Asia Pacific UCITS Fund Commentary

3Q24

Longleaf Partners Funds

For Professional Investors Only

Portfolio Returns on 30/9/24 – 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)
2014*	-1.30	-1.34	-1.39	NA	NA	NA
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	

* 2014 is a partial year, from inception of 2 December 2014

** 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.

	3Q24	YTD	1 Year	3 Year	5 Year	Since Inception 2/12/2014
APAC UCITS (Class I USD)	21.43	25.58	26.76	2.03	3.27	4.02
FTSE Asia Pacific Index	9.41	17.29	26.61	2.51	7.42	6.15
Relative Returns	+12.02	+8.29	+0.15	-0.48	-4.15	-2.13

Selected Indices	3Q24	YTD	1 Year	3 Year	5 Year
Hang Seng Index (HKD)	21.49	28.98	23.95	-1.37	-0.90
TOPIX Index (¥)	-5.00	14.12	16.41	11.95	13.42
TOPIX Index (USD)	6.76	12.30	21.53	2.99	7.24
MSCI Emerging Market (USD)	8.72	16.86	26.05	0.40	5.75

Commentary

The Fund generated returns of 21.4% in the third quarter, outperforming the FTSE Asia Pacific Index by about 12%. The quarter's absolute performance was driven by a significant rally in China triggered by a slew of forceful policy measures to stimulate the economy and capital markets and the strong performance of our Japanese investments, further enhanced by the strengthening of the yen. Our two largest investments — Filipino fast-food operator Jollibee (24% return) and US-listed consumer electronics company SharkNinja (45% return) — contributed strongly to quarterly performance.

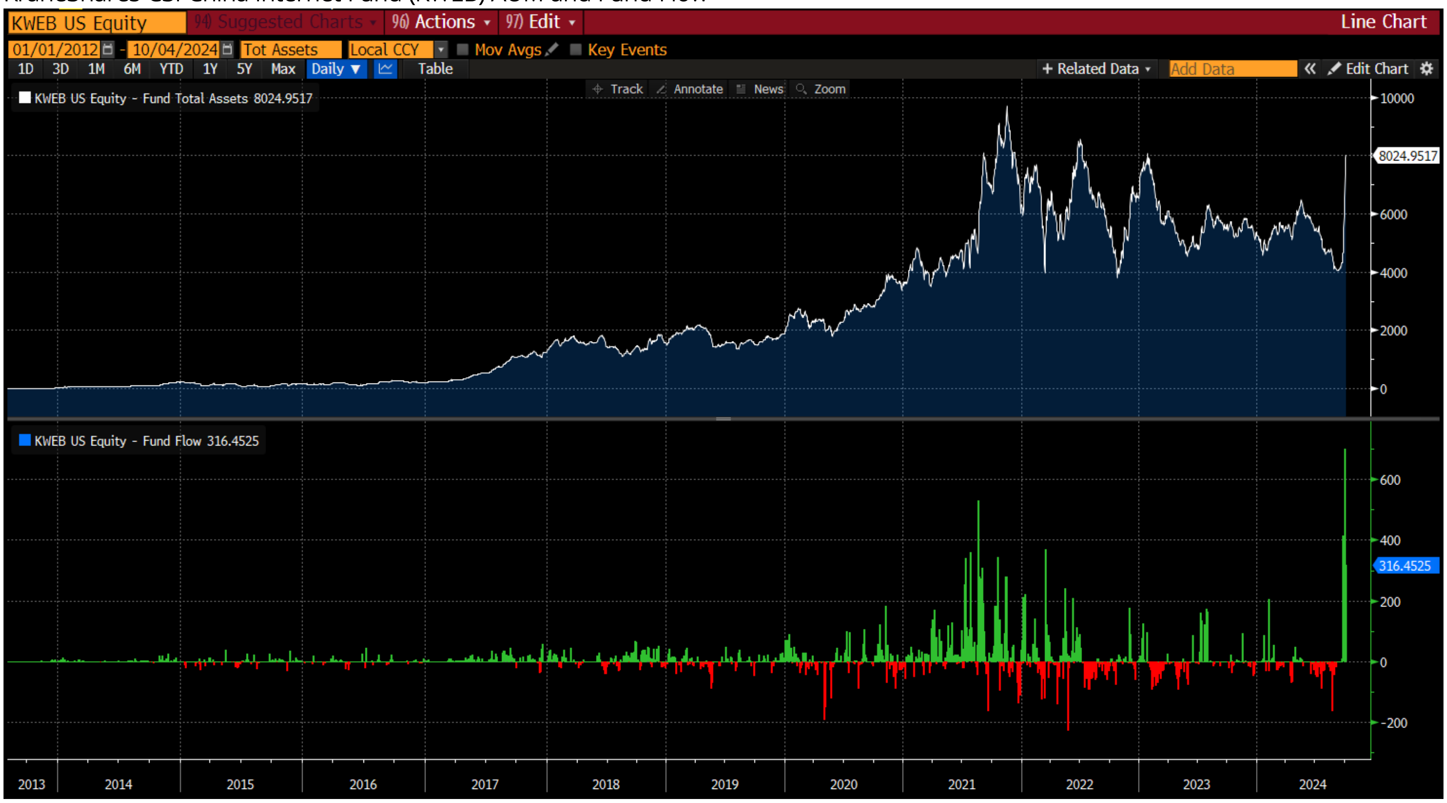
The People's Bank of China (PBoC) had its version of European Central Bank President Mario Draghi's 2012 "do whatever it takes" moment in late September when it pledged to stabilize the property sector, the economy, and capital markets. The PBoC cut the required reserve ratio (RRR) and policy rates, while reducing the loan prime rate (LPR). In addition, it cut interest rates on existing home loans by 50 basis points (bps) and lowered the minimum down payment ratio to halt the further deterioration of China's property market. The last time the PBoC cut the policy rate (seven-day reverse repurchase rate) was by 20bps in March 2020, when the Chinese economy was melting down due to the pandemic.

