Asia Pacific UCITS Fund Commentary

Longleaf Partners Funds

4Q23

For Professional Investors Only

Portfolio Returns on 31/12/23 – 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 additional to, and should be read only in conjunction with, the performance data presented above.

	4Q23	1 Year	3 Year	5 Year	Since Inception 2/12/2014
APAC UCITS (Class I USD)	0.95	-2.49	-8.62	0.09	1.77
FTSE Asia Pacific Index	7.95	11.88	-2.34	5.80	4.82
Relative Returns	-7.00	-14.37	-6.28	-5.71	-3.05

Selected Indices	4Q23	1 Year	3 Year	5 Year
Hang Seng Index (HKD)	-3.90	-10.61	-11.76	-5.04
TOPIX Index (JPY)	1.99	28.25	12.15	12.34
TOPIX Index (USD)	8.19	19.30	1.12	7.00

Commentary

The Fund returned 0.95% in the fourth quarter, underperforming the benchmark by 7%. The underperformance was primarily due to our relative overweight in Hong Kong (HK) and China, which suffered from poor sentiment and foreign selling, and our relative underweight in Japan, which performed strongly in the fourth quarter.

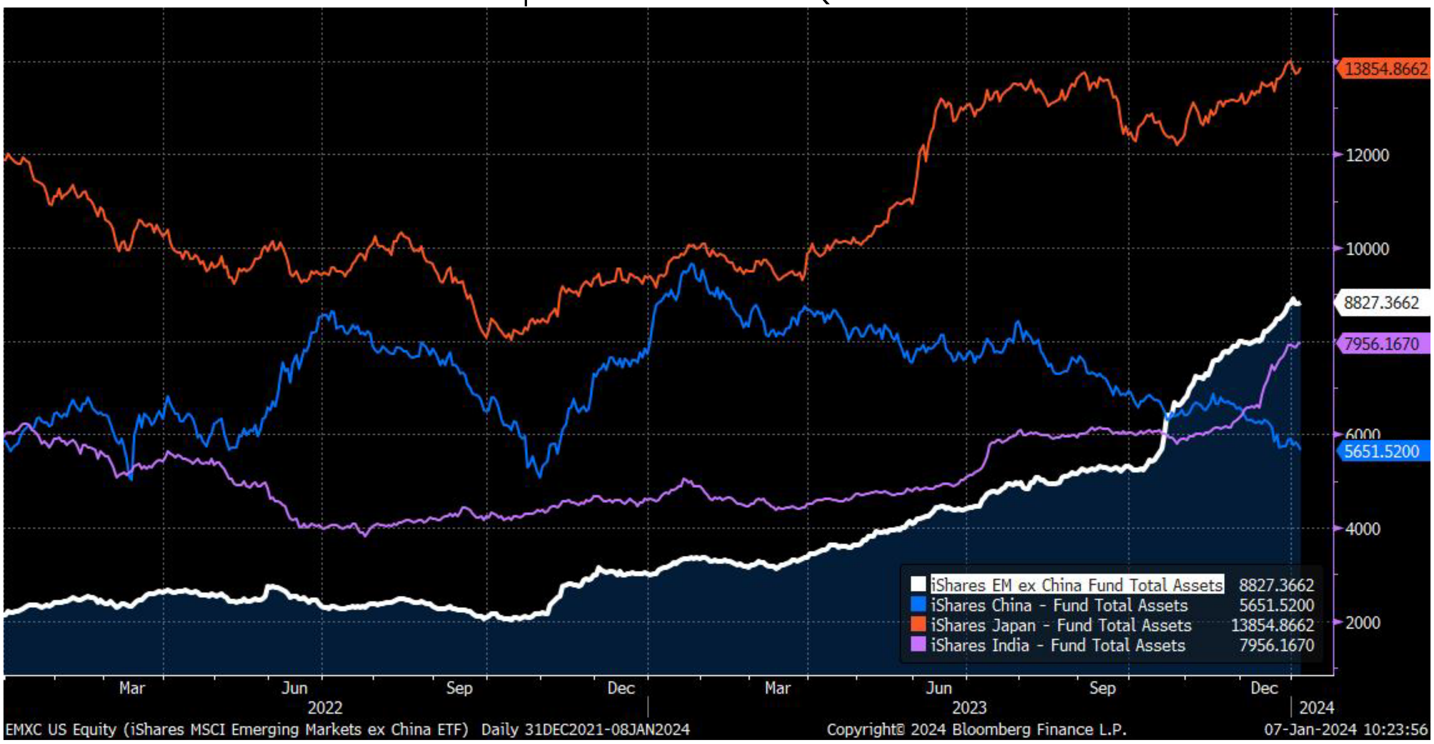
Japan's TOPIX index achieved a 33-year high in 2023, returning 28% in local currency for the year, and India's Sensex index was up 20% in local currency in 2023. This contrasts starkly with Hong Kong's HSI index -10% return in 2023, which experienced losses for a fourth consecutive year, its first four-year losing streak since the HSI's launch in 1969. Similarly, the China A-share Shanghai Shenzhen CSI 300 index had an unprecedented third consecutive year of negative returns.

Investor disappointment with the lack of aggressive stimulus measures, a weak property sector, disappointing recovery post-Covid, weak consumer confidence, continued geopolitical tensions, and uncertain government regulation all contributed to another dismal year in the Chinese capital markets. Draft regulations for online gaming published in late December limiting the amount of money gamers can spend on in-game purchases rocked the capital markets, further pushing foreign investor outflows from China to record levels, cementing China's reputation as "uninvestable." Interestingly, Feng Shixin, a top official in charge of regulating the Chinese gaming sector, was promptly removed from his position within days of the announcement, indicating that Beijing would relax some proposed gaming rules. We believe the prompt and proactive clarification responses from the regulator, supportive messages, and actions (banhao - game monetization license approvals) should be read positively.

As US bond yields come off recent highs, capital started to flow back to Asia, as Asia's relative value became more attractive – except for China, whose bond yields have reached recent lows, with its 10-year benchmark bond yielding 2.52%, approximately 150 basis points lower than the equivalent 10-year US government bond.

Perhaps an even more important determinant of fund flows and returns in Asia is that investors have given up on China. They are reallocating capital towards other countries in Asia, deemed to be safer, more predictable, and less subject to geopolitical risk, shielding them from investor pressure that is influenced by the dire headlines on China in the Western financial media. iShares Fund ETF data clearly shows that investors pulled money out of China and re-allocated it to Asia ex-China, significantly benefitting Japan and India. In the fourth quarter, the iShares EM ex-China Fund AUM and iShares India Fund AUM both surpassed that of the iShares China Fund.

iShares MSCI EM ex-China ETF AUM surpassed China AUM in Q4 2023.



Source: Bloomberg

Among US institutions, geopolitics plays a particularly large role today; China is almost a dirty word among allocators and their investment committees. Large pension plans such as the US government's $770 billion Federal Retirement Thrift Investment Board (FRTIB), which manages US Federal Government employees' pensions, recently shifted its international fund benchmark from the MSCI Europe, Australasia, and Far East (EAFE) Index to the MSCI All Country World ex USA ***ex China ex Hong Kong*** Investable Market Index. With the US election campaign in full swing, China-bashing is in high season among rival political parties.

