Asia Pacific UCITS Fund Commentary 2Q25

Longleaf Partners Funds

For Professional Investors Only

Portfolio Returns on 30/6/25 – 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.

	2Q25	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception 2/12/2014
APAC UCITS (Class I USD)	4.91	9.48	18.05	7.27	3.16	3.39	3.45
FTSE Asia Pacific Index	12.11	13.05	15.11	11.46	8.02	5.93	6.22
Relative Returns	-7.20	-3.57	+2.94	-4.19	-4.86	-2.54	-2.77

Selected Indices	2Q25	YTD	1 Year	3 Year	5 Year	10 Year
Hang Seng Index (HKD)	5.74	22.72	41.82	7.30	3.19	2.57
TOPIX Index (JPY)	7.44	3.82	4.09	17.99	15.59	8.24
TOPIX Index (USD)	11.67	13.13	16.08	15.61	9.06	6.46
MSCI Emerging Market (USD)	11.99	15.27	15.29	9.70	6.81	4.81

Commentary

The Fund delivered a +4.9% return in Q2 2025, underperforming the FTSE Asia Pacific Index. ("Asia Index") by 7.2% as the benchmark surged a remarkable +12.1%. Despite this relative underperformance, your portfolio generated positive absolute returns in a quarter defined by extraordinary volatility and AI-driven technology sector recovery. The performance gap was mainly due to underweight positions in technology-heavy markets like Korea and Taiwan, significant underperformance of overweight consumer discretionary stocks, and a larger-than-usual cash position that detracted from quarter returns.

Market Environment: From Tariff Shock to AI Renaissance

The quarter began with a severe sell-off in early April, triggered by the U.S. administration's "Liberation Day" tariff announcement, which plunged global markets. However, a remarkable V-shaped rebound ensued, propelled by a temporary U.S.-China trade truce, a weakening U.S. dollar, and investor enthusiasm for the Artificial Intelligence (AI) theme. In mid-April, we seized the opportunity presented by the volatility in the Semiconductor Production Equipment sector, which was especially affected by the tariff and chip warfare between China and the U.S., to acquire ACM Research, a U.S.-based company (discussed below).

Q2 Regional Performance Highlights (in USD)

- South Korea (KOSPI): +35.1%
- Taiwan (TWSE): +23.2%
- Hong Kong (HSI): +4.8% Q2, +21.4% 1H
- Japan (TPX): +11.7%
- Thailand (SET): - 0.1%
- Philippines (PCOMP): +5.8%
- Indonesia (JCI): +12.4%

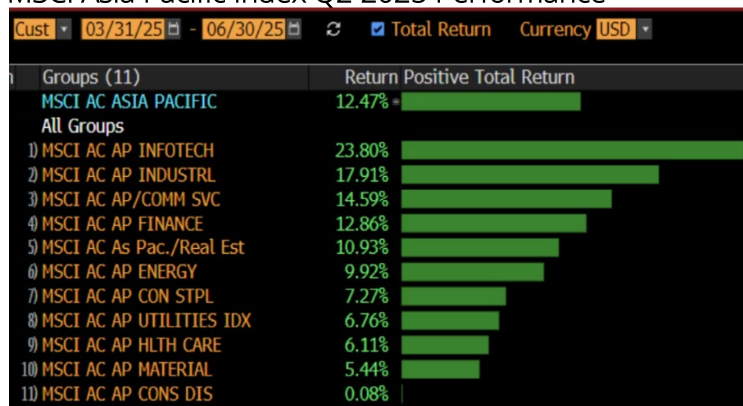
The Asia Index achieved a strong positive return for the quarter, outperforming U.S. markets and demonstrating the region's resilience. However, this performance was not uniform; there was significant divergence between the technology leaders in North Asia and other regional markets. The macroeconomic environment remains complex, marked by geopolitical uncertainty and the impending expiration of the U.S. tariff pause. Despite these challenges, Asia's structural advantages — such as technological leadership in key sectors, strong domestic demand, and proactive policy support — remain firmly intact. An active, bottom-up investment approach is essential to navigate this volatility effectively, focusing on high-quality companies with durable competitive advantages and clear earnings visibility, insulated from external factors such as unstable tariff regimes.