Even more unexpected, the PBoC introduced two new monetary policy tools to support the stock market with an initial amount of RMB 800 billion (Approximately $114 billion). China established a RMB 500 billion swap facility to provide financial institutions with liquidity to invest in the stock market. Furthermore, the PBoC will provide RMB 300 billion in cheap financing to banks to lend to corporations and their major shareholders for buybacks of listed companies. In a "whatever it takes" type statement, PBoC Governor Pan declared, *"As long as the initial RMB 500 billion (for the swap facility) works well, a second RMB 500 billion could follow, and potentially even a third RMB 500 billion. I believe this is possible, and our attitude remains open." "The initial quota is RMB 300 billion (for the share repurchase facility). If the tool works well, as I have discussed with Chairman Wu Qing, another RMB 300 billion or even a third RMB 300 billion could be provided."* China has provided stock market participants with its version of the "Fed Put" sparking a substantial rally in Chinese equities.

Further bolstering the "Fed Put," President Xi, in an unusually scheduled politburo meeting in September (politburo meetings on economic policy are usually held in April, July, and December), for the first time, called for measures to stop the property market decline. In a sign that President Xi cares about the capital markets, the meeting readout declared, "*The meeting called for efforts to boost the capital market, vigorously guide medium and long-term funds to enter the capital market, clear the obstacles for social security, insurance, and wealth management funds to invest in the capital market*." President Xi has overcome his reluctance to reflate the economy through massive economic stimulus due to evidence of further deterioration of the property markets and the economy in recent months.

Despite China being widely viewed as "uninvestable," the gush of foreign capital flowing into Chinese equities in the past few days has been impressive. The KraneShares CSI China Internet Fund (KWEB), the largest Chinese ETF listed in the US, experienced record inflows at the end of September. Its assets almost doubled to $7.9 billion over a week, and daily inflows hit a record on 1 October when $700 million flowed into KWEB in a single day.

KraneShares CSI China Internet Fund (KWEB) AUM and Fund Flow

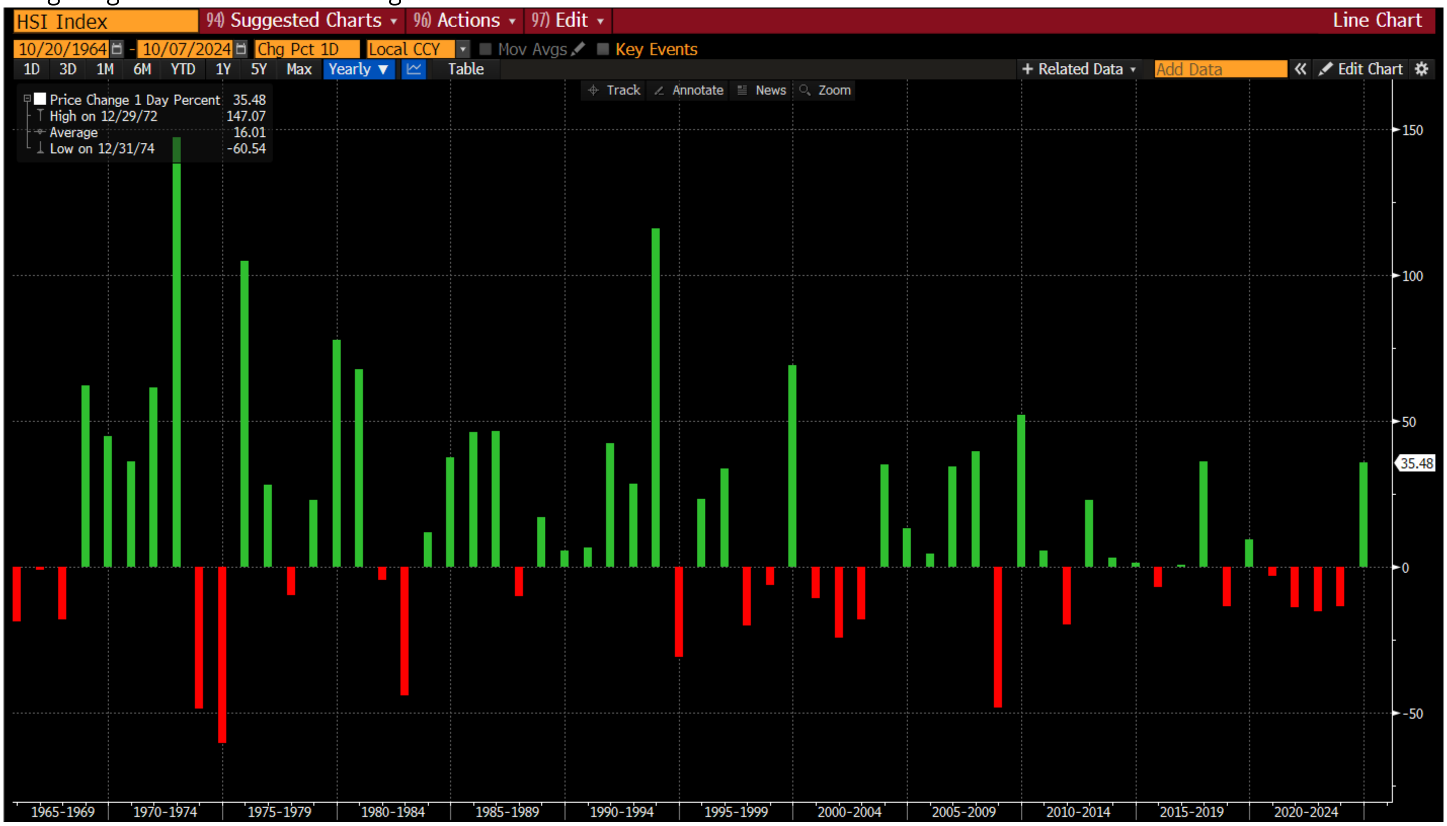


Source: Bloomberg

This sudden rally in Chinese equities is a good reminder of the vagaries of the capital markets, how difficult it is to time markets, and the importance of staying invested. The 26% Q3 YTD returns of the KWEB ETF were made in just six trading days. If you had missed the last six trading days of the quarter, your returns would have been negative for the first nine months of 2024.