The negative perception of China in the US and other Western economies has never been higher. According to the Pew Research Center, the percentage of Americans with a negative view of China climbed from 35% in the early 2000s to 73% in 2020 and 83% by the Spring of 2023. This is not the first time that anti-Chinese sentiment has been high. While the "Yellow Peril" moniker is a term rarely used today, it is a reminder of the times in the 19th century when anti-Chinese sentiment in the United States was high, culminating in the passage of the Chinese Exclusion Act in 1882, which banned Chinese laborers from immigrating to the United States for ten years. The US posture towards China today is aggressive. Last month, US Commerce Secretary Gina Raimondo declared, "the threat from China is large and growing. China wants access to our most sophisticated semiconductors, and we cannot afford to give them that access. We're going to deny the whole country access to our cutting-edge semiconductors." On China's access to cutting-edge semiconductors, she said, "I don't think we can stop it. It's not realistic to think we can stop it. It's exactly what you said, slowing them down." This aggressive posture towards China has permeated the investment committees of American asset allocators. In December, the Missouri State Employees Retirement System (MOSERS) voted to sell most of its investments in

China in a special meeting called by the Missouri State Treasurer, reversing its decision to reject the State Treasurer's proposal to divest Chinese investments just a month prior.

We believe we are in a period of peak pessimism on China, especially after a fourth year of negative returns where high hopes of a post-reopening rebound last year disappointed massively. The last (and only) time the Dow Jones Industrial Average suffered four consecutive years of negative returns was in 1929 – 1932 during the Great Depression, followed by four years of solid gains. The opportunity set in China looks compelling from a risk-reward perspective. Foreign investor positioning in China/HK is light, with indices and funds excluding HK and China from their benchmarks, resulting in very attractive valuations. The HSI is trading at 8.3x forward earnings, the lowest since at least 2013. Furthermore, the HSI is expected to generate double-digit earnings growth; HSI's EPS is forecast to grow at 11.5% CAGR over the next three years. The CSI 300, trading at 10x forward earnings with a 3% dividend yield, is expected to grow EPS by 16.5% CAGR over the next two years.

US interest rates have negatively impacted many emerging markets through a rise in local interest rates and funding costs or by weakening the local currency's US dollar exchange rate, driving up dollar-denominated borrowing costs. The US dollar has been climbing steadily over the past two years compared to the currencies of the US's top trading partners. The US Federal Reserve's decision to keep its target interest rate unchanged in November and potential cuts in US Fed Funds rates in 2024 bode well for Emerging Markets (EM). A reversal in the strength of the US dollar could lead to positive performance in EM.

Equities Appeal Relative to Bonds has Increased Significantly in China in Contrast to the US

Source: Bloomberg

While rising rates may diminish the appeal of equities relative to fixed income, this is not the case in China. The excess earnings yield of the Chinese and HK stock markets relative to bond yields are at multi-year highs today, aided by cheap equity valuations and Chinese bond yields at multi-year lows. With the Hang Seng Index (HSI) trading at 8.3x forward earnings, implying an earnings yield of almost 12%, the HSI benchmark earnings yield is over 900 basis points higher than the 10-year Chinese government bond yield, close to the highs achieved in October 2022.

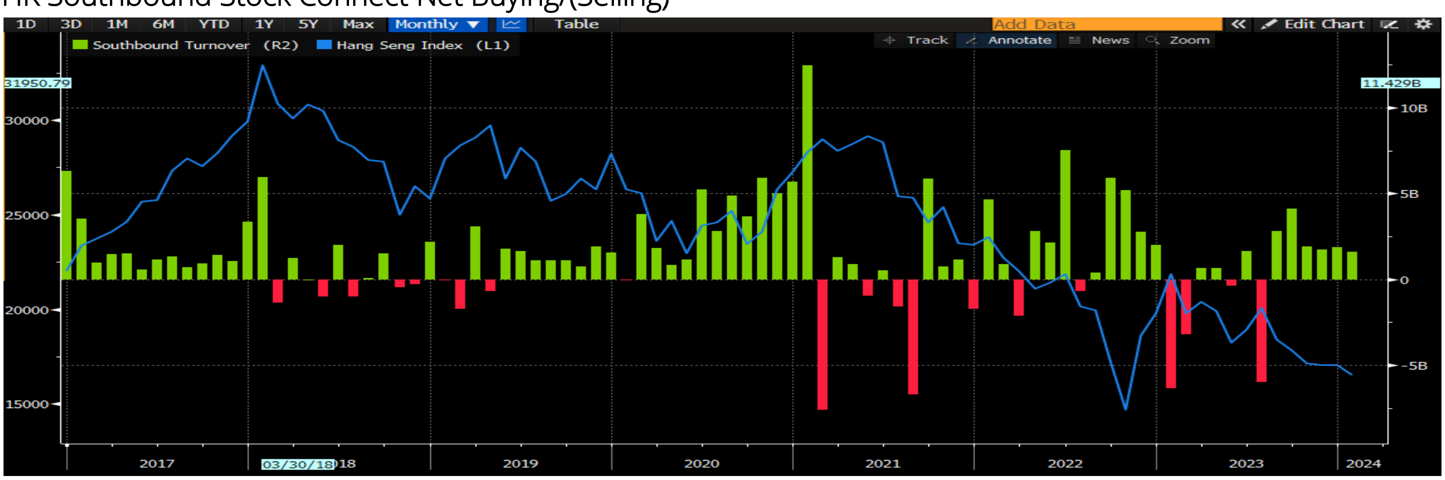
Similarly, the 4.4% dividend yield of the HSI is about 180bps higher than the 10-year Chinese and 40bps higher than the US 10-year. Notably, the CSI 300 index dividend yield of 2.87% has risen above long-term bond yields for the first time since 2005. The CSI 300 and the HSI are down 43% and 49%, respectively, from their peaks in 2021, despite the economy's reopening since the beginning of 2023. [Bloomberg] analyzed the CSI 300 earnings yield vs. bond yields for the past two decades and made the following observation: "Compared with bonds, Chinese stocks have rarely been so cheap. There's been five previous periods in almost two decades that the stock-bond yield gap has reached 5.5 points or more, including during the 2008 financial crisis and the pandemic in 2020. Stocks rose in the following 12 months each time, with a whopping return of 57% on average."

Date of gap first above 5.5%	Days staying above 5.5%	1y before	6m before	3m before	3m after	6m after	1y after
10/24/2008	11	-68	-53	-40	15	44	92
3/7/2012	16	-22	-6	3	-2	-11	1
4/30/2014	59	-12	-10	-2	8	14	120
12/25/2018	15	-25	-15	-11	24	26	32
3/23/2020	1	-6	-9	-11	17	32	42
Average		-27	-19	-12	12	21	57

Source: Bloomberg: Chinese Stock Indicator with 100% Success Rate is Flashing Buy, January 5, 2024

While foreigners have been pulling capital out of China, what have locals been doing? We believe that locals know their market better, and insiders know their companies even better. Mainland investors have been net buyers of Hong Kong stocks through the Southbound Stock Connect as prices became more attractive and foreigners fled Chinese equities.