The rebound outside the U.S. was impressive. The MSCI World ex-U.S. Index posted a return of +12.3% for the entire quarter, while the MSCI Asia Pacific Index saw a return of +12.5%. The weakening U.S. dollar significantly enhanced returns in Asia and ex-U.S., as the U.S. dollar index fell 7% during the quarter, and over 10% year-to-date. This strong performance suggests a possible shift away from U.S. market dominance, driven by more appealing relative valuations and changing policy environments.

The most compelling narrative of Q2 was the extraordinary comeback of the technology sector. After suffering losses in Q1, Asia technology stocks delivered approximately 24% returns, driven by a confluence of factors including breakthrough AI development, robust semiconductor earnings, and renewed confidence in AI-driven demand. With Korea and Taiwan heavily exposed to technology, the Korean and Taiwan markets boomed, delivering 35% and 23% growth in the quarter. Our lack of exposure to Taiwan and underweight Korea contributed to our relative underperformance in the index. The Asia Index is heavily weighted towards technology giants like Taiwan Semiconductor Manufacturing Company (TSMC), SK Hynix, and Samsung Electronics, which are central to the global AI supply chain. Consequently, the index's strong performance is disproportionately tied to the sentiment surrounding this single, high-momentum sector. South Korea emerged as the region's standout performer, with benchmark indices increasing 41% (in USD) in the first half of 2025, reflecting investor enthusiasm for the new government's shareholder-friendly reforms and political stability.

This tech renaissance starkly contrasted with the mixed performance in other sectors. While financial services and industrials participated in the broader rally, traditional defensive sectors like consumer discretionary and retail showed more subdued performance, reflecting the complex interplay between trade tensions and domestic consumption patterns.