Being a value investor and staying invested through four years of consecutive negative returns in the Hang Seng Index (HSI) can be a lonely and character-forming (shaking) experience, especially when faced with the massive outperformance of growth stocks and Asia ex-China markets. However, our conviction in remaining overweight Chinese equities increased as the Hang Seng Index entered an unprecedented fourth year of consecutive negative returns, and the China A-share Shanghai Shenzhen CSI 300 Index experienced a third straight year of negative returns. Only during the Great Depression did the Dow Jones Industrial Average (DJIA) experience four years of consecutive negative returns. We could find no other precedent where a significant stock market suffered from five years of consecutive negative returns, and it felt closer to the end than the beginning of this Great Depression.

Hang Seng Index Annual Price Changes



Source: Bloomberg

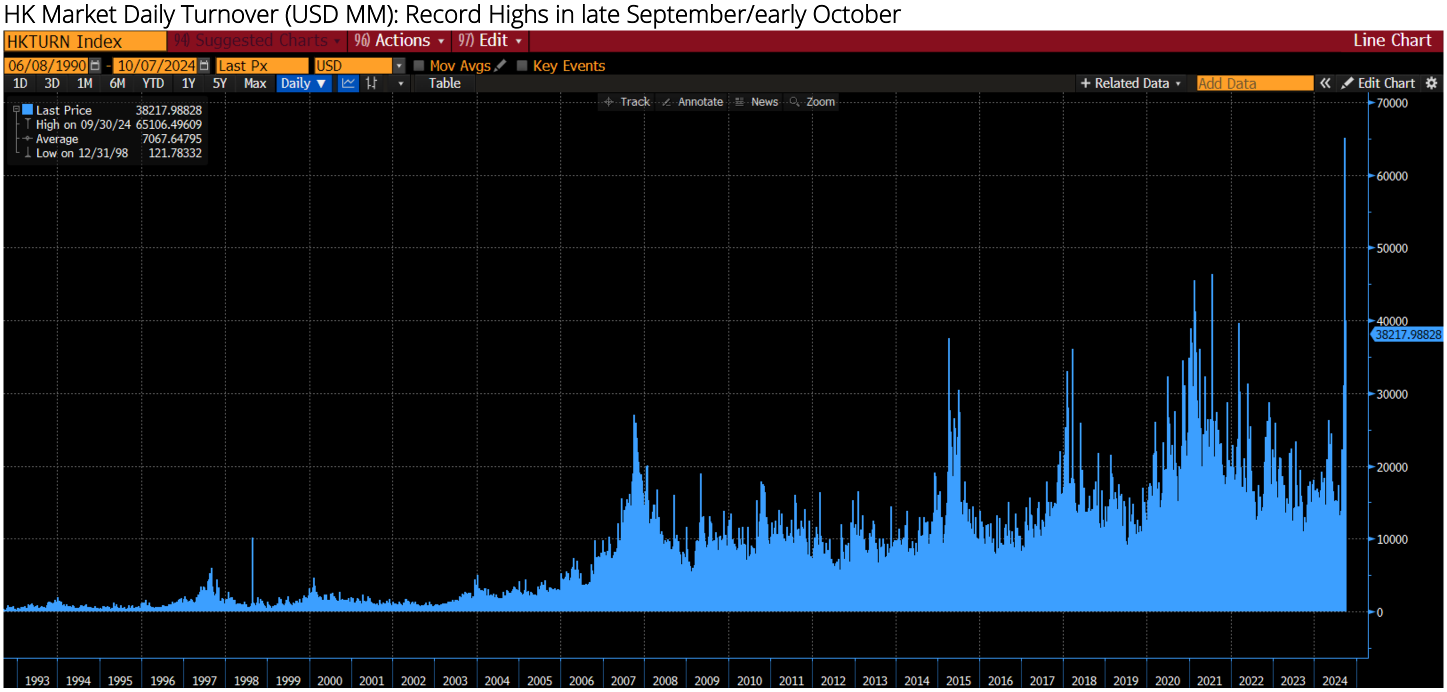
Perhaps the million-dollar question is whether this rally is sustainable. Even if China had its "whatever it takes" moment, the economy remains weak, with the property sector in the dumps and consumer confidence low. In some ways, it is comforting that HK/China has been the worst-performing major stock market for the past four years to 2023. As we wrote in our 2Q23 letter, "The Hang Seng Index has had three consecutive years of negative returns only three times in its history, and each time, it has been followed by five years of positive returns. However, if history repeats itself, there could be a significant upside in HK/China from severely depressed levels. Great returns can be made in areas that are hated and ignored."

The European experience with the Mario Draghi Put demonstrated that great returns can be made in the capital markets despite the economy remaining weak. Furthermore, with investors severely underweight China, we believe the rally will be sustainable, and coiled springs will continue to uncoil after four long years of valuation pressure. According to Goldman Sachs, despite talk about hedge funds rushing into China, hedge fund net allocation to China was only 8.7% as of 30 September vs. ~6% at the trough and ~13% at the reopening peak in early 2023.

According to research firm, Gavekal, of the five mega-rallies since the CSI 300 was launched in 2005, two (2006-7 and 2017) were driven by strong organic growth and corporate profitability, and three (2008-9, 2014-15 and 2020-21) were fueled by stimulus. The stimulus-driven rallies had trough-to-peak gains of 50-100%, so if Chinese equities are starting another such rally, there should still be plenty of upside even after the recent jump. Despite the 36% rise in the HSI from its low point in September to 7 October, the HSI is still cheap, trading at 10x forward earnings, 1.2x book, with a 3.4% dividend yield.

