October 2024

Longleaf Partners Global Fund Commentary

3Q24

Longleaf Partners Funds

Fund Characteristics

P/V Ratio	High-60s%
Cash	11.3%
# of Holdings	22

All data as of September 30, 2024

				Annualized Total Return			
	3Q (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)
Global Fund	14.76	18.40	26.72	4.25	6.25	4.67	5.94
FTSE Developed	6.35	18.39	31.92	8.77	12.81	9.92	10.89
FTSE Developed Value	8.81	14.23	24.74	7.39	8.45	7.00	8.23

*Inception date 12/27/2012. FTSE Developed Value 10 Year and Since Inception returns are gross returns, as net returns for those periods are not available. All other performance figures above are net returns.

The Longleaf Partners Global Fund returned 14.76% in the third quarter, significantly outperforming both the FTSE Developed and FTSE Developed Value indices, which returned 6.35% and 8.81%, respectively. Well over half of our portfolio holdings delivered double-digit returns this quarter, with only a few detractors. It is encouraging to see the market beginning to recognize the value in many of the companies we highlighted earlier in the year. In the later part of the quarter, we trimmed or sold several strong performers, raising our cash position to 11%.

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. The prospectus expense ratio before waivers is 1.35%. 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 1.05% of average net assets per year. This agreement is in effect through at least April 30, 2025, and may not be terminated before that date without Board approval.

We own companies with durable competitive advantages and the financial strength to opportunistically go on offense. In a time of high valuations for the largest companies around the world, and especially in the US, we are glad to be able to put our global team's efforts to work to build a unique portfolio. We remain optimistic about the historically high valuation gap between our holdings and the index. We have seen faint signs of market sanity trying to emerge recently, but we will remain focused on what is in our control for the remainder of 2024 and beyond.

During the quarter, we announced that after 38 years with Southeastern, Vice Chairman and Co-Portfolio Manager Staley Cates will be retiring at year-end to fully focus on his civic engagements. We are grateful to Staley for all that he has meant to Southeastern and encourage you to read the full notice here.

Contribution To Return As Of September 30, 2024

3Q Top Five

Company Name	Total Return (%)	Contribution to Return (%)	Portfolio Weight (%)
Delivery Hero	70	2.25	4.4
Kellanova	39	2.16	0.0
CNX Resources	34	1.97	6.4
Eurofins	29	1.47	5.6
Prosus	23	1.13	4.5

3Q Bottom Five

Company Name	Total Return (%)	Contribution to Return (%)	Portfolio Weight (%)
FedEx	-8	-0.54	4.9
MGM Resorts	-12	-0.45	2.6
Glanbia	-10	-0.19	2.5
Warner Music Group	-10	-0.18	0.0
Undisclosed	0	0.00	1.9

Delivery Hero – German-listed food delivery business Delivery Hero was the top contributor for the quarter. The company reported strong Q2 results and reaffirmed its full-year guidance. Notably, the company plans to list Talabat, its leading Middle Eastern food delivery platform, by year-end. Based on comparable companies, Talabat alone could be valued at over 70% of Delivery Hero's market capitalization, despite contributing only a low-teens percentage of Gross Merchandise Value (GMV). Additionally, the expected sale of the Taiwan business to Uber Eats (set to close in the second half of next year after regulatory approval), will further strengthen the balance sheet and address market concerns. In the important market of Korea, the company recently increased merchant take rates and introduced a new subscription program, which meaningfully improves the customer value proposition. Since our initial investment in the second half of last year, the company has consistently delivered on revenue and earnings before interest, taxes, depreciation and amortization (EBITDA) guidance, and has recently upgraded the Board of Directors, setting the stage for further portfolio rationalization. We are encouraged to see management taking steps towards unlocking value and remain confident in their long-term potential for compounding value.

Kellanova – Packaged food company Kellanova was a top contributor for the quarter. The company is being purchased by Mars at a slight premium to our appraisal. This outcome was one of multiple potential paths to value recognition when we first invested. The company's portfolio of strong brands had been undervalued by the market, but the spin-off of its less attractive cereal business allowed the snacks division to showcase its strengths. While we would have liked to own it longer, the company delivered strong results this year and ultimately attracted Mars, who offered a full and fair price. We exited our position on this price strength during the quarter.

CNX Resources – Natural gas company CNX Resources was also a top performer in the quarter. The company delivered another quarter of solid operations and continued growth in value per share. As we approach the fall and winter, natural gas prices may firm up, although that remains beyond our control. CNX's low-cost structure and hedging strategy position it to deliver free cash flow (FCF) in a variety of price environments. That FCF will continue to be directed to value accretive share repurchase. If you would like to learn more about CNX, we hosted a podcast with CEO Nick DeIuliis in the quarter that covers a range of topics.

Eurofins – The global leader in laboratory testing services, Eurofins, also contributed strongly in Q3. Last quarter, we addressed a short report on Eurofins that lacked a fundamental understanding of the laboratory testing industry. This quarter's strong recovery in the share price reflects some recognition of the unsubstantiated nature of the report's claims, as anticipated. Beyond the share price recovery, Eurofins delivered strong organic growth and margin improvement, with the inflationary impact on costs (and margins) now being absorbed with price increases. The company is well-positioned in structural growth industries such as biopharma, food, and environmental testing, where it holds a dominant market position. Its extensive laboratory portfolio also supports future growth and margin expansion.