MSCI Asia Pacific Index Q2 2025 Performance

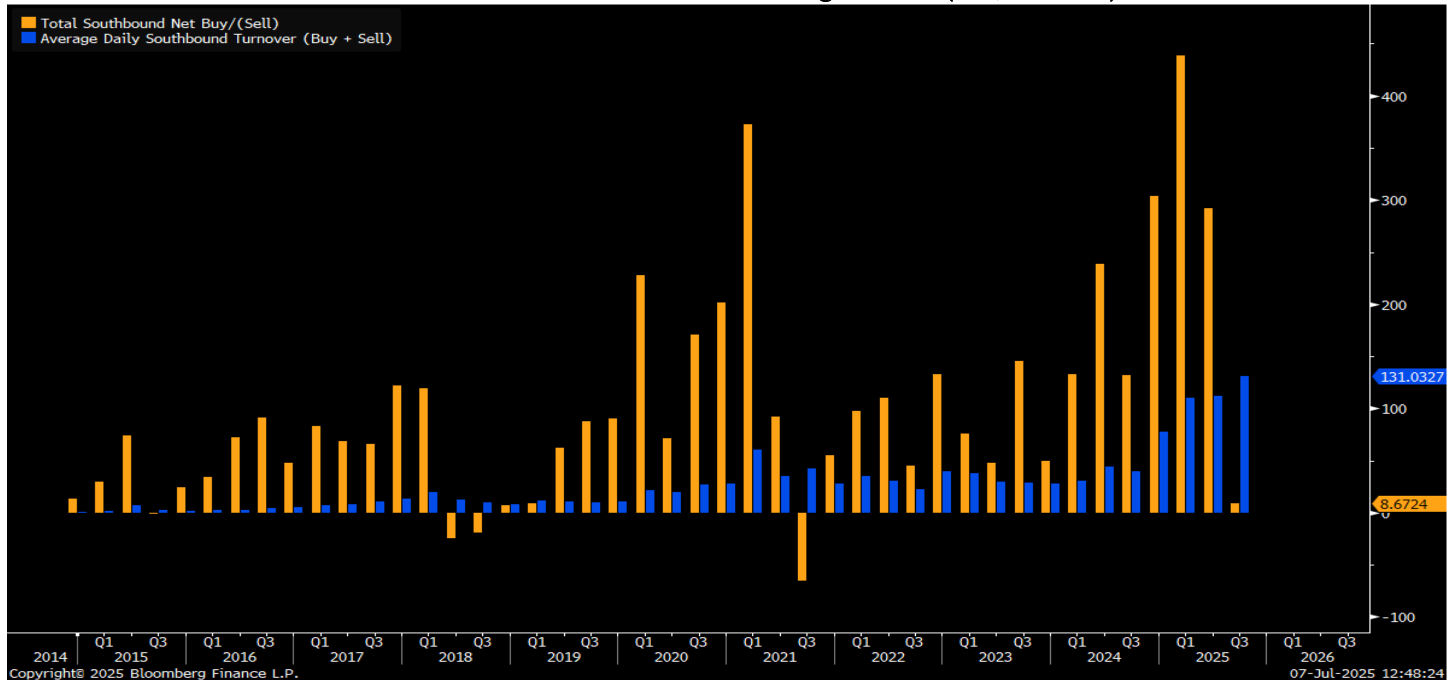


Source: Bloomberg

Our high weighting in the consumer discretionary sector — the weakest performing sector in the index — was the biggest detractor to relative returns. Within the consumer discretionary bucket, our investment in Japanese amusement and karaoke operator Genda, which returned -30% in the quarter, was a meaningful drag on absolute and relative performance. We discuss Genda in the discussion of contributors and detractors below.

During the quarter, our cash position remained relatively high due to the sales of some investments. However, this cash holding negatively impacted our overall performance. The region experienced exceptional growth in the second quarter, and the opportunity cost of not being fully invested during this time was unusually high. We raised cash intending to invest in a few identified opportunities; unfortunately, during the V-shaped recovery in April and May, many of these potential investments increased sharply in price, reducing our margin of safety.

1H 2025: China Southbound Flows and Turnover hit Record Highs in HK (HK$ Billions)



Source: Bloomberg

Despite the spike in tensions between China and the U.S. and the escalating conflict in the Middle East, the Hong Kong (HK) markets demonstrated remarkable resilience, with the Hang Seng Index up 6% in the quarter and surging 23% year-to-date, bolstered by a dramatic IPO revival that saw $14 billion raised in the first half — seven times the previous year's level, and surpassing both Nasdaq and the New York Stock Exchange. The average daily turnover of the HK stock exchange for the first six months of 2025 was $30.6 billion, up 118% year-over-year (YoY). This resurgence has been driven by a confluence of factors, including massive capital inflows from mainland China, regulatory reforms, geopolitical tensions pushing Chinese companies away from U.S. markets, and renewed investor confidence in China's technology sector.

Portfolio Changes

This quarter, we made several adjustments to our investment portfolio. Considering the challenging macroeconomic environment, we decided to exit our investment in Samsonite due to its significant exposure to higher tariffs. We took advantage of the rally in the Korean markets by selling Naver, a leading online search and e-commerce platform, which yielded a 37% return for the quarter. Additionally, we sold our position in Baidu, a Chinese online search and cloud platform. We believe that the highly competitive generative AI industry in China, where most services are free, is disrupting the search market, including Baidu's profitable online search business.

This year, we have relied less on traditional online search engines and more on platforms like Perplexity, DeepSeek, and Gemini for our queries. GenAI engines, which merge large language models with search capabilities, provide context-rich answers instead of just lists of links. This shift has changed how we search for information, as AI-generated answers often meet our needs without requiring visits to external websites. As a

result, established search engine optimization strategies are being challenged, and the value of top search rankings is decreasing. More importantly, due to the intense competition in the Chinese market, most AI-powered search engines are offered for free. This is a vastly different business model compared to Western markets. Additionally, these free AI-generated search engines are provided by large conglomerates like Tencent and Alibaba, whose primary business is not focused on search engines. They are likely using this strategy as a loss leader.