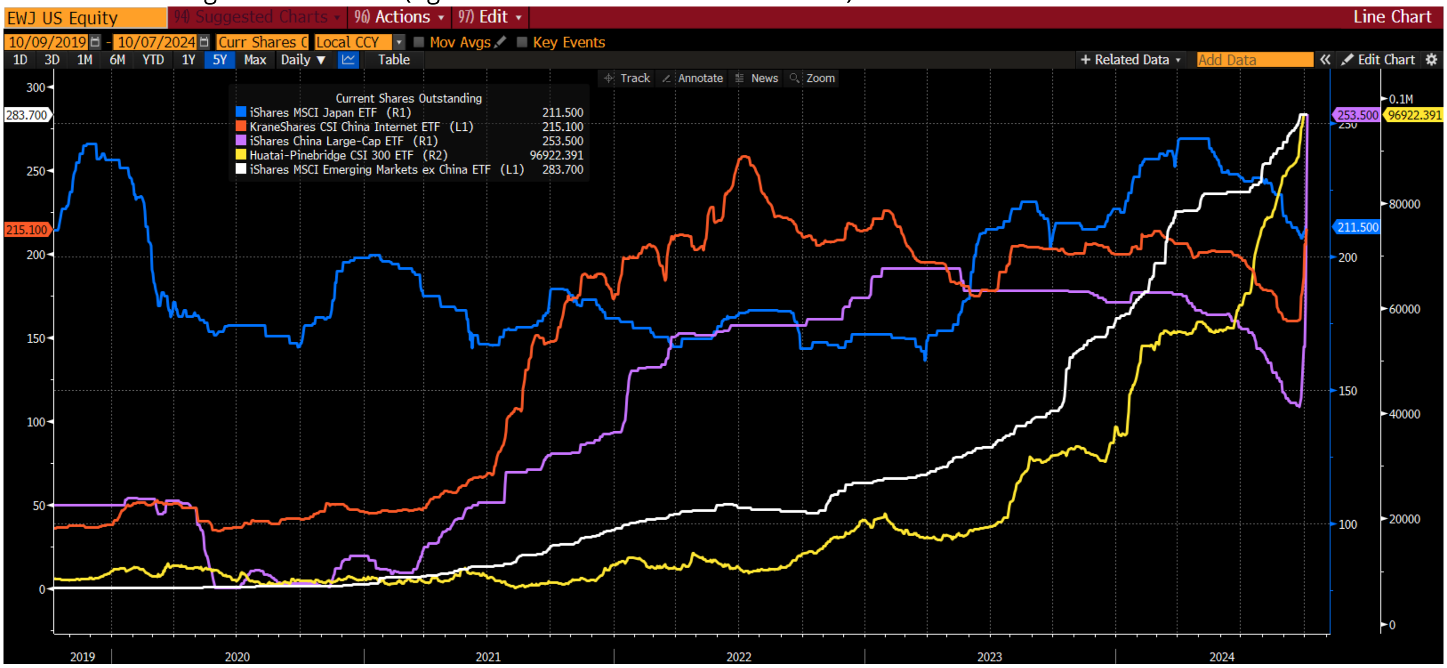
Foreigners are rushing into Chinese equities. Despite the Chinese National Day holidays commencing on 1 October, HK market turnover hit $56 billion on 2 October — just shy of the record $65 billion on 30 September. During the Chinese holidays between October 1-7, with minimal mainland Chinese participation, HK market turnover averaged $42 billion per day — more than triple the average turnover in HK during the first eight months of the year — without Southbound participation from Mainland China, which typically accounts for about 15% of HK market turnover.

HK Market Daily Turnover (USD MM): Record Highs in late September/early October



Source: Bloomberg

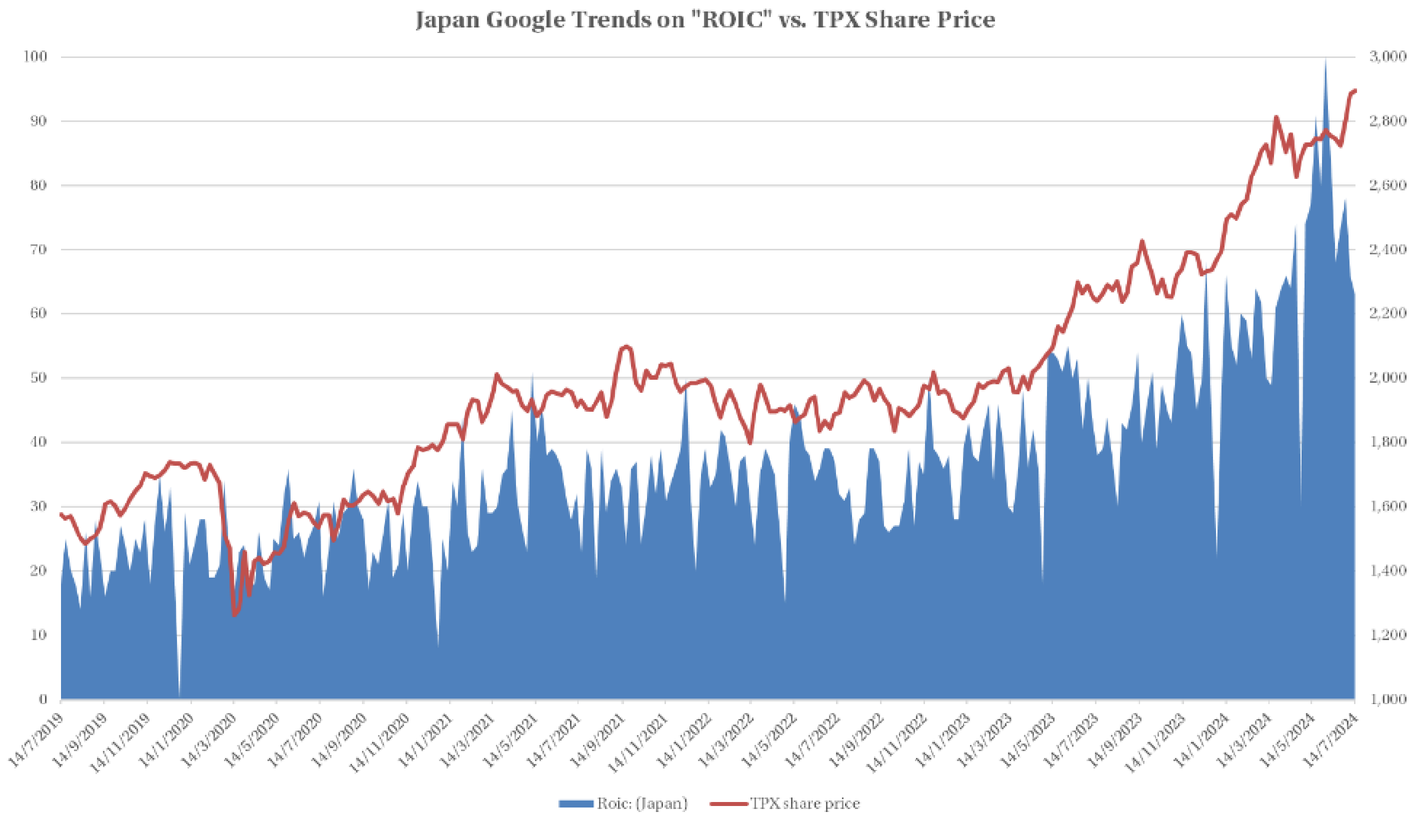
Shares Outstanding of Selected ETFs (significant increase in China related ETFs)