HK Southbound Stock Connect Net Buying/(Selling)



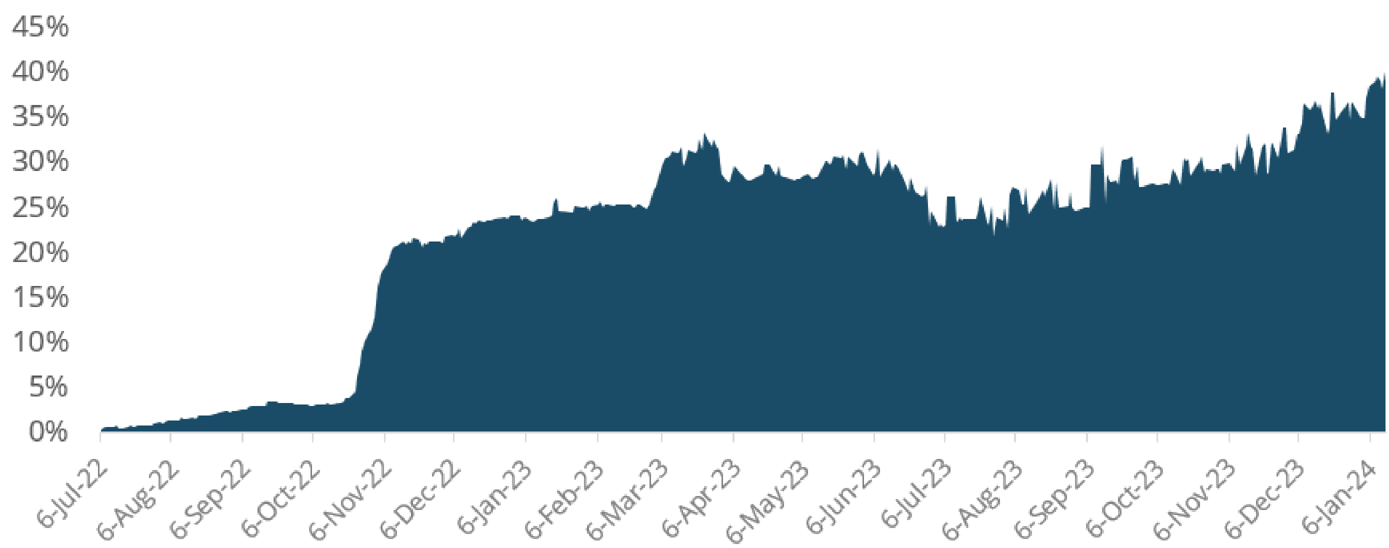
Source: Bloomberg

Local investors are piling into cheap Chinese equities.
Assets under management in ETF tracking indices in the Hang Seng family of indices was about US$65.8 billion at the end of 2023, up 14.4% year-on-year (YOY) despite a market correction in 2023, implying significant net inflows into HSI ETFs. Local HK and Chinese investors drove this increase in ETF AUM. The oldest and largest ETF, the US$16 billion Tracker Fund of Hong Kong (2800 HK), increased its shares outstanding by 20% in 2023 and by 55% in 2022 as locals piled in as valuations collapsed. The HK Tracker Fund (and most HSI ETFs) represents primarily local investors. ETFs such as the HK Tracker Fund are closed to US investors as certain constituents are included in the banned investment list of the US Treasury's Office of Foreign Assets Control.

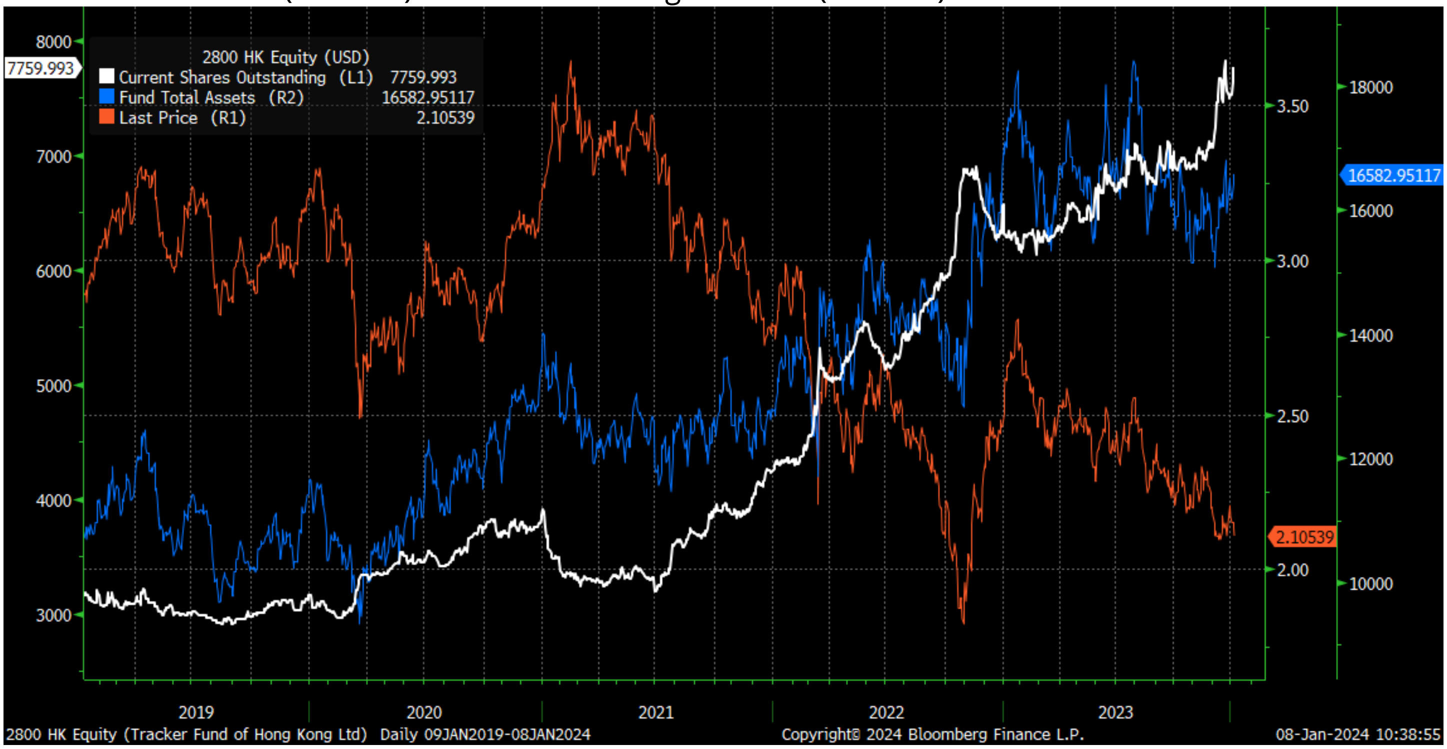
Mainland investors have been buying the dip in Hong Kong and have been a significant source of funds flow to the HSI. For example, Mainland investors' participation in the HS Tech ETF (3033 HK) increased dramatically through the Southbound Stock Connect from less than 5% in Q3 2022 to over 40%, with a meaningful increase in participation in the last quarter, as the HS Tech index valuations weakened.