In the first quarter, we dedicated significant time to evaluating opportunities in the semiconductor sector. This quarter, our focus continued considering the extreme volatility we have experienced in this area. In April, the U.S.-China chip and tariff war escalated rapidly, with both sides implementing a series of retaliatory measures. On April 2, the U.S. announced new tariffs on Chinese goods. In response, China announced its tariffs and export licensing requirements for rare earth elements on April 4. The U.S. also imposed new export restrictions on chip design software going to China on April 4. The situation intensified when the U.S. threatened and subsequently enacted further tariff increases. On April 8, President Trump signed an executive order raising tariffs on Chinese imports to 84%. By April 9, the total tariff rate had increased to 145%. In retaliation, on April 10, China raised its tariffs on U.S. goods to 84%, followed by an increase to 125% on April 12. Furthermore, China suspended exports of key minerals.

ACM Research

In April, amidst the rapidly escalating trade war in chips, we initiated a new position in U.S.-listed and headquartered **ACM Research**, specializing in semiconductor wafer fabrication equipment (WFE) and selling almost exclusively in China. ACM Research develops, manufactures, and sells advanced wafer processing equipment — primarily wet cleaning, plating, and related tools — for the semiconductor industry, enabling chipmakers to improve fabrication yields and support next-generation device manufacturing.

The wafer cleaning market may appear simple, but this is misleading. The levels of cleanliness and purity required for subsequent steps in semiconductor manufacturing are critical. Several cleaning steps are involved in manufacturing a wafer, and the target material is highly fragile. Moreover, with the adoption of advanced packaging techniques to increase chip density — utilizing high-density interconnects to connect chips both side-by-side and stacked on top of one another — the complexity of the cleaning process rises even further. ACM Research has successfully carved out a niche in the wafer cleaning industry, competing with established companies such as Screen, Tokyo Electron, and Lam Research.

Founded in 1998 by Dr. David Wang in Silicon Valley, ACM Research operates as a U.S.-based holding company. Its primary operations are conducted through its 82%-owned subsidiary in China, ACM Research (Shanghai). David Wang, born in China, is a U.S. citizen and holds over 100 patents in semiconductor equipment and process technology.

Given U.S.-China trade tensions, ACM Research has benefited significantly from China's strategic push towards semiconductor self-sufficiency. ACM Shanghai is recognized as one of China's "national champions" in the wafer fabrication equipment sector, holding approximately 30% market share in the Chinese cleaning

equipment market. The company has successfully engaged major Chinese customers, including SMIC, Hua Hong, YMTC, and CXMT, while establishing ties with key international players such as SK Hynix and potentially Intel. As China aims to reduce its dependence on foreign WFE suppliers like Applied Materials, Tokyo Electron, and Screen Holdings, ACM Research is well-positioned to capture significant market share.

ACM Research, under the leadership of Dr. David Wang, remains dedicated to its research and development (R&D) roots. The company boasts a strong intellectual property portfolio of over 450 patents and has developed proprietary technologies. We believe their robust R&D-focused culture will enable them to gain a larger market share among their Chinese customers as they advance to more sophisticated technology nodes. ACM Research is beginning to make inroads into the international market, with qualifications underway for their tools in the U.S. ACM Research established its sales and service hub two years ago in North America in Hillsboro, Oregon's "Silicon Forest" semiconductor hub, almost across the street from Intel's R&D and manufacturing site. Interestingly, Lip Bu Tan, Intel's new CEO since March, was previously a member of ACM Research's Advisory Board since 2017.

ACM Research holds an 82% stake in ACM Shanghai, its Chinese subsidiary listed on the Shanghai Stock Exchange. The market value of ACM Research's stake in ACM Shanghai is nearly three times the company's market capitalization. We see several potential pathways for value realization, including: (1) reducing the stake in ACM Shanghai, (2) continuing to increase market share in China, and (3) securing additional customers in international markets.

We believe ACM Research provides significant exposure to the rapidly growing semiconductor process equipment (SPE) market, with a substantial margin of safety and earnings growth driven by structural factors beyond the industry's general growth.