Source: Bloomberg

The quarter's strong performance was also driven equally by solid performance in Japan, particularly by our Japanese small-cap investments. Over half of our 12% outperformance relative to the index in the most recent quarter can be attributed to our Japanese investments, despite being underweight by ten percentage points compared to the index's 34% Japan weighting. Our increased allocation to Japanese small-caps this year — primarily those run by owner-operators — paid off during the quarter. Three of the top 5 performing stocks in the quarter were Japanese small-caps, and about 90% of our portfolio's Japanese returns were generated by Japanese small-caps. Japan's small-cap returns began to diverge from the Nikkei 225 Index in 2021, as higher US dollar rates affected faster-growing small-cap valuations and foreign money flowed primarily to the large-cap Nikkei 225 index, which has higher exposure to export markets (a weak yen beneficiary), rather than the domestically focused Japanese small-cap sector.

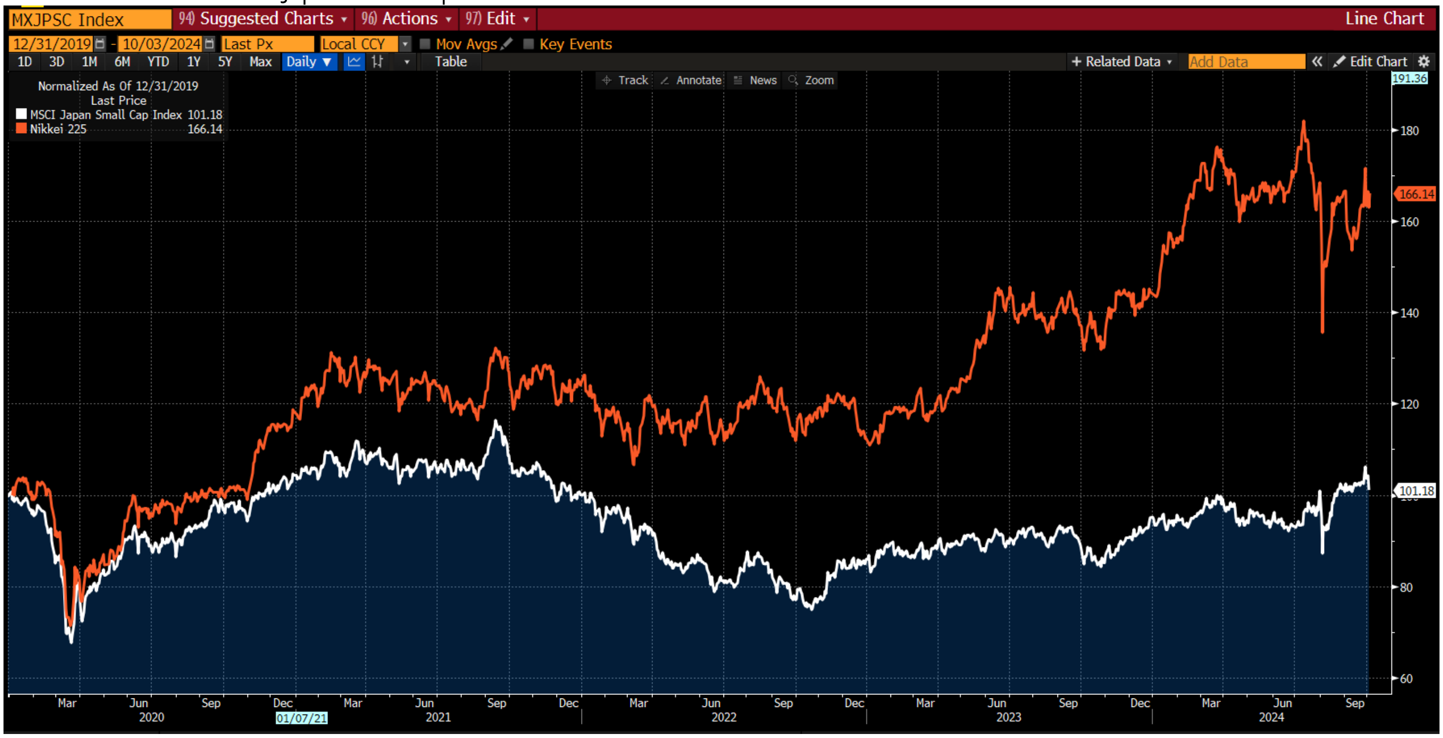
We spent most of this year looking at new opportunities in Japan. This is not because Japan has been a strong performer; rather, the opportunity set has widened as Japanese corporate managers' focus on return on invested capital (ROIC) became more widespread. This was accelerated by the Tokyo Stock Exchange's naming and shaming of undervalued companies trading at less than book value. The weak yen was a bonus that made Japanese companies even more compelling for us.



Source: Google Trends

Despite the market melt-up, we found exciting opportunities in Japan, primarily in small-caps. The MSCI Japan Small Cap Index, when measured in US dollars in mid-2024, was roughly at the same level as in 2017 because of yen weakness and a de-rating due to increasing US interest rates, despite small-caps growing earnings faster than the average large-cap firm. Foreign investor attention in Japan was focused on the Japanese semiconductor supply chain, which benefited from Chinese customers switching from US suppliers and buying as much advanced technology as possible in anticipation of more stringent technology transfer restrictions being applied by the US and its allies, including Japan. Furthermore, with the government's focus on improving ROIC, the ramp-up of activist campaigns in Japan, and the increasing ratio of companies with independent directors, low P/B value stocks did well, with the MSCI Japan Value index outperforming the MSCI Japan Growth Index by almost 500 basis points through September YTD and by over 10% in the three years ending September 2024.