Mainland Investors are 40% of Hang Seng Tech Index

CSOP Hang Seng Tech Index ETF Stock Connect Ownership Percentage (6 July 2022 to 12 January 2024)



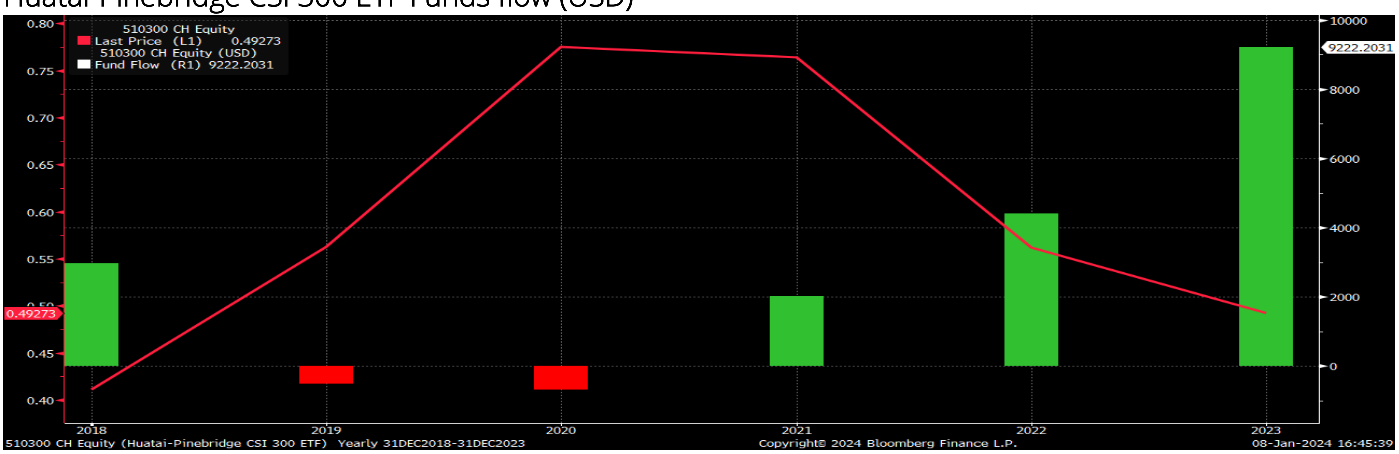
HK Tracker Fund ETF (2800 HK) Shares Outstanding and AUM (US$ MM)



Source: Bloomberg

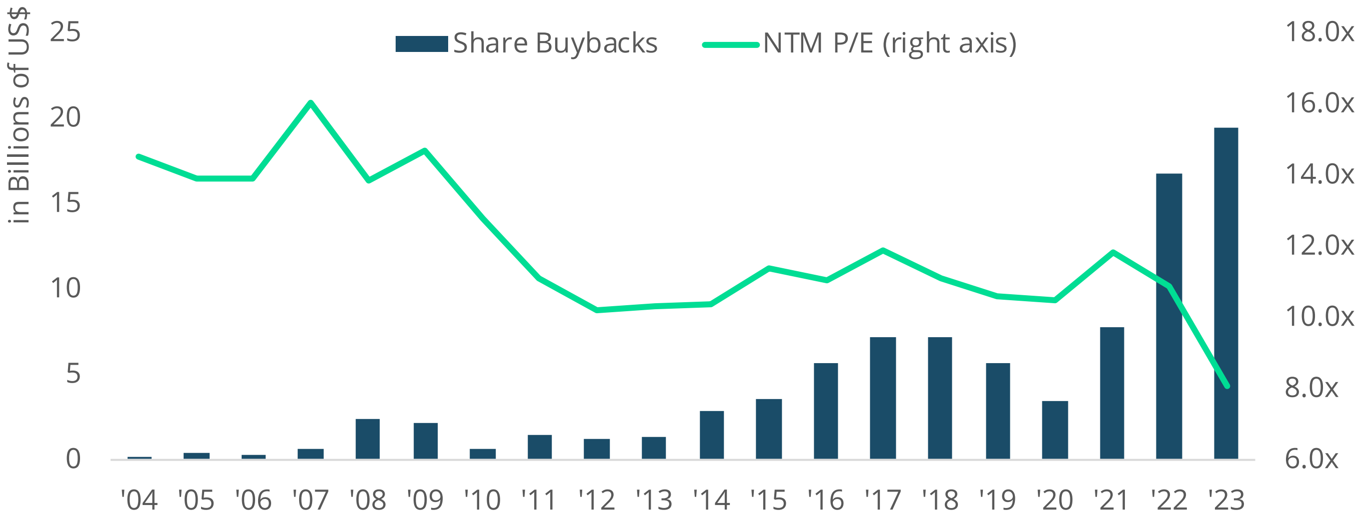
In onshore China, we see similar activity; local investors are increasing exposure to the mainland index as valuations become dramatically more attractive. The Huatai-Pinebridge CSI 300 ETF, the largest, most liquid onshore CSI 300 ETF with about US$16 billion in assets, has attracted significant fund flows from mainland investors as prices decreased.

Huatai-Pinebridge CSI 300 ETF Funds flow (USD)



Source: Bloomberg

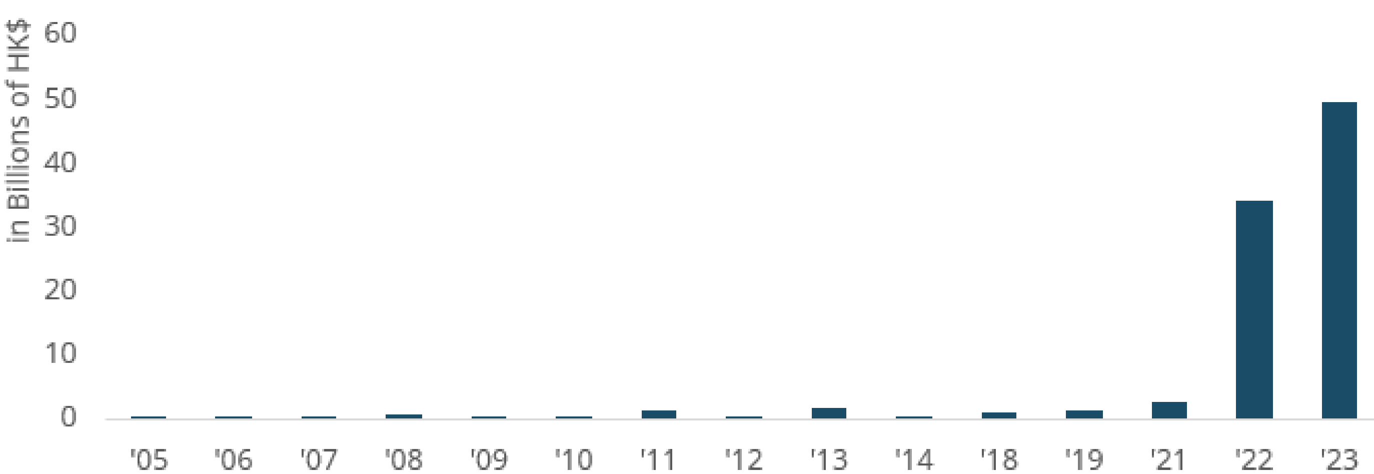
Hang Seng Index Share Buybacks



Source: 2iqresearch

HK-listed companies have stepped up buybacks to record levels as valuations collapsed in 2023. HK-listed companies repurchased $19.4 billion of stock last year, up 3.6x from the $5.6 billion repurchased in 2019 pre-Covid. Our portfolio company Tencent was the largest share repurchaser in Hong Kong last year. Tencent acquired HK$49 billion of shares in 2023, up 40x vs. 2019, reflecting its view that buybacks are the best use of capital: "Given what we view as our share price dislocation, our primary use of cash has been buying back our own shares. And that remains the priority at this point in time." James Mitchell, Chief Strategy Officer, Tencent Holdings.