Kaspi

During the quarter, we initiated a new position in Kaspi, Kazakhstan's leading "Super App." The Kaspi ecosystem seamlessly integrates a wide range of services — including digital payments, a top-tier e-commerce marketplace, and consumer finance solutions — accessible through a single, intuitive mobile application. The Kaspi App is now deeply embedded in Kazakhstan's daily life, with an average of 14.7 million monthly active users (MAU), representing approximately 72% of the country's population. User engagement is exceptionally high, with a daily active user (DAU) to MAU ratio of about 68% and an average of 73 monthly transactions per active customer.

Kaspi's relentless focus on Net Promoter Score (NPS) drives outstanding user engagement. The company takes NPS measurement further than most: while many organizations use NPS as a general health indicator, Kaspi benchmarks its product managers solely on their product's NPS, rather than user growth, revenue, or profit. Unlike the typical approach of measuring NPS via email surveys, Kaspi conducts approximately 40,000 customer phone interviews monthly to ensure accurate results. This intense focus on NPS even led Kaspi to discontinue its credit card business — which at the time accounted for one-third of its revenue — when it negatively impacted customer satisfaction.

Recently, Kaspi acquired Hepsiburada, Turkey's leading e-commerce platform, marking its entry into the Turkish market, with a population of over 85 million (roughly four times that of Kazakhstan). In March, Kaspi signed an agreement to acquire Rabobank's license in Turkey. Upon completion, this acquisition will provide Kaspi with a banking license in Turkey, enabling it to embed its financial solutions directly into the Hepsiburada ecosystem, such as buy-now-pay-later products and merchant financing. We see significant potential to expand Hepsiburada's range of services for consumers and merchants, replicating the successful strategy Kaspi has implemented in Kazakhstan.

Notable Contributors and Detractors

Visional, Japan's leading mid-career hiring platform, was the top contributor for the quarter and the half. The company reported impressive results for its April quarter, with BizReach's revenue growth accelerating to 22% YoY, alongside a 3.1 percentage point increase in its operating profit margin. Due to this strong performance and an improving market environment, Visional has upgraded its full-year guidance, now expecting BizReach to achieve 18% growth in the July quarter. In the third quarter alone, revenue and net income rose by 25% and 30% YoY, respectively, surpassing analysts' estimates and contributing to a sharp increase in the company's share price. Visional's revenue is forecast to grow mid-teens over the next three years, outpacing the broader Japanese professional services industry. The company's ongoing investments in human capital and technology, particularly in integrating BizReach with its HR platform to create a comprehensive human capital management ecosystem, have supported its positive outlook and market confidence. These factors combined — strong financial execution, outperformance in core businesses, upwardly revised growth forecasts, and continued strategic investments — have underpinned Visional Inc.'s strong stock market performance this year.

Naver, Korea's leading search and e-commerce platform, exceeded expectations with its Q1 results, reporting approximately 12% YoY growth in search and e-commerce revenue and a 21% increase in EBITDA. To enhance its e-commerce value proposition, Naver launched a separate Plus Store app, improved logistics for next-day delivery, expanded its fresh grocery offerings through an alliance with Market Kurly, and introduced membership benefits, including a Netflix bundle. Naver has been gaining market share, with its on-platform gross merchandise volume (GMV) growing at 10% YoY, significantly outpacing industry growth. Naver's advertising revenue grew stronger by leveraging AI technology in content development, feed personalization, and ad targeting. Despite the strong operating performance to date, there are valid long-term concerns regarding the terminal value of its search platform, especially with increasing competition from generative AI applications. Following the Korean presidential elections in early June, Naver's share price increased sharply amid optimism about potential benefits from a sovereign AI initiative. Naver Cloud's AI Innovation Center head was appointed to lead Korea's sovereign AI project, further boosting market confidence. As the share price reached our value, we decided to exit our position in Naver and reinvest the capital into more attractive opportunities.