Nikkei 225 Index vs. MSCI Japan Small Cap Index



Source: Bloomberg

We took advantage of the global mini crash on 5 August, triggered by the Nikkei 225 stock index falling 12.4%, the second largest percentage fall in history and a 25% decline from its peak on 11 July. As the Bank of Japan raised interest rates on 31 July for the second time since March, strengthening the yen, the US dollar weakened as the Federal Reserve telegraphed rate cuts. The unwind of the yen carry trade arbitrage – where investors borrow cheap yen and invest where higher returns can be achieved, including in Japanese equities – reversed hard on 5 August in Japan, magnified by significant leverage used in the yen carry trade. We meaningfully increased our exposure to fast-growing Japanese companies operating primarily in the domestic market, benefitting from the yen strengthening.

Portfolio Changes

This year, we initiated a slew of Japanese investments: sportswear maker Descente, AI marketing technology firm Appier Group, healthcare HR platform Medley, amusement arcade and karaoke operator GENDA, Japanese holding company Hikari Tsushin, a Berkshire-type business that invests primarily in Japanese small-caps, and another small-cap domestic industry consolidator that we bought in Q3.

In the quarter, we bought five new Japanese names — all small-cap owner-managed companies except for Hikari Tsushin. However, Hikari invests primarily in Japanese small-cap companies. Our most significant purchases in the quarter were GENDA, Hikari Tsushin, and Appier. Owner-managers run all our new Japanese investments. They operate in fragmented industries with a long runway for profitable reinvestment of free cash flow and demonstrate superior unit economics. Three of our five companies repurchased shares in the third quarter, reflecting the owner-managers acute sense of their companies' undervaluation.

We took advantage of Itochu's offer to privatize Descente and reallocated the proceeds from the sale to purchase more compelling opportunities in Japan, as described above. We have also exited our investments in HK-listed CK Asset and Melco International to fund opportunities in Japan.

We initiated an investment in GENDA, a Japan-listed mergers and acquisitions (M&A) roll-up company operating in the entertainment industry (Amusement Arcades, Karaoke, etc.). With a vision to be the number one entertainment company in the world by 2040, GENDA takes advantage of Japan's unique characteristics of 1) extremely low cost of funds (1.1-1.3%) and 2) an aging society where owners lack successors in fragmented industries by growing primarily through mergers and acquisitions. The combination of these factors provides an opportunity to consolidate fragmented industries in Japan at significantly accretive low multiples, preserving the margin of safety often missing in M&A overseas. Run by excellent stewards of capital, combining industry insiders and veterans of Goldman Sachs (Goldman) Japan, GENDA has compounded earnings and value through 33 accretive M&A transactions, with the overwhelming bulk of acquisitions negotiated directly with the seller.

Nao Kataoka and Mai Shin established GENDA with financial backing from private equity firm Midas Capital. Kataoka is the former President of entertainment arcade operator Aeon Fantasy, where he transformed the company from the #3 player to the top player in Japan and grew the share price by ~7x during his tenure. Shin was a successful Goldman Japan banker in their Fixed Income, Currency, and Commodities division and was one of the youngest managing directors at Goldman Japan. CFO Taiju Watanabe is also an alumnus of Goldman's Japanese M&A advisory business. In addition, top executives and its board are filled with highly experienced and astute members in the industry. They form a highly motivated leadership team, owning ~26% of the company. During COVID lockdowns, their deep network in the entertainment industry came into play in December 2020, when GENDA acquired (for free) Sega Sammy's arcade business, Sega Entertainment, a ¥20 billion revenue business. After the acquisition, they quickly turned Sega Entertainment around and doubled operating profit margins compared to pre-COVID levels. We believe there remains a long runway for growth, with Japan's amusement arcade industry highly fragmented, with a long tail of over 100 companies accounting for 60% of the industry. The Karaoke industry in Japan shares attractive characteristics like those of the amusement arcade industry. We are excited to partner with such a capable management team and see great opportunities for value creation going forward.

We also invested in Medley, Japan's leading online HR platform for medical staff. Medley operates in a winner-take-all market, with job seekers naturally gravitating towards the platform with the most postings, and medical institutions are also attracted to the platform with the most candidates. This creates a highly defensible network effect. With its low-cost hiring solution, Medley has garnered a large customer base of 388,000 medical institutions (or ~34% penetration rate).

In July, the Ministry of Health, Labor and Welfare published draft regulations to prohibit the provision of money to job seekers by human resources (HR) firms. This directly impacts the business model of JobMedley (Medley's online HR platform). JobMedley operates on a placement fee model – where they get paid by medical institutions when a job seeker successfully secures a job via their platform. To help "cross-check" the successful job placement, Medley gives an average incentive of ~10,000 yen to successful job seekers when they confirm their placement. Prohibiting such monetary awards for job seekers creates a void in Medley's checking process to ensure that medical institutions compensate Medley if they successfully hire job candidates through Medley's platform. If such a prohibition is implemented, Medley's compliance cost will increase. In response, Medley intends to raise the prices of their services. The market is concerned about a large price hike effect on Medley's business model as the lowest-cost provider and its impact on revenue growth and margins. Even in the case of a significant price hike, Medley will continue to remain the lowest-cost solution provider. Medley currently charges a 2-13% placement fee (of the job seeker's annual salary), while peers such as recruitment agencies charge much higher at 20-35%. Raising prices by 30% would translate to a 2.6-16.9% take rate, which is still significantly lower than its competitors. Medley has indicated that the cost of compliance will increase by 5%, not 30%, so any price increase above 5% will result in incremental profits for Medley. We continue to believe Medley's competitive advantage is still intact and will continue reviewing Medley's competitive position as circumstances develop.