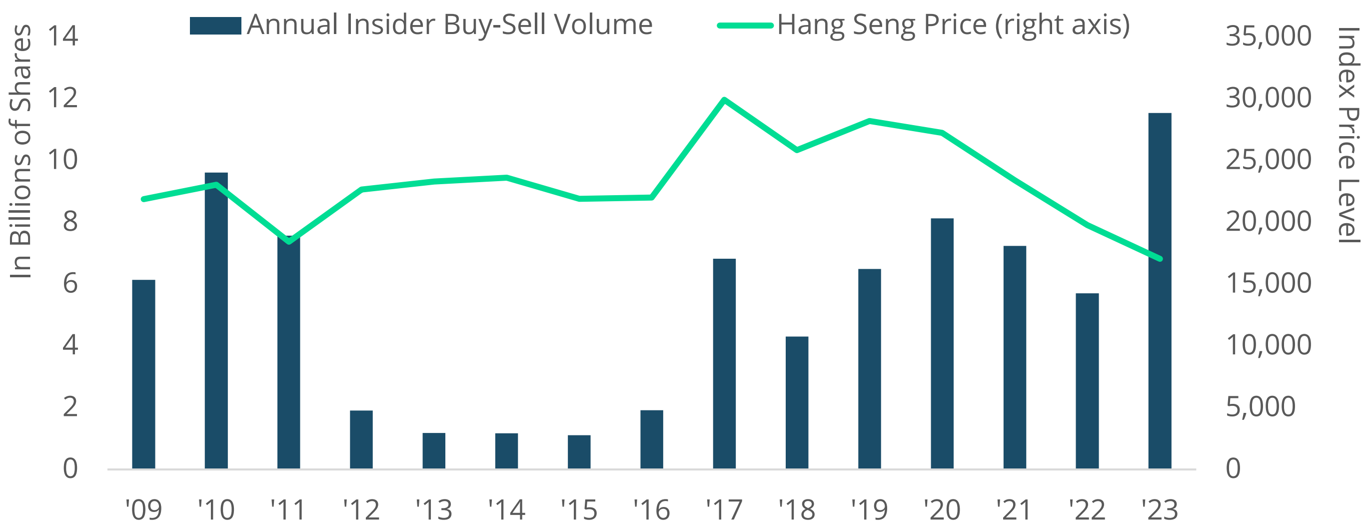
Tencent Buyback History



Source: https://webb-site.com/

In 2023, several of our Chinese investee companies repurchased shares, as did companies with significant Chinese exposure. China technology platforms Alibaba, Baidu, and Prosus repurchased shares, as did Tokyo-listed gaming company Nexon, which generates most of its operating profit from China. HK-listed CK Asset, Man Wah, Techtronics, and China MeiDong all repurchased equity/equity-linked instruments, and their controlling shareholders purchased shares to take advantage of the cheap valuations. Home appliance company JS Global repurchased shares and spun off its US business SharkNinja completely to shareholders. HK-listed L'Occitane disclosed that it had contemplated privatization of the entire company in the third quarter due to its depressed valuations.

Hong Kong Insider Buying



Source: 2iqresearch

Insider buying accelerated meaningfully as share prices continued to weaken in 2023 in Hong Kong. The number of shares purchased by HK insiders was double last year's level and even higher than those purchased during the Global Financial Crisis in 2009 and 2010, reflecting the high conviction in the attractiveness of their companies from a privileged insider's perspective. As famed investor Peter Lynch once said, "Insiders might sell their shares for any number of reasons, but they buy them for only one: they think the price will rise." We find the elevated level of insider buying among HK-listed companies particularly compelling and indicative of strong prospective returns.

China's outlook looks bleak, as it faces significant macro challenges, including a property sector suffering from too much supply, collapsing demand, and a spate of bankruptcies. Household savings are up, and retail spending is anemic, reflecting weak consumer confidence. This has resulted in the de-rating of HK-listed companies' multiples. However, we are not global macro traders. We are bottom-up investors that – despite the bleak China macro environment and extreme pessimism in the capital markets – are invested in a select few companies endowed with sustainable competitive advantages, that benefit from strong earnings growth, are attractively valued, and are run for shareholders by owner-operators. In the third quarter, Tencent, Alibaba, and Baidu grew adjusted operating profits before one-off factors by 49%, 18% (adj. EBITA), and 18%, respectively. Our domestic travel-related investments, online travel agency Tongcheng and hotel operator H World, grew revenue by 61% and 54% YoY, respectively, as domestic travel boomed in 2023, surpassing pre-COVID levels. Our overseas travel-related China investment, MGM China, benefited from Macau's position as a top tourist destination for Chinese in 2023, generating a record third-quarter EBITDA 22% higher than in 2019. Even our investment exposed to real estate, sofa maker Man Wah, grew China revenues by 11% in the last quarter and is expected to generate 25% operating profit growth for the year ending March 2024.

While we believe that HK/China is the single largest area of opportunity for us, there are also opportunities in other parts of Asia, as we invest in a select few bottom-up companies and not in top-down markets. This year, we invested in five new companies – one in Korea (Naver), one in Japan (Nexon), and three in HK (JS Global, Samsonite, and Techtronics). Our new investments in HK don't represent further allocation to the Chinese consumer theme. Rather, these global companies suffer from a discount from being listed in Hong Kong. Techtronics and JS Global are primarily US businesses, generating most of their profits from the US. Samsonite is a global luggage business listed in HK in 2011 to take advantage of the "China premium" but now suffers from a China discount, even though less than 8% of its revenues come from China. JS Global spun off its US business, SharkNinja, on the NYSE last year, unlocking tremendous value for shareholders. Samsonite's CFO disclosed that the company is evaluating alternatives to unlock value, potentially involving a move of its primary listing location to an exchange where its value can be better recognized.

We continue to spend time in Japan assessing potential opportunities despite the market melt-up that began when Warren Buffett visited Japan last April. While Japan as a market doesn't scream cheap, we believe there are Japanese companies that are still undervalued and run by good stewards of capital that can deliver earnings growth and attractive returns on invested capital. Over the past few years, corporate governance has improved significantly, as has shareholder activism. As a longtime observer and participant in the Japanese capital markets, it's astounding to see a pillar of corporate Japan and its regulator, the Tokyo Stock Exchange (TSE), act as the most aggressive activist in Japan, with the quiet support of the world's largest pension fund, Japan's Government Pension Investment Fund (GPIF). The TSE's corporate governance reform has triggered a wave of buybacks and disposals of cross-shareholdings and ROE/ROIC-focused capital allocation, even by companies that we had previously written off as "salaryman" run corporates as they try to demonstrate that they are focused on reform. Moving forward, the TSE will publish a list of companies that have responded to its requests for reform monthly, putting pressure on management teams to respond to TSE requests. Companies once known as value traps among investors in Japan are starting to allocate capital dramatically better than in the past, focusing on businesses with the highest ROICs. We continue to meet companies to evaluate significant inflection points in management thinking toward capital allocation.