MGM China, the casino operator in Macau, contributed positively to the latest quarter and the first half. MGM reported a property EBITDA of HK$2.37 billion in the first quarter, reflecting an 11% increase quarter-on-quarter, exceeding market expectations. MGM China is outperforming its competitors, as it is the only casino

operator in Macau to report positive EBITDA growth compared to the previous quarter. At the same time, its peers experienced an average decline of 6%. Furthermore, MGM China's market share has remained steady at 15.7%, contrary to investors' expectations that they would eventually lose market share as competitors introduced new capacity. We regard MGM China as an exceptional operator, with its EBITDA running over 50% above pre-COVID levels, in contrast to the industry, which has recovered to approximately 80% of pre-COVID EBITDA levels.

Hitachi, a Japanese conglomerate, contributed positively this quarter. The company reported strong results for the March quarter, with sales and adjusted operating profit exceeding expectations. Additionally, Hitachi announced a share buyback program of ¥300 billion, surpassing the previous year's amount, and an increase in dividends. Hitachi held its Investor Day in June, outlining its new medium-term business plan. The company reiterated its commitment to returning at least half of its core cash flow and net profit to shareholders, possibly returning more depending on growth investment opportunities. Hitachi plans to further optimize its portfolio by potentially divesting segments demonstrating low profitability, low growth, or minimal synergies.

ACM Research, a recently acquired company, was one of the top contributors for the quarter. The company experienced a V-shaped recovery, partly due to a temporary truce between China and the United States in May. In June, the two countries agreed on a framework for de-escalating trade tensions. ACM Research delivered a strong performance in the first quarter, with revenue increasing 13.2% YoY. The company also achieved several strategic milestones, including the qualification of new tools by major customers in both China and the U.S., and received industry recognition for innovation. Despite ongoing market and geopolitical challenges, ACM Research reaffirmed its revenue guidance for 2025, demonstrating confidence in its growth trajectory and product pipeline.

Genda, a Japanese merger and acquisition (M&A) roll-up company in the entertainment industry, was the largest detractor during the quarter. Although the company reported strong results for Q1 FY26, its share price remained weak. A significant factor contributing to this decline was President Mai Shin's unexpected departure and subsequent sale of her shares in Genda. Additionally, Genda raised dilutive capital for the second time in less than 12 months, which resulted in an 11% increase in the share count.

In March, Co-Founder Mai Shin unexpectedly stepped down as President, with Chairman Nao Kataoka, also a Co-Founder, taking over her role. The market's perception worsened in May when Genda conducted an equity offering that included Mai Shin as a selling shareholder. Although such a sudden leadership change is concerning, our discussions with Nao Kataoka have revealed that he is a focused, astute, and competent operator. Kataoka was instrumental in Genda's transformation, including acquiring Sega Entertainment in December 2020, for almost no consideration. Additionally, Genda has assembled a strong executive team comprised of top professionals from the Japanese amusement industry. We are confident that Genda will continue to thrive under Kataoka's leadership.

Another area of investor concern is Genda's aggressive acquisition of amusement assets in the U.S. This marks a significant shift from their traditional focus in Japan, where they have extensive industry knowledge. Over the