During the quarter, we initiated a position in Hikari Tsushin, a Berkshire-like company in Japan. Hikari operates an operating and investing business. Warren Buffett's quote clearly outlines the synergistic value of these two "unrelated" businesses, "I am a better investor because I am a businessman and a better businessman because I am an investor." Unsurprisingly, Berkshire Hathaway is the largest holding in their investment book. However, about 70% of its investment book is invested in Japanese small/micro caps, a deeply undervalued sector of the Japanese market. We believe their ability to evaluate business opportunities effectively will be accretive in their M&A operations, creating value for its shareholders. Its investment book has achieved an 18% Internal Rate of Return (IRR) return over the last seven years, and its profits from operating businesses have grown at a 12% compound annual growth rate over the last decade. We believe Hikari remains significantly undervalued. The market value of their investment book alone is worth ¥1,100 billion (or ~77% of their market cap). Hikari's management believes they should be worth ¥50,000 - ¥60,000 per share, or approximately double its current share price. Hikari has a track record of opportunistically repurchasing shares and has recently launched a ¥10 billion share buyback program to exploit the value discrepancy, seeking to acquire ~1.13% of its shares. We believe this is a step in the right direction and look forward to partnering with shareholder-friendly operators.

In the third quarter, we built a position in Appier, an AI-driven marketing solution provider listed in Tokyo but headquartered in Taipei. Appier leverages first-party data to deliver superior Return on Investment (ROI) to enterprises and marketing agencies. Since its founding in 2012, it has accumulated over 12 years of proprietary data to train its models. In a world with an increasing focus on privacy and concerns about consumer data, we believe Appier's competitive advantage continues to grow. Appier is in its first inning in its North American expansion, and results thus far have been positive. North American enterprises are more open to adopting AI-driven marketing solutions. We believe Appier is at the inflection point of the S-curve, with incremental revenue generating an outsized impact on its bottom line. In the second quarter, management announced a ¥1 billion share repurchase program, driven by a "positive outlook for 2H with improved profitability and opportunity to enhance shareholder return at a lower cost given our current share price." We believe Appier will turn positive free cash flow (FCF) this year, distinguishing it as one of the few AI companies to be FCF-positive.

Portfolio Review

3Q24		
	Contribution to Portfolio Return (%)	*Total Return (%)*
Top Five		
SharkNinja	*+2.86*	*+45*
Alibaba	*+2.20*	*+60*
GENDA	*+2.14*	*+59*
Jollibee	*+1.65*	*+24*
Appier	*+1.57*	*+68*
Bottom Five		
Samsonite	*-0.52*	*-5*
Melco International	*-0.39*	*0*
Sands China	*-0.22*	*-13*
Hikari Tsushin	*-0.05*	*+1*
Undisclosed	*+0.03*	*+8*

2024 9M YTD		
	Contribution to Portfolio Return (%)	*Total Return (%)*
Top Five		
SharkNinja	*+5.29*	*+112*
MGM China	*+3.49*	*+34*
L'Occitane	*+3.10*	*+49*
Hitachi	*+2.92*	*+85*
ESR Group	*+2.44*	*+54*
Bottom Five		
Naver	*-1.64*	*-25*
Samsonite	*-1.30*	*-14*
China MeiDong	*-0.92*	*-39*
Baidu	*-0.77*	*-9*
CK Asset	*-0.62*	*-12*

SharkNinja, a leading small household appliance manufacturer, was a top contributor for the quarter. SharkNinja reported an extremely strong 2Q24, with adjusted net sales growth of +31.4% year-over-year (YoY) and adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) margin of 13.4% (+90bps YoY). The strong revenue growth was driven mainly by revenue acceleration in North America, which accounts for ~70% of sales, growing +34.5% YoY as retailers began restocking inventory, and extremely strong sell-through of 20%+ YoY. SharkNinja continued to gain traction abroad, with international sales rising by +24.8% YoY. While the restocking theme seems to be over, retailers' inventory remains low. As of end-2Q24, retailers' inventory stood at 8.6 weeks, lower than end-2Q23 of 9.8 weeks. We believe there is a significant upside, with further inventory restocking from retailers and extremely strong sell-through growth – with SharkNinja being one of the few small household appliances companies with double-digit sell-through growth in this current environment.

Alibaba, China's largest e-commerce operator and cloud services provider, contributed to the quarter. As the largest constituent of China internet ETFs such as KWEB, Alibaba gained significantly during the quarter due to recent developments in China's economy and drastic changes in investor sentiment. Operationally, Alibaba's market share in the e-commerce market has been stabilizing and is now growing in line with industry growth. In addition, management continues to undertake value-accretive actions, such as converting its Hong Kong listing to a dual-primary listing, which enabled Alibaba to be included in the Southbound Stock Connect on 10

September. This allows Mainland Chinese investors to invest in Alibaba on the HK exchange, adding incremental new buyers for Alibaba. Since it became available through the Stock Connect less than one month ago, Mainland investors have acquired over $5 billion worth of Alibaba's Hong Kong-listed shares and own 2.67% of Alibaba as of 3 October. Assuming the company has a similar experience as Tencent, ownership via Southbound could reach 10% of the company's market value. Over the last 12 months, Alibaba spent about $22 billion on value-accretive buybacks and dividends, implying a total yield of 8%.

GENDA, an M&A roll-up company operating in the entertainment industry, contributed for the quarter. GENDA reported a strong Q2 FY1/25 result, with revenue growth of +98.4% YoY, EBITDA margin of 13.3% (-30bps YoY), and Net income before amortization of goodwill margin of 3.8% (+40bps YoY). Reflecting a stronger-than-expected first half, GENDA raised its revenue guidance for FY1/25 by +10% from ¥100 billion to ¥110 billion. We remain optimistic about GENDA, especially on the recent National Entertainment Network, LLC (NEN) acquisition. We believe the NEN acquisition has accelerated their expansion into the US, with ~8,000 mini locations. Kiddleton, GENDA's US crane games business, generates 3x more revenue per location than NEN. Through the acquisition of NEN, GENDA gains access to key retail channels such as Walmart, providing a significant runway for growth.