Portfolio Review

4Q23	Contribution to Portfolio Return (%)	Total Return (%)
Top Five		
SharkNinja	+1.22	+13
Naver	+0.79	+16
Jollibee Foods	+0.76	+12
Hitachi	+0.75	+17
Seria	+0.75	+28
Bottom Five		
Baidu	-0.96	-13
Tongcheng Travel	-0.79	-16
H World	-0.67	-15
Alibaba	-0.57	-11
Melco International	-0.45	-13

2023	Contribution to Portfolio Return (%)	Total Return (%)
Top Five		
SharkNinja	+5.79	+140
Hitachi	+1.68	+44
MGM China	+0.98	+15
JS Global	+0.87	+32
Naver	+0.82	+19
Bottom Five		
China MeiDong	-3.02	-69
Oisix	-1.88	-43
Melco International	-1.55	-35
Man Wah	-1.35	-30
Tongcheng Travel	-1.09	-23

SharkNinja, a leading small household appliance manufacturer, was our top contributor for the quarter and the year. SharkNinja was spun out of JS Global Lifestyle on 31st July 2023. When we first became interested in SharkNinja, its implied multiple was 5x NTM EV/EBITDA, while peers traded at 8-9x, a considerable discount despite an exceptional management team and product portfolio. Since then, SharkNinja has continued to perform exceptionally. In November, SharkNinja reported its 3Q23 results, with adjusted net sales growing by +14.6% YOY, mainly driven by strong growth in Europe at +85.1% YOY. North America remained relatively muted with +2.5% YOY growth (on top of a small base in 3Q22 due to destocking) despite point-of-sale revenue growth of 8%. Generally, stocking for the holiday season occurs in late September and early October. However, retailers have started to adopt a more just-in-time inventory framework, resulting in holiday season restocking being pushed to Q4. We remain optimistic about SharkNinja, with retailer inventory destocking issues easing in the United States.

Hitachi, a Japanese conglomerate, was a top contributor for the quarter and year. Hitachi reported better-than-expected results thanks to solid operations in most segments, offsetting a profit fall at Hitachi High Tech. The management raised its full-year revenue guidance by 4% and adjusted operating profit guidance by 7% thanks to favorable FX and a solid outlook for Hitachi Energy. The revised guidance looks conservative, given the good progress in the Digital System and Service and Green Energy and Mobility segments in the first half. We also see continued order wins for these two segments, where its power grid system business order growth of +42% was outstanding. We expect Hitachi to continue to post strong organic profit growth. Hitachi raised its interim dividend accordingly.

MGM China, one of six Macau casino and resort operators, contributed for the year. MGM China outperformed its peers, printing strong results throughout the year. MGM China reported a record-high third-quarter EBITDA

20% above pre-Covid levels. The company posted even stronger results during October, further increasing its market share to 15.5% and recording an all-time high monthly EBITDA. MGM China is benefitting greatly from the high quality of its customers. The company is refurbishing casino floors at MGM Cotai and upgrading villas at MGM Macau, which should cater to premium mass customers that will continue to be the key growth driver in 2024.

JS Global, the previous parent company of SharkNinja, was a top contributor for the year. After the spin-off of the SharkNinja business segment in July 2023, it retained Joyoung (67% owned) and SharkNinja's APAC business. SharkNinja APAC's growth continues to be strong as it penetrates nascent Asia Pacific markets, growing revenues +73% YOY in 1H2023 with its value-for-money offerings. On the other hand, Joyoung continues to optimize its strategy by launching lower ASP products in light of consumer downtrading in China. We remain optimistic about the outlook of JS Global, as there continue to be further value creation opportunities, along with a highly aligned Chairman who owns 56% of JS Global.

Naver, Korea's leading search and e-commerce platform, contributed for the quarter and year. Naver posted solid results in the third quarter despite weak macro conditions. Display ads remained sluggish, with -9.5% YOY growth given the lack of meaningful improvement in advertiser sentiment, but its search ads business remained solid, posting +3.5% YOY growth. Naver is working on revamping its app and expanding premium ad products. Naver also began a beta service of the Twitch-like streaming service called CHZZK, which could further strengthen its ecosystem. On the commerce side, Naver posted solid GMV growth (+14.3% YOY and 8.2% excl. Poshmark acquisition) and topline growth (+41.3% YOY and +14.7% excl. Poshmark acquisition). Thanks to its monetization efforts, we expect its revenue to continue growing faster than its GMV. Naver started charging a 1.5% commission for guaranteed delivery service and a 2-4% commission for brand solution packages from October. There have been cost concerns amid weak macro and rising AI-related costs, but Naver continued to post solid results, which the market welcomed. We expect Naver's margins to keep improving as the management's mindset shifts from topline growth to profitable growth. In 2024, we expect Naver Webtoon to IPO in the US market, which could be a value discovery event.

China MeiDong, a luxury auto dealer, was the top detractor during the year. MeiDong was significantly impacted by China's weak macroeconomic conditions, which trickled down to its business performance. In addition, the highly competitive landscape in the Electric Vehicle transition has significantly impacted dealers' new car sales margins for German brands (such as BMW for MeiDong). MeiDong's OEMs are deploying various strategies to aid the current situation. BMW China, for instance, has increased the rebates for dealers to Rmb12,000 per car (from c. Rmb6,000 per car in 1H23). On the other hand, Porsche adopted a more practical approach by reducing the supply of Porsche autos in China to match the current demand better. As these initiatives start flowing through, MeiDong's margins should improve incrementally.

Oisix, the leading online fresh food retailer in Japan, was a detractor for the year. Oisix had a weak first-half performance in the six months ending in September, with its revenues up +2.3% YOY and operating profit up

+36.5% YOY. This is progressing slower than the company guided, achieving only 45.4% of its revenue guidance and 34.5% of its OP guidance. We see negative factors impacting the consumption of Oisix's products, such as consecutive declines in real wages and increased outdoor activities. Oisix is working on raising brand awareness and the basket size of each order. In November, the Shida family and Oisix jointly announced the takeover of Shidax, which became an equity method affiliate in 2022. Shidax, now 66% owned by Oisix, became a consolidated subsidiary. We see potential synergies on the joint procurement side and expansion of meal kit services to various facilities. We expect more details to be shared by the management during the fiscal year-end results call.

Melco International, the Macau casino and resort operator, was a detractor for the quarter and year. Underlying operating metrics for Macau continued to improve in line with expectations in 2023. Macau visitation reached 85% of pre-Covid levels, and Mass gross gaming revenue (GGR) recovered to over 92% of pre-Covid levels in Q3 2023. The Mass business, which is higher margin than VIP, is on pace to produce GGR in excess of pre-Covid levels in Q4. Despite strong and improving operating fundamentals, the share price has remained weak primarily driven by negative sentiment around China macro fears and lower consumption outlook. We believe Chinese consumers are prioritizing services (travel, tourism, entertainment) over goods consumption and Macau will continue to be a beneficiary of this trend. Additionally, Melco's financial leverage was a concern for the market in a rising interest rate environment. Melco Resorts continued to invest during Covid years in expanding its Macau and Cyprus footprint, leading to near-term negative FCF and rising debt levels. Notably, Melco's earliest debt maturity is in 2025. Now that Macau has reopened from Covid and the expansion projects are complete, capex is expected to decrease just as EBITDA recovery takes hold from these expansion projects. Furthermore, the company has optimized its cost structure, which we believe will result in a higher EBITDA margin profile in coming years. Melco is in a good position to benefit from both operating and financial leverage as revenue recovery takes hold at existing and new properties.

Man Wah, a leading functional sofa manufacturer in China, was a detractor for the year. Despite the weak property sector in China, Man Wah reported 11% growth YOY (constant currency) in China sales, given its high exposure to replacement demand, market share gains, and easy YOY comparables. Its overseas business was affected by inventory destocking issues and high shipping costs in 1H FY24, leading to a 17% YOY revenue contraction. Lower raw material costs and efficiency measures drove profit margin improvement, leading to a 10% growth in net profit. The domestic and international business situation is improving as we enter 2H FY24. Domestic market share gains continue as Man Wah is over-indexed to replacement demand. International business has started to normalize as inventory destocking issues decrease, along with lower shipping costs. Management has restarted share buybacks, given the heavily discounted valuations.