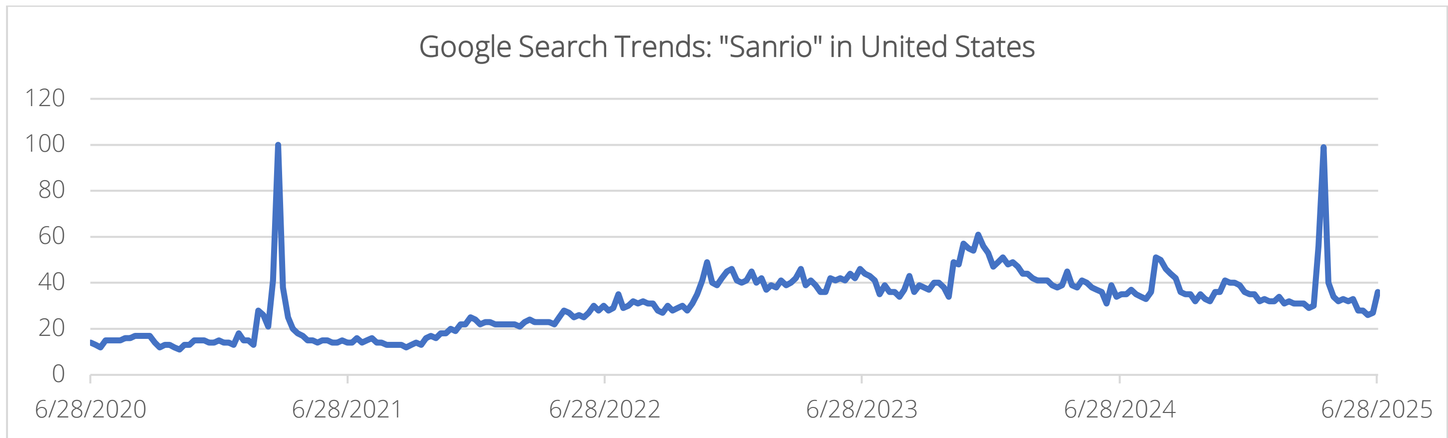
past 12 months, Genda has acquired four U.S. businesses — NEN, Player One, Barberio, and VENUplus — adding approximately 12,000 mini-locations and 130 amusement arcades across North America. This has substantially increased their commitment to the U.S. market. By the end of the year, we believe Genda will have spent $300 million in North America, which was neither part of our original thesis nor the expectation of many investors.

The first acquisition, NEN, appears to have been made at an attractive valuation of 3.6x EBITDA and was relatively small at $29 million. However, the second acquisition, Player One, was significantly larger at $170 million and acquired at a much higher 8.5x EBITDA. Additionally, Player One was acquired from private equity, which had purchased the company for approximately $115 million, less than a year prior. Genda's organic and inorganic spending has increased rapidly without a corresponding rise in earnings, resulting in a significant decline in its return on invested capital. This has created the perception that Genda has lost its capital allocation discipline. The subsequent acquisitions of Barberio and VENUplus were much smaller and were made at a more reasonable 5x EBITDA valuation.

This year, we have engaged extensively with management to better understand the changes perceived in their capital allocation discipline. Genda's management has acknowledged that they paid a premium for Player One because they were in "land grab" mode. With the acquisition of Player One and several smaller deals, they have effectively established a monopoly in North America for Japanese-style crane game amusement centers.

As interest in Japanese "kawaii" anime content continues to grow in North America, industry players and private equity investors are paying closer attention to this sector. Genda acquired Player One at a premium to avoid potentially higher acquisition costs in the future, which helps consolidate the U.S. market. While the initial acquisition price may seem relatively high, Genda expects to achieve significant synergies through post-merger integration (PMI), impacting revenue and costs. This strategy effectively lowers the acquisition multiple, making the deal more appealing. Their immediate objective is to decrease the initial EBITDA multiple from 8.5x to 4.8x for Player One.

At NEN, Genda has replaced the old machines with their own in 515 locations, resulting in a remarkable 110% increase in same-store sales. This means Genda has more than doubled revenues per store by installing machines featuring Japanese "kawaii" plushies. In June, Genda began rolling out celebrated Japanese IPs from Sanrio (including Hello Kitty, Cinnamoroll, Kuromi, and Hangyodon) and Godzilla from Bandai Namco. After spending the last two years consolidating its presence in the North American market for amusement centers that offer crane games, Genda has now gained significant scale and visibility in the region. Thanks to their Japanese roots, they have become the exclusive importer of certain Japanese IP (intellectual property) prizes for amusement games in North America. We anticipate that the introduction of Japanese IP will further enhance revenue growth. Meanwhile, Player One plans to introduce crane games featuring Japanese IP rather than replacing old machines with new ones, as they have sufficient store space. This approach will lead to improved investment efficiency.



Source: https://trends.google.com/trends/

Management, as a major shareholder, is closely aligned with us. Recently, they implemented a stock option plan that can only be exercised if the company achieves ¥75 billion EBITDA by the fiscal year ending January 2030. This target is three times higher than the ¥25.7 billion EBITDA forecast for the current year.

