Asia Pacific UCITS Fund Commentary

4Q24

Longleaf Partners Funds

For Professional Investors Only

Portfolio Returns on 31/12/24 – 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)
2015	-2.74	-1.10	-1.96	NA	NA	NA
2016	12.29	5.32	4.89	NA	NA	NA
2017*	37.94	30.50	31.67	7.75	8.59	8.18
2018	-21.45	-13.76	-13.52	-16.94	-8.40	-8.14
2019	18.58	18.84	19.36	14.04	14.25	14.75
2020	10.97	19.77	19.71	7.50	16.07	16.01
2021	-14.70	-0.38	-1.46	-13.77	0.54	-0.55
2022	-8.24	-16.42	-17.22	2.70	-5.89	-6.80
2023	-2.49	-11.88		-7.47	5.57	
2024	11.51	9.15		13.54	11.11	

*2017 is a partial year for Class I (GBP), from inception of September 15, 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.

	4Q24	1 Year	3 Year	5 Year	10 Year	Since Inception 2/12/2014
APAC UCITS (Class I USD)	-11.20	11.51	-0.08	-1.14	2.86	2.70
FTSE Asia Pacific Index	-6.93	9.15	0.68	4.02	5.43	5.24
Relative Returns	-4.27	+2.36	-0.76	-5.16	-2.57	-2.54

Selected Indices	4Q24	1 Year	3 Year	5 Year	10 Year
Hang Seng Index (HKD)	-4.88	22.69	-1.44	-3.44	1.77
TOPIX Index (¥)	5.38	20.41	14.63	12.77	9.54
TOPIX Index (USD)	-4.02	7.92	3.35	4.80	6.58
MSCI Emerging Market (USD)	-8.01	7.50	-1.92	1.70	3.64

Commentary

The Fund generated positive returns of 11.5%, outperforming the index by 236 basis points in 2024. However, the Fund lost 11.2% in the quarter, underperforming the FTSE Asia Pacific Index by about 427 basis points. A partial retracement of the significant rally in Chinese capital markets in the third quarter drove the fourth quarter's weak performance. Furthermore, the pullback of the rally in Japanese small caps also detracted from performance in the fourth quarter.

The Fund outperformed the index for the full year, with our HK investments contributing significantly to annual returns. Two HK-listed portfolio companies whose businesses are mainly outside of China – L'Occitane and ESR – were the subject of takeover offers by their controlling shareholders and generated the bulk of our returns from HK/China. Another portfolio holding, Descente, also received a takeover offer from its parent Itochu. These three takeover offers contributed over half of our returns for the year. Controlling shareholders charted their destinies by taking advantage of the capital markets' apathy towards these companies because of their exposure to China directly or through their listing in Hong Kong.

The companies that generated strong returns (aside from the M&A announcements) all shared one important characteristic – strong earnings growth. SharkNinja grew revenue by 30% and earnings per share (EPS) by 161% in the first nine months of 2024 (9M24). Hitachi grew operating income by 16% year-over-year (YoY) in the equivalent period, and Genda grew earnings before interest, taxes, depreciation and amortization (EBITDA) by 55% YoY in 9M24. Our best-performing Chinese companies - Tencent and DPC Dash (Domino's China) – grew 9M net income by 58% and last twelve months (LTM) June EBITDA by 128%, respectively. Our companies that underperformed saw their earnings shrink in 2024.

Performance of Asian Indices in the past 5 years (USD)