Tongcheng Travel, a leading online travel agent in China, was a detractor for the quarter and year. Tongcheng continued to deliver strong results with 49% GMV growth, 100% in hotel room nights, and 30% in air ticketing volumes relative to 3Q 2019 pre-Covid levels, far outpacing overall industry growth. The company has achieved a sizable market share gain during the Covid years, as consumer preference shifted from offline travel agencies to online platforms for travel bookings. Our management partners invested in innovative product and service offerings during the Covid years, helping them consolidate the market, grow their user base and ARPU, and emerge stronger. Despite strong operating performance, the share price declined, due to weak Chinese macro and concerns over the 2024 consumption outlook. We remain optimistic about Tongcheng's prospect of continuing to gain market share in this high barrier to entry industry. The pandemic has resulted in a structural change in consumers' share of wallet, with a higher proportion dedicated to 'travel & experiences,' and Tongcheng is a key beneficiary of this trend. We expect the travel industry to sustain mid to high single-digit normalized growth rates, and Tongcheng will grow faster than in the past. Its balance sheet is net cash (over 25% of market capitalization), and we expect our management partners to be more proactive in shareholder returns in 2024 and beyond.

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.

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 Belgian investors:
This document and the information contained herein are private and confidential and are for the use on a confidential basis only by the persons to whom such material is addressed. This document does not constitute and may not be construed as the provision of investment advice, an offer to sell, or an invitation to purchase, securities in any jurisdiction where such offer or invitation is unauthorized. The Longleaf Partners Global UCITS Fund and Longleaf Partners Asia Pacific UCITS Fund have not been and will not be registered with the Belgian Financial Services and Markets Authority (Autoriteit voor financiële diensten en markten/ Autorité des services et marchés financiers) as a foreign collective investment undertaking under Article 127 of the Belgian Law of July 20 2004 on certain forms of collective management of investment portfolios. The offer in Belgium has not been and will not be notified to the Financial Services and Markets Authority, nor has this document been nor will it be approved by the Belgian Financial Services and Markets Authority. The shares issued by the Funds shall, whether directly or indirectly, only be offered, sold, transferred or delivered in Belgium to individuals or legal entities who are Institutional or Professional Investors" in the sense of Article 5§3 of the Belgian Law of July 20 2004 on certain forms of collective management of investment portfolios (as amended from time to time), acting for their own account and the offer requires a minimum consideration of €250,000 per investor and per offer. Prospective investors are urged to consult their own legal, financial and tax advisers as to the consequences that may arise from an investment in the Fund.

Important information for Brazilian investors:
THE PRODUCTS MENTIONED HEREUNDER HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH ANY SECURITIES EXCHANGE COMMISSION OR OTHER SIMILAR AUTHORITY IN BRAZIL, INCLUDING THE BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (COMISSÃO DE VALORES MOBILIÁRIOS - "CVM"). SUCH PRODUCTS WILL NOT BE DIRECTLY OR INDIRECTLY OFFERED OR SOLD WITHIN BRAZIL THROUGH ANY PUBLIC OFFERING, AS DETERMINED BY BRAZILIAN LAW AND BY THE RULES ISSUED BY CVM, INCLUDING LAW NO. 6,385 (DECEMBER 7TH, 1976) AND CVM RULE NO. 400 (DECEMBER 29TH, 2003), AS AMENDED FROM TIME TO TIME, OR ANY OTHER LAW OR RULES THAT MAY REPLACE THEM IN THE FUTURE.
ACTS INVOLVING A PUBLIC OFFERING IN BRAZIL, AS DEFINED UNDER BRAZILIAN LAWS AND REGULATIONS AND BY THE RULES ISSUED BY THE CVM, INCLUDING LAW NO. 6,385 (DECEMBER 7TH, 1976) AND CVM RULE NO. 400 (DECEMBER 29TH, 2003), AS AMENDED FROM TIME TO TIME, OR ANY OTHER LAW OR RULES THAT MAY REPLACE THEM IN THE FUTURE, MUST NOT BE PERFORMED WITHOUT SUCH PRIOR REGISTRATION. PERSONS WISHING TO ACQUIRE THE PRODUCTS OFFERED HEREUNDER IN BRAZIL SHOULD CONSULT WITH THEIR OWN COUNSEL AS TO THE APPLICABILITY OF THESE REGISTRATION REQUIREMENTS OR ANY EXEMPTION THEREFROM. [WITHOUT PREJUDICE TO THE ABOVE, THE SALE AND SOLICITATION IS LIMITED TO QUALIFIED INVESTORS AS DEFINED BY CVM RULE NO. 409 (AUGUST 18TH, 2004), AS AMENDED FROM TIME TO TIME OR AS DEFINED BY ANY OTHER RULE THAT MY REPLACE IT IN THE FUTURE. THIS DOCUMENT IS CONFIDENTIAL AND INTENDED SOLELY FOR THE USE OF THE ADDRESSEE AND CANNOT BE DELIVERED OR DISCLOSED IN ANY MANNER WHATSOEVER TO ANY PERSON OR ENTITY OTHER THAN THE ADDRESSEE.

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.

Important information for Indian investors:
Southeastern Asset Management Inc.'s products and services are not being offered to the public and are only for private placement purposes. This marketing material is addressed solely to you and is for your exclusive use. Any offer or invitation by Southeastern is capable of acceptance only by you and is not transferrable. This marketing material has not been registered as a prospectus with the Indian authorities. Accordingly, this may not be distributed or given to any person other than you and should not be reproduced, in whole or in part. This offer is made in reliance to the private placement exemption under Indian laws.

Important information for Italian investors:
No offering of shares of the Longleaf Partners Unit Trust comprised of the Longleaf Partners Global UCITS Fund and Longleaf Partners Asia Pacific UCITS Fund (the "Funds") has been cleared by the relevant Italian supervisory authorities. Thus, no offering of the Funds can be carried out in the Republic of Italy and this marketing document shall not be circulated therein – not even solely to professional investors or under a private placement – unless the requirements of Italian law concerning the offering of securities have been complied with, including (i) the requirements set forth by Article 42 and Article 94 and seq. of Legislative Decree No 58 of February 24 1998 and CONSOB Regulation No 11971 of May 14 1999, and (ii) all other Italian securities tax and exchange controls and any other applicable laws and regulations, all as amended from time to time. We are sending you the attached material as a follow up to the specific request received by you. You are fully aware that the Funds have not been registered for offering in Italy pursuant to the Italian internal rules implementing the UCITS IV directive. Therefore, you are expressly fully aware that the Italian protections granted by the applicable legal framework would not apply and you would be exclusively responsible for the decision to invest in the Funds. Moreover, you represent that you would only invest directly or on behalf of third parties to the extent that this is fully lawful and you

comply with any conduct of business rules applicable to you in connection with such investment. You agree to refrain from providing any document relating to the Funds to any party unless this is fully compliant with applicable law.

