that those value investors who made the decision to pay higher multiples for growth over the last 10+ years generally had rougher first quarters, whereas those who have been more broadly diversified and focused on paying low multiples of current earnings did better in the quarter. We have a more eclectic approach than either extreme and delivered returns in between over this limited period. The average, non-energy “value stock” that trades at a low multiple of current earnings and did not do anything notable this quarter remained flattish, which beat the MSCI World index. As we have said before, just because something trades at a low multiple on readily determined earnings, that

does not mean it is undervalued, nor does it qualify on Business and People, which come before Price for us.

Our better relative performance in the later, more intense selloff part of the quarter rhymed a lot with what happened almost exactly one year ago around “Liberation Day” when we outperformed. Much like how the tariff issue went down the list of investor concerns as '25 went on, it is possible that we have peace in the Middle East and everything works out well with private credit over the next year or two. It is also possible (or likely) that these two issues (and potentially others) are not as “correctable” as tariffs were. We are not positioned overly defensively via a top-down call, but rather because the market is paying us to own under-recognized quality companies on offense. Along those lines, it is worth calling out some companies that did not rise to contributor status as we define it below but did have solid quarters. For example, the related group of IAC and MGM Resorts both continued to generate FCF and sell non-core assets, while rumored bids for what we believe to be inferior Caesars Entertainment suggest a much higher price for MGM Resorts and by extension IAC. CNX, with its more hedged earnings stream vs. other, lower-quality energy companies, only saw its stock price go up 5% in the quarter, but we think the long-term value of safe, USA natural gas went up more than that. Jollibee announced a split of its assets that we believe will unlock value. Regeneron and Philips reported solid quarters while other healthcare companies likely overpaid for assets. We also think it unlikely that valuation gaps such as the public market multiple disparity between Albertsons and Kroger and/or the public/private market difference between Magnum Ice Cream and Froneri will persist long-term.

### **Notable Contributors & Detractors**

**FedEx** – Global logistics company FedEx was a contributor for the quarter. The stock responded to another quarter of strong execution, led by continued momentum at the Federal Express (FEC) segment, where volume growth, yield growth, and cost control again translated into meaningful profit growth. FEC delivered its most profitable peak holiday season ever, with margins expanding for a sixth consecutive quarter as more volume flowed through Network 2.0-optimized facilities and management continued to move the business toward higher-value B2B verticals. FedEx Freight remains on track to be spun off on June 1st and will be well positioned to benefit from a recovery in industrial demand as an independent company. Even after the stock price move, we continue to believe the market underappreciates the earnings power of the core parcels business and the value that can be unlocked through the Freight separation.

**Glanbia** – Irish nutrition, ingredients and dairy company Glanbia contributed for the quarter. Shares held up well in a difficult market environment, though the stock continues to trade at undemanding multiples relative to global food and beverage staples peers. Full year 2025 was the last set of results burdened by the dilutive drag from the SlimFast and Body & Fit businesses before they were divested, and the business now enters 2026 with a better growth rate and more focus. Strategic optionality remains with the potential for the company to monetize its non-core dairy business.

**Rayonier/PotlatchDeltic** – Timberland companies Rayonier and PotlatchDeltic completed their merger in the quarter to become our largest single position in the Fund. While the combination of the pre-merger-close price move up in PotlatchDeltic and the post-merger-close price move down in Rayonier did not combine to make this a large detractor, it is worth noting the post-merger weakness we believe did not line up with the solid value creation opportunity at a company like this. While some of the sell-off was likely short-term/technical (index moves), timberland remains a great and long-term store of value. Interest rate moves and housing market sentiment can impact perception in the short term, but this asset class has historically been an inflation hedge that has performed well in a variety of environments. Post-merger, new Rayonier has a strong balance sheet and the ability to go on offense. We believe that targeted asset sales and share repurchase can drive value per share growth from here. We also wrote about the company in our most recent Research Perspectives [note](#).