Source: Bloomberg

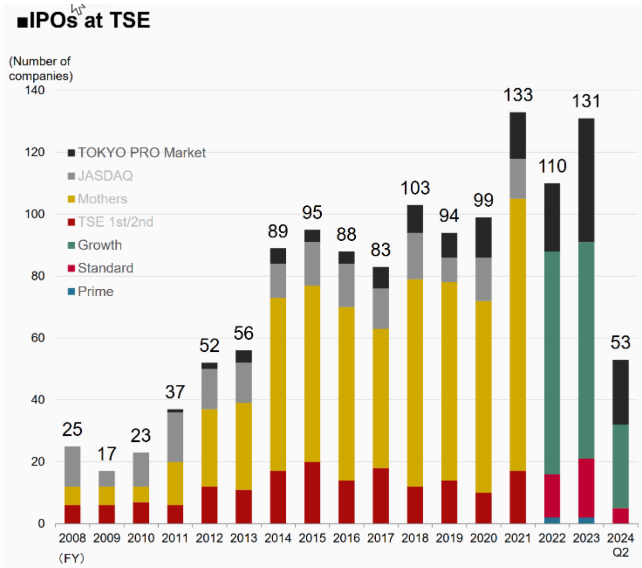
We allocated meaningful capital this year to small-cap companies in Japan. The Tokyo Stock Exchange Growth Market 250 Index ("Growth Index"), formerly known as the Mothers Index ("Market of the high-growth and emerging stocks"), is a section of the Tokyo Stock Exchange (TSE) designed explicitly for startup companies with high-growth potential. Revenue growth in this index has been strong, but market price performance has been weak. Despite high growth, the Growth Index is down about 50% (in USD) in the last five years, even worse than the Hang Seng Index, which is down about 15%. In contrast, the broader Topix gained 26% (in USD) over the past five years as banks and life insurers rose in anticipation that their earnings would benefit from higher borrowing costs. This year, the Growth Index is down about 18% (in USD) in 2024, compared to the broader Topix index gaining 8%.

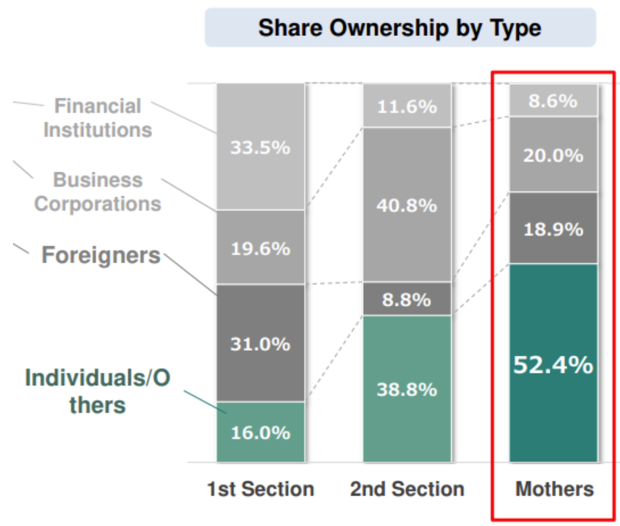
TSE Growth Market 250 Index: Annual Price Changes (USD)

Source: Bloomberg

The Growth Index experienced an unprecedented fourth consecutive yearly loss, the most prolonged slump since the index was established in 1999. As we noted last quarter, "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." The Hang Seng Index broke its 4-year losing streak and generated 23% returns last year, surprising most capital market participants, who had written off China and HK as "uninvestable." We feel similar convictions about some companies in the Growth Index, perhaps even more so, as we uncover undervalued companies with sustainably high revenue and earnings growth and compelling unit economics.