Important information for Jersey investors:
Financial services advertisement. This document relates to a private placement and does not constitute an offer to the public in Jersey to subscribe for the Shares offered hereby. No regulatory approval has been sought to the offer in Jersey and it must be distinctly understood that the Jersey Financial Services Commission does not accept any responsibility for the financial soundness of or any representations made in connection with the Fund. The offer of Shares is personal to the person to whom this document is being delivered by or on behalf of the Fund, and a subscription for the Shares will only be accepted from such person. This document may not be reproduced or used for any other purpose.

Important information for Monaco investors:
The Longleaf Partners UCITS Funds described in this document have not been registered for sale in Monaco under applicable law. Neither the Longleaf Partners UCITS Funds nor its agents are licensed or authorized to engage in marketing activities in Monaco. Any marketing or sale of Longleaf Partners UCITS Funds will be undertaken or made in strict compliance with applicable law in Monaco. By receiving this document, each recipient resident in Monaco acknowledges and agrees that it has contacted the Longleaf Partners UCITS Funds at its own initiative and not as a result of any promotion or publicity by the Longleaf Partners UCITS Funds or any of its agents or representatives. Monaco residents acknowledge that (1) the receipt of this document does not constitute a solicitation from the Longleaf Partners UCITS Funds for its products and/or services, and (2) they are not receiving from the Longleaf Partners UCITS Funds any direct or indirect promotion or marketing of financial products and/or services. This document is strictly private and confidential and may not be (1) reproduced or used for any purpose other than evaluation of a potential investment in the Longleaf Partners UCITS Funds by the intended recipient, or (2) provided to any person or entity other than the intended recipient.

Important information for New Zealand investors:
No shares are offered to the public. Accordingly, the shares may not, directly or indirectly, be offered, sold or delivered in New Zealand, nor may any offering document or advertisement in relation to any offer of the shares be distributed in New Zealand, other than: (A) to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money or who in all circumstances can be properly regarded as having been selected otherwise than as members of the public; or (B) in other circumstances where there is no contravention of the Securities Act 1978 of New Zealand.

Important Information for Oman investors:
The Longleaf Partners APAC UCITS Fund has not been registered or approved by the Central Bank of Oman, the Oman Ministry of Commerce and Industry, the Oman Capital Market Authority or any other authority in the Sultanate of Oman. Southeastern Asset Management, Inc. has not been authorized or licensed by the Central Bank of Oman, the Oman Ministry of Commerce and Industry, the Oman Capital Market Authority or any other authority in the Sultanate of Oman, for discretionary investment management within the Sultanate of Oman. The shares in the Longleaf Partners APAC UCITS Fund have not and will not be listed on any stock exchange in the Sultanate of Oman. No marketing of any financial products or services has been or will be made from within the Sultanate of Oman and no subscription to any securities, products or financial services may or will be consummated within the Sultanate of Oman. Southeastern Asset Management, Inc. is not a licensed broker, dealer, financial advisor or investment advisor licensed under the laws applicable in the Sultanate of Oman, and, as such, does not advise individuals resident in the Sultanate of Oman as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the Sultanate of Oman. This document is confidential and for your information only and nothing is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice rendered on the basis of your situation.

Important Information for Qatar investors:
This document is not intended to constitute an offer, sale or delivery of the Longleaf Partners UCITS Funds or other securities under the laws of the State of Qatar. The offer of the Longleaf Partners UCITS Funds has not been and will not be licensed pursuant to Law No. 8 of 2012 ("QFMA Law") establishing the Qatar Financial Markets Authority ("QFMA") and the regulatory regime thereunder (including in particular the QFMA Regulations issued vide QFMA Board Resolution No.1 of 2008, QFMA Offering and Listing Rulebook of Securities of November 2010 ("QFMA Securities Regulations") and the Qatar Exchange Rulebook of August 2010) or the rules and regulations of the Qatar Financial Centre ("QFC") or any laws of the State of Qatar. The document does not constitute a public offer of securities in the State of Qatar under the QFMA Securities Regulations or otherwise under any laws of the State of Qatar. The Longleaf Partners UCTIS Funds are only being offered to a limited number of investors, less than a hundred in number, who are willing and able to conduct an independent investigation of the risks involved in an investment in such Funds. No transaction will be concluded in the jurisdiction of the State of Qatar (including the QFC).

Important information for South African investors:
Nothing in this document is intended to be investment advice or a recommendation, guidance or proposal of a financial nature in respect of any investment issued by Southeastern Asset Management or any transaction in relation thereto. Southeastern Asset Management is not a financial services provider in South Africa and nothing in this document should be construed as constituting the canvassing for, or marketing or advertising of financial services by Southeastern Asset Management in South Africa.

Important information for Spanish investors:
The sale of the shares of Longleaf Partners Global UCITS Fund and Longleaf Partners Asia Pacific UCITS Fund (the "Funds") which this document refers to have not been registered with the Spanish National Securities Market Commission ("Comision Nacional del Mercado de Valores") pursuant to Spanish laws and regulations and do not form part of any public offer of such securities in Spain. Accordingly, no shares in the Funds may be, and/or are intended to be publicly offered, marketed or promoted, nor any public offer in respect thereof made, in Spain, nor may these documents or any other offering materials relating to the offer of shares in the Fund be distributed, in the Kingdom of Spain, by the Distributor or any other person on their behalf, except in circumstances which do not constitute a public offering and marketing in Spain within the meaning of Spanish laws or without complying with all legal and regulatory requirements in relation thereto. This document and any other material relating to Fund shares are strictly confidential and may not be distributed to any person or any entity other than its recipients.

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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This document is being issued to a limited number of selected institutional/sophisticated investors: (a) upon their request and confirmation that they understand that neither Southeastern Asset Management, Inc. nor the Longleaf Partners Asia Pacific UCITS Fund have been approved or licensed by or registered with the United Arab Emirates Central Bank ("UAE Central Bank"), the Securities and Commodities Authority ("SCA"), the Dubai Financial Services Authority ("DFSA") or any other relevant licensing authorities or governmental agencies in the United Arab Emirates (including the DIFC),nor has the placement agent, if any, received authorization or licensing from the UAE Central Bank, SCA, the DFSA or any other relevant licensing authorities or governmental agencies in the United Arab Emirates (including the DIFC); (b) on the condition that it will not be provided to any person other than the original recipient, is not for general circulation in the United Arab Emirates (including the DIFC) and may not be reproduced or used for any other purpose; and (c) on the condition that no sale of securities or other investment products in relation to or in connection with either Southeastern Asset Management, Inc. or the Longleaf Partners Asia Pacific UCITS Fund is intended to be consummated within the United Arab Emirates (including in the DIFC). Neither the UAE Central Bank, SCA nor the DFSA have approved this document or any associated documents, and have no responsibility for them. The shares in the Longleaf Partners Asia Pacific UCITS Fund are not offered or intended to be sold directly or indirectly to retail investors or the public in the United Arab Emirates (including the DIFC). No agreement relating to the sale of the shares is intended to be consummated in the United Arab Emirates (including the DIFC). The shares to which this document may relate may be illiquid and/or subject to restrictions on their resale. Prospective investors should conduct their own due diligence on the shares. If you do not understand the contents of this document you should consult an authorized financial advisor.

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

In the United Kingdom, this document is being distributed only to and is directed at (a) persons who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) (the "Order") or (b) high net worth entities and other persons to whom it may be otherwise lawfully be communicated, falling within Article 49(2) of the Order (all such persons being referred to as "relevant persons"). This document must not be acted on or relied on by persons who are not relevant persons. Any investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.