**Canal+** – French pay-TV operator Canal+ was a detractor for the quarter. The stock's performance was a quarter of two halves. The shares rallied meaningfully in January following a substantive synergy update in which management put hard numbers behind the value creation opportunity from integrating MultiChoice. We trimmed our holdings into this strength. Those gains were fully retraced and then some following the FY25 results announcement in March, which saw solid 2025 results but 2026 guidance signalling a year of deliberate investment ahead of more substantial earnings growth over the following three years. Mr. Market reacted poorly to the short-term earnings disappointment, pushing the stock to levels below the price in June 2025. This was a time when, by any fundamental measure, the business was considerably less attractive with a much wider range of outcomes – e.g. the VAT settlement with French authorities then remained unresolved (since clarified and better than expected), cost inflation from UEFA exclusivity rights renewal was an open question (renewed in November 2025, at a lower-than-expected renewal cost), and the MultiChoice deal was not yet closed. The conclusion of the bidding war for Warner Bros. Discovery this year

also implies a healthy value for Canal+ well above where it trades currently. We have been adding again (alongside insider buying) at what we consider an attractive P/V.

**Delivery Hero (DHER)** – A global food delivery platform, was a detractor for the quarter. The company reported largely inline FY25 results with FCF delivery stronger than our and street expectations. Beyond the Middle East conflict (the company operates in certain countries in the region) and short-term competitive pressure in a few regions, the stock has been weak due to uncertainty around its ongoing strategic review and the fate of Prosus's 27% ownership of the company. Delivery Hero announced the sale of its Taiwan operations to Grab Holdings for \$600 million (at 0.35X Gross Merchandise Value (GMV), much higher than our value and 0.13X GMV where DHER trades) and while this was billed as a “decisive first step” in the ongoing strategic review, we and others want to see more action on additional asset sales. We added to our position as the valuation became even more attractive. There are many like-minded shareholders on the case, and we expect some of our key concerns to be addressed in coming months.

**IDP Education** – The leading international student placement agency and English testing service provider, was a detractor for the quarter. IDP reported solid results in a tough environment. Student placement volumes were down 25% year-over-year (YoY) in 1H driven by declines in markets like Canada and the UK. Despite this volume decline, student placement yield (revenue per student placed) was up 15%, demonstrating IDP's value proposition of bringing high quality international students to universities. English language testing volume was down 7% YoY driven by weak student flows from India, but revenue per test was up 8%. The company is on track to deliver 25 million AUD in net cost reduction in FY26 (quite meaningful for a business expected to deliver 125 million AUD in operating income this year). Despite this strong execution, the stock has been weak as the market is concerned about the growth outlook in FY27 given adverse immigration policy changes in key destination markets (UK, Canada and Australia) in recent years. After an over 50% decline in student volumes from post Covid highs, we believe the pendulum has swung too far to the negative and expect placement volume declines to slow down to mid-single-digit percentages in FY27, such that we expect IDP to deliver on its commitment of profitable and cash generative growth in FY27 and beyond. We added to our investment as the stock price pulled back to highly attractive levels.

**Mattel** – Children's toy, media, and consumer products creator Mattel was a detractor in the quarter. The stock fell due to an unexpected \$150 million (15% of EBITDA) in

incremental spending on initiatives including mobile gaming, Brick Shop (Mattel's competitor to LEGO), and direct to consumer marketing. CEO Ynon Kreiz cited a one-year payback on this spend, but the market remains in show-me mode and the price declined proportionate to the 2026 earnings per share guidance reduction. This was compounded by 4Q results that missed expectations, especially in the US. To the positive, the company committed to \$1.5 billion in share repurchase over the next 3 years, which equates to 33% of shares outstanding at today's price. 2026 should have demonstrated the true FCF power of Mattel given traction on IP initiatives including two new movies (Masters of the Universe and Matchbox), two new mobile game launches, and licensing momentum with Toy Story 5 and KPop Demon Hunters. Unfortunately, this was delayed, and we are focused on what we can do to improve this situation.