Prosus – Global consumer internet group Prosus contributed for the quarter. Tencent, which represents close to 80% of net asset value (NAV) for Prosus, continues to deliver strong results, particularly in gaming and advertising, with profits growing faster than revenue due to a mix shift towards higher-margin revenue streams. The company is also focusing its capital allocation by reducing non-core investments and continuing share buybacks. To date, Tencent has repurchased over HK$60 billion of its planned HK$100 billion buyback program for the year. Sentiment towards China improved following fiscal and monetary support measures, benefiting Tencent as well. Prosus capitalized on this improved sentiment towards China by fully divesting its stake in Trip.com (largest online travel agency (OTA) in China) and is gradually reducing its Tencent holdings, with proceeds used to repurchase discounted Prosus shares. New CEO Fabricio Bloisi's purchase of a significant number of shares in the open market and his compensation structure, linked to doubling Prosus' market cap in four years, align his interests with long-term shareholder value creation.

FedEx – Global logistics company FedEx was the top detractor this quarter, after being a top performer in Q2. The company reported a challenging quarter, missing expectations in a tough revenue environment. Some one-off issues also impacted results, including the US Postal Service contract expiring. While anticipated cost savings did not materialize to the extent the market expected, we believe these savings are likely to come through soon. We are also awaiting a final decision on the potential spin-off of the FedEx Freight business, as we wrote about last quarter. The market has consistently undervalued FedEx's less-than-truckload operations. A spin-off or sale could unlock substantial value, as peers like Old Dominion and Saia trade at higher multiples on revenue and cash flow than those currently reflected by the market and in our appraisal of FedEx Freight.

MGM Resorts – Hospitality and gaming company MGM Resorts was a top detractor in the quarter. The day of the company's earnings report, the stock price was down 13%; however, we saw nothing in the report that alters our long-term investment case. While this industry can experience some quarter-to-quarter volatility, we remain confident in the long-term earnings potential. MGM continues to generate substantial FCF and execute significant share buybacks, further boosting FCF per share. MGM is also enhancing its online offering and continuing to streamline its portfolio with more non-core asset sale potential ahead. We remain confident in the management team, led by CEO Bill Hornbuckle.

Portfolio Activity

We exited two positions in the quarter, Kellanova and Warner Music Group, and trimmed several strong performers. Kellanova was sold on price strength following the announcement of its acquisition by Mars, as discussed above. Warner Music was sold when cash was decreasing in the quarter, and we chose to prioritize other positions to improve the margin of safety in the portfolio. We added two new positions to the portfolio as well. Both investments are unique opportunities in defensive industries where we have previously made money. We look forward to sharing more details on both companies in the future.

Outlook

The businesses we own made solid progress this quarter, and the market began to reflect this in their stock prices. With the Fund's price-to-value ratio still in the high-60s%, we believe substantial room for further price appreciation remains. While our cash position ended the quarter higher than usual, we have multiple investments on-deck that could quickly bring the cash balance back to lower levels. We remain confident that our portfolio is well positioned for strong absolute returns and relative outperformance across various market environments. Thank you for your continued trust and investment.

Additionally, we recently began our search for our next North American junior analyst, as Will Allen has been making strong progress and will be moving up to analyst status next year. We always value input from our partners, who are one of the most important groups within our extensive global network, and we welcome references for this position. For a copy of the job description click here and please send any referrals to jobs@seasset.com.

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://connect.rightprospectus.com/Longleaf/TADF/543069108/SP. 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 FTSE Developed Index is a market-capitalization weighted index representing the performance of large and mid-cap companies in Developed markets. The index is derived from the FTSE Global Equity Index Series (GEIS) which covers 98% of the world's investable market capitalization. The FTSE Developed Value Index measures the performance of the investable securities in the developed large and mid-cap value segment of the market, which includes companies that are considered more value oriented relative to the overall market. 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 U.S. 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.

Price / Earnings (P/E) is the ratio of a company's share price compared to its earnings per share.
Gross Domestic Product (GDP) is the final value of the goods and services produced within the geographic boundaries of a country during a specified period of time.

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

Net Asset Value (NAV) is a statement of the value of a company's assets minus the value of its liabilities.

"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.

Enterprise value (EV) is a company's market capitalization plus debt, minority interest and preferred shares, and less total cash and cash equivalents.

Gross Merchandise Value (GMV) is the total amount of sales a company makes over a specified period of time.

As of September 30, 2024, the top ten holdings for the Longleaf Partners Global Fund: CNX Resources, 6.4%; Millicom, 5.8%; Eurofins, 5.6%; Affiliated Managers Group, 5.4%; EXOR, 5.3%; IAC, 5.1%; FedEx, 4.9%; Fidelity National Information Services, 4.7%; Prosus, 4.5% and Delivery Hero, 4.4%. 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.