Tokyo Stock Exchange IPOs





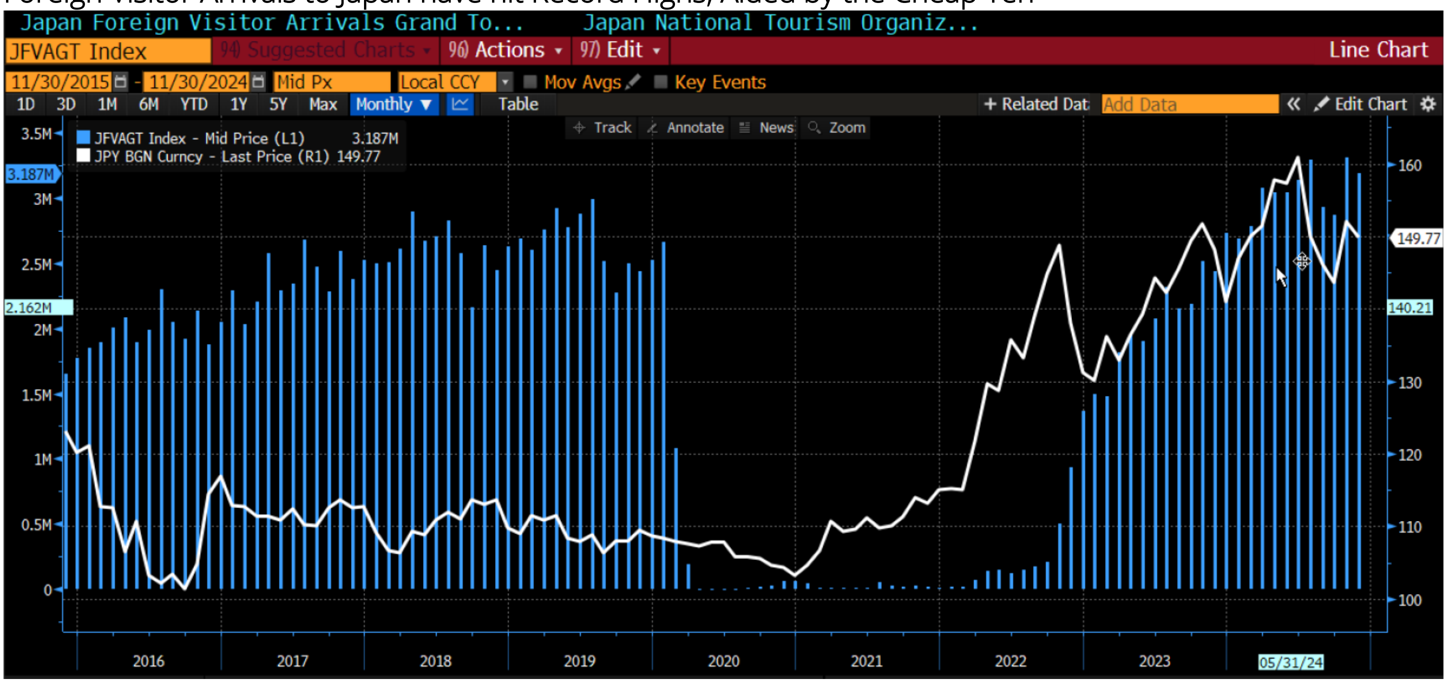
Source: Japan Exchange Group

The Growth Index has underperformed the broader Topix index for four consecutive years, exacerbated by the index's earnings per share remaining negative since 2019. In the past decade, most IPOs on the Tokyo Stock Exchange have occurred in the Mothers/Growth market, increasing the proportion of fast-growing but loss-making businesses in the Growth Index. In Japan, the lack of a later-round funding ecosystem for startups forces Japanese startups to list much earlier than a typical US startup may. According to Japan's Ministry of Economy, Trade and Industry, approximately 76% of startup exits in Japan were via IPO in 2021, compared to only 33% in Europe and 10% in the United States. Part of the reason startup exits through IPO is so prevalent is that listing requirements for the Growth index in Japan are lenient, and the small-cap market is relatively liquid. With a minimum market cap of 500 million yen ($3.2 million), the hurdle to listing on the TSE Growth Market is very low compared to other markets. As Growth Market companies are earlier in their growth curve, losses tend to increase as growth investments are prioritized over profitability. However, the Growth Index is dominated by retail investors who measure valuations based on earnings multiples and focus less on unit economics than professional investors.

Few companies in Japan's high-growth space have emerged from their investment phases to reveal their dominant and profitable businesses. These companies can only be listed on the TSE Prime Market after demonstrating two years of profitability, with total profits of 2.5 billion yen ($15.9 million). Those with losses are relegated to the overlooked TSE Growth Market, where fewer institutional investors participate, and equity research coverage is sparser. Fast-growing, capital-light businesses re-investing profits to drive growth are penalized in the Japanese capital markets. This allows us to identify and invest in promising companies before they become widely recognized and potentially overvalued.

From a broader global perspective, small and mid-cap stocks are trading at attractive valuations. On top of that, the Japanese yen is significantly undervalued. Beyond its stunning temples, cherry blossoms, world-class skiing and food culture, and being at the epicenter of the global Manga craze, Japan's success lies in a perfect storm of factors. A weaker yen has made it an even more attractive destination for international travelers (and investors), offering great value to foreigners whose purchasing power has been whittled by inflation. Tourists are arriving in record numbers, taking advantage of the cheap yen to enjoy products and services that are more expensive in their home countries. This valuation gap presents a potential arbitrage opportunity for investors who can accurately assess a company's prospects. Foreign activists, private equity firms, and corporations are picking up assets cheaply in Japan. As KKR co-founder Henry Kravis recently said, "George Roberts, my KKR co-founder, likes to say, "If I were 30 years old today and I could speak Japanese, I'd go to Japan." I think I would too."

Foreign Visitor Arrivals to Japan have hit Record Highs, Aided by the Cheap Yen



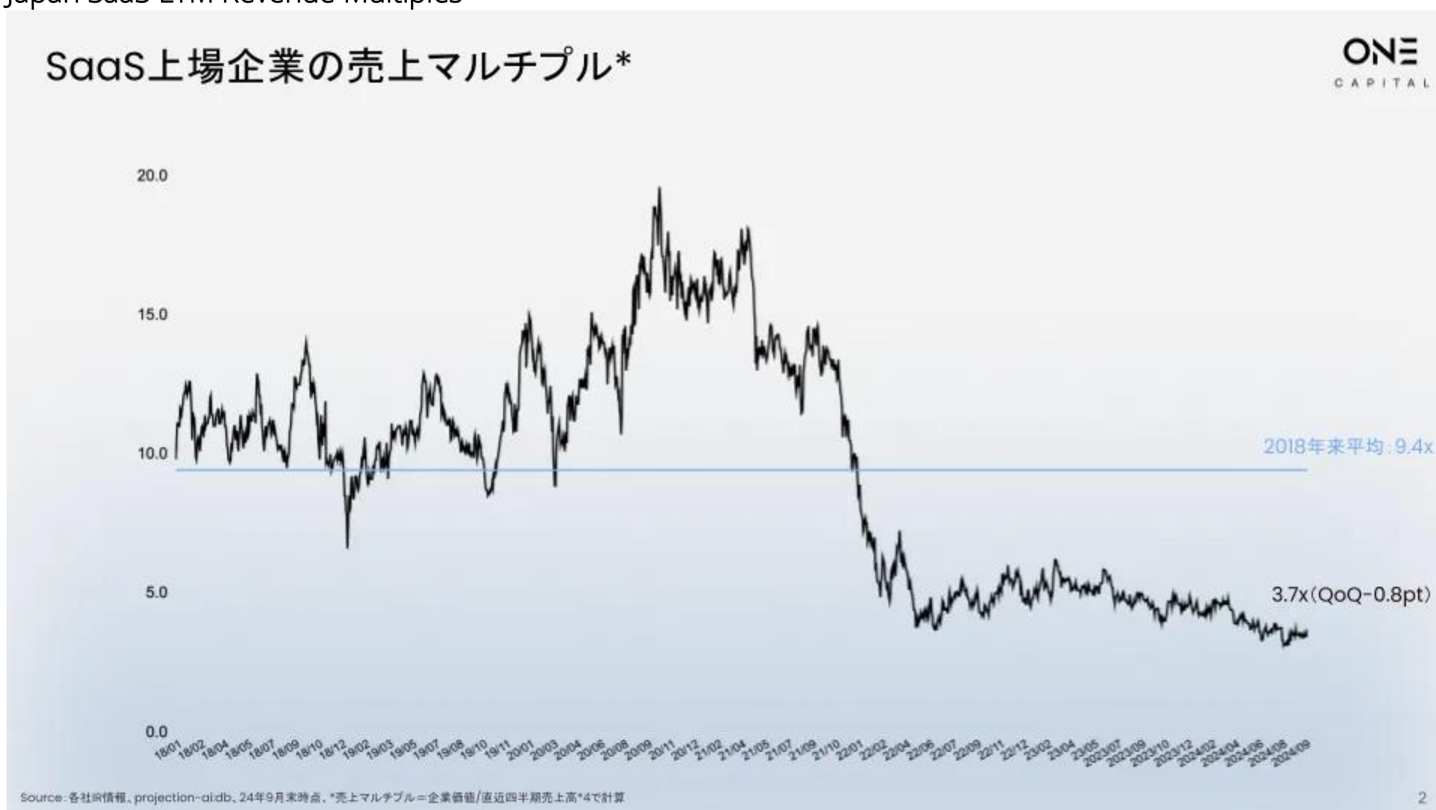
Source: Bloomberg

Small caps offer some advantages and challenges that differ from the larger cap world – some benefits include an early mover advantage, potential for margin expansion as businesses grow and scale, and the ability to