### **Portfolio Activity**

During the quarter we had no new purchases and exited four holdings: Bio-Rad, Louis Hachette, Louisiana-Pacific and Walt Disney. We exited underweight positions in both Bio-Rad and Louis Hachette in order to focus on holdings that are better positioned qualitatively and quantitatively, as we suggested we would in our fourth quarter letter. We exited a small, brief and successful investment in Louisiana-Pacific after housing market optimism early in the year led the share price to approach our appraisal value. We also sold Walt Disney earlier in the quarter as it was one of our higher P/V and more economically sensitive investments, but we hope to get a chance to invest in the company again.

### **Outlook**

Looking ahead, the war in Iran remains a source of uncertainty for a few holdings, but we do not own businesses that depend on a single outcome for success. More broadly, we believe the portfolio is positioned to benefit as potential private credit stress exposes weaker balance sheets and excess leverage, which our portfolio has little direct exposure to either. We continue to see unique opportunities in the portfolio driven by companies on offense with the help of Southeastern, and the portfolio remains attractively priced with the price-to-value ratio in the mid-50s%.

Thank you for your partnership.

*See following page for important disclosures.*

**Before investing in any Longleaf Partners Fund, you should carefully consider the Fund's investment objectives, risks, charges, and expenses. For a current Prospectus and Summary Prospectus, which contain this and other important information, visit <https://regdocs.blugiant.com/longleaf/#>. Please read the Prospectus and Summary Prospectus carefully before investing.**

#### RISKS

The Longleaf Partners Global Fund is subject to stock market risk, meaning stocks in the Fund may fluctuate in response to developments at individual companies or due to general market and economic conditions. Also, because the Fund generally invests in 15 to 25 companies, share value could fluctuate more than if a greater number of securities were held. Investing in non-US securities may entail risk due to non-US economic and political developments, exposure to non-US currencies, and different accounting and financial standards. These risks may be higher when investing in emerging markets.

The MSCI World Index captures large and mid-cap representation across 23 Developed Markets (DM) countries. With 1,320 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The MSCI World Value Index captures large and mid cap securities exhibiting overall value style characteristics across 23 DM countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the UK and the US. The S&P 500 Index is an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P is designed to be a leading indicator of US equities and is meant to reflect the risk/return characteristics of the large cap universe. Indexes are unmanaged, do not reflect the deduction of fees or expenses and cannot be invested in directly.

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 holding 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.

Free Cash Flow (FCF) is a measure of a company's ability to generate the cash flow necessary to maintain operations. Generally, it is calculated as operating cash flow minus capital expenditures.

Price / Earnings (P/E) is the ratio of a company's share price compared to its earnings per share.

PE multiple is a financial metric that frames a company's current stock price in terms of the company's earnings per share.

A Basis Point is one hundredth of one percent.

EBITDA is a company's earnings before interest, taxes, depreciation and amortization.

Mergers and Acquisitions (M&A) are business transactions in which the ownership of a company, business organization, or one of their operating units is transferred to or consolidated with another entity.

As of March 31, 2026, the top ten holdings for the Longleaf Partners Global Fund: Rayonier, Inc. 8.1%; IAC, Inc. 7.9%; EXOR N.V. 7.0%; Canal+ S.A. 6.5%; Mattel, Inc. 6.3%; CNX Resources Corporation 5.8%; Albertsons Companies, Inc. 5.0%; Regeneron Pharmaceuticals, Inc. 4.8%; Magnum Ice Cream Company N.V. 4.6% and Delivery Hero S.E. 4.5%. Fund holdings are subject to change and holdings discussions are not recommendations to buy or sell any security. Current and future holdings are subject to risk.

Funds distributed by ALPS Distributors, Inc.

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