Jollibee, the largest quick-service restaurant (QSR) player in the Philippines, contributed for the quarter. Jollibee reported strong 2Q24 results, with the Philippines continuing to deliver strong same-store-sales growth (SSSG) numbers of +9.1%, given its positioning in the value segment. Its international SSSG also inflected upwards, reporting a +4.7% SSSG in Q2, driven by The Coffee Bean & Tea Leaf and Jollibee brands. The Philippines' operating profit margin continued its upward momentum at 10.1%, and international improved to 3.4%. Weakness in 2Q24 was primarily concentrated in Smashburger and China, which continued to suffer from negative SSSG. Smashburger's existing store sales weakness was mainly driven by a high base in 2Q23, where previous management was engaging in aggressive promotions. While Smashburger has been a critical area of contention for the market with its continued disappointing results, we believe we now have the right management team. Smashburger's new CEO, Denise Nelsen, has been restructuring Smashburger's brand image and menu and improving its marketing methods. We remain optimistic about the team's efforts at Smashburger. Due to better-than-expected performance in Q2, Jollibee management has increased its full-year operating income target to 18-20% YoY growth (previously 10-15%) and cut its capital expenditure budget by 20% to PHP16-18 billion. More importantly, management targets to triple its 2023 net income by the fiscal year ended 2028. In addition, they have included a critical new criterion – *improving their ROIC to 20%*. This 20% ROIC target aligns with leading global QSR peers and will help re-rate Jollibee's low trading multiples. This new ROIC criterion reflects a significant change in management's mindset toward capital allocation. We believe that management key performance indicators will align with this ROIC target.

Appier, an AI-driven marketing solution provider, contributed for the quarter. Appier reported 2Q24 results, with revenue growing +32% YoY, with key regions such as Northeast Asia and US & EMEA growing +35% and +65% YoY, respectively. As a result, Appier's operating margin expanded by three percentage points to 4.3%. We believe Appier is currently at the inflection point of the S-curve, with solid revenue growth generating outsized operating leverage. Management believes their share price is too low and has initiated a share repurchase program worth ¥1billion, reflecting their confidence in their business prospects. While this repurchase is small in the grand scheme of things, we believe this is a step in the right direction to value crystallization.

Samsonite, a global luggage manufacturer, was the top detractor for the quarter. Samsonite reported a poor set of 1H24 results, reducing 2024 revenue guidance from high-single-digit growth to low-single-digit growth. In 1H24, revenue growth decelerated to +2.8% YoY on a constant currency basis, driven primarily by weakness in Asia, where revenue growth slowed to 2% YoY. China and India were the main contributors to the weakness. Hampered by weak consumer sentiment, China's growth turned negative in 2Q24, and India experienced a continued decline in revenue due to an intensifying competitive landscape. Revenue growth from North America also turned negative 0.5% on a constant currency basis due to a high base effect of Tumi in 1H23 and weaker retail traffic. Management remains steadfast in its higher-end positioning, focusing on pricing discipline. Despite slower growth and a mix shift towards lower-margin Samsonite and American Tourister brands, gross profit margins remained healthy at 60.2% in 1H24. Samsonite continues to seek areas for value crystallization, with the recently announced US$200 million share buyback program in June 2024. In addition, Samsonite is pursuing a dual listing in the United States, targeting a US listing next year. We believe this should be incrementally positive for Samsonite's share price with increased liquidity and an investor base who knows the brand on a deeper level.

Macau casino and hotel operators Melco International and Sands China were detractors for the quarter, suffering from an industry-wide selloff. Melco reported 2Q24 results, with revenue growing +22% YoY and Adjusted Property EBITDA growing +13% YoY. Adjusted Property EBITDA margin declined from 28.2% in 2Q23 to 26.2% in 2Q24 as Melco's daily operating expense increased to US$2.9 million, reflecting additional hires of full-time employees and a 2.5% salary increase. Melco has been improving the quality of service provided to its customers. As a result, Melco gained market share in Macau gross gaming revenue sequentially.

Sands China reported a weak set of 2Q24 results, with EBITDA decreasing -8% quarter-over-quarter (QoQ). This was primarily driven by The Londoner Macao's EBITDA decreasing almost -40% QoQ due to the temporary closure of its Pacifica gaming hall after the Labor Day holidays. In addition, its Venetian Macao casino continued to be affected by the Cotai Arena renovation work, with EBITDA -17% QoQ on a -9% gross revenue decline. Las Vegas Sands, the parent company of Sands China with a 71% stake, intends to further increase its holdings in Sands China by up to HK$0.8 billion, equivalent to 0.74% of its issued shares. This is the second time Las Vegas Sands is increasing its stake in Sands China (the first was announced in Dec 2023).

Hikari Tsushin, a holding company that invests primarily in Japanese small-caps, was a detractor for the quarter. Operationally, Hikari reported strong Q1 results (April-June), with core operating profit growing +7% YoY. Management has also raised quarterly dividends from ¥612 per share to ¥624 and initiated a share buyback program worth up to ¥10 billion (or 1.13% of shares in issue). We remain optimistic about this highly motivated management team seeking to close its valuation discount.

See the following pages for important disclosures.

The Fund is actively managed. It uses the FTSE Asia Pacific Index (USD) (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.

The FTSE Asia Pacific Index is part of a range of indices designed to help Asia Pacific investors to benchmark their investments. The index comprises Large (40%) and Mid (60%) Cap stocks providing coverage of 14 markets. The index is derived from the FTSE Global Equity Index Series (GEIS), which covers 98% of the world’s investable market capitalization. The Hang Seng Index is a market-capitalization-weighted stock market index in Hong Kong, adjusted for free float. It tracks and records daily changes in the largest companies listed on the Hong Kong Stock Exchange and serves as the primary indicator of overall market performance in Hong Kong. Tokyo Stock Price Index, commonly known as TOPIX, along with the Nikkei 225, is an important stock market index for the Tokyo Stock Exchange in Japan, which tracks the entire market of domestic companies and covers most stocks in the Prime Market and some stocks in the Standard Market. The MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets (EM) countries. With 1,330 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Indexes are unmanaged, do not reflect the deduction of fees or expenses and cannot be invested in directly.

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 US 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.comand 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. KBA Consulting Management Limited ("KBA"), 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 US 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 Swedish investors:
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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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