Additionally, management is considering incorporating other performance metrics, such as Return on Invested Capital (ROIC), as key performance indicators (KPIs) to further align their interests with those of minority shareholders. They acknowledged that ROIC has significantly declined; part of the decrease is attributed to the company starting to pay taxes last year and the substantial increase in invested capital shown on their balance sheet, which predates income recognition.

Although the recently acquired assets in the U.S. and new store openings in Japan are under-earning, management expects substantial future returns from these new investments. Recognizing their returns have deteriorated, management has raised hurdle rates for new capital expenditures (CAPEX).

Alibaba, China's largest e-commerce operator and cloud service provider, was a detractor for the quarter, but remains a top contributor year-to-date. The company continued to execute well, with the March fiscal year 2025 Customer Management Revenue growing by 12% YoY, and EBITDA for the Taobao-Tmall Group increasing by 8% YoY. While its Cloud revenue accelerated to 18% YoY, propelled by triple-digit growth in AI cloud revenue, market expectations for its Cloud business had risen significantly, leading to disappointment. Additionally, management has increased investments in instant commerce, aiming to leverage their large Taobao user base to enhance user experience and improve operational efficiency. Early results have been noted as promising.

Jollibee Group, the largest quick-service restaurant (QSR) chain in the Philippines, was a detractor for the quarter. While its domestic operations performed well, with system-wide sales (SWS) increasing by 11.9% and same-store sales growth (SSSG) reaching 8.5%, the international segment struggled. Specifically, Smashburger in the United States and the company's operations in China continued to incur losses. The weak macroeconomic environment in China negatively impacted the business, resulting in a decline of 8.3% in SSSG. Yonghe King has revamped its menu to emphasize value offerings. After adjusting prices and modifying the menu, the brand reported a 210-basis point increase in repeat dine-in purchases, reaching a 12-month high.

They expect Q2 SSSG in China to improve to flattish growth and may achieve EBITDA breakeven. Regarding Smashburger, its losses in Q1 2025 aligned with market expectations. Notably, there is a shift in tone from CFO Richard Shin, who recently took over the management of the international business (excluding the Jollibee brand). He quickly replaced the management team at Smashburger and is now focused on minimizing losses while transitioning to a capital-light, franchisee-led growth strategy.

Samsonite, the global luggage manufacturer, experienced a downturn last quarter. The company released its Q1 2025 results, reporting a 4.5% decline in revenue YoY on a constant currency basis, which was at the lower end of their guidance. More importantly, the recent reciprocal tariffs imposed by the Trump Administration have raised concerns about their supply chain. Approximately 10% of Samsonite's products in the U.S. are sourced from China, while a significant portion of the rest comes from Southeast Asia. This situation has also contributed to a decline in consumer travel demand and a more cautious approach from their U.S. wholesalers, affecting sell-in figures. The International Air Transport Association (IATA) revised its 2025 forecast downward in June, reflecting industry concerns about sustained growth. Furthermore, management's plan to list Samsonite in the U.S. has been delayed as their prospects have become uncertain with limited visibility on the tariff situation and the weakening demand for travel. We divested our investment in Samsonite and redirected the capital to value opportunities with greater confidence in earnings growth.

Tongcheng, a leading online travel agency in China, was a detractor for the quarter. However, the company reported a strong result for Q1 2025, with revenue growing by 13% YoY and an adjusted net profit margin of 17.8%. Accommodation revenue increased by 23% YoY, while transportation revenue grew by 15% YoY. Management remains focused on monetization, evidenced by a 9% YoY increase in monthly paying users (MPU) during Q1. Following these strong results, Tongcheng's share price rose. In June 2025, e-commerce platform JD.com announced its intention to expand into the travel and hospitality booking industry, generating significant headlines. JD announced plans to offer up to three years of zero commission for merchants joining their "JD Hotel PLUS Membership Program." Previous attempts by competitors like Douyin and Meituan to enter the OTA market have seen limited success. Given the fragmented nature of China's hotel supply and the two-sided marketplace structure of OTAs, we believe there are substantial barriers to entry in this sector. We remain confident that Tongcheng can navigate this competitive threat effectively.

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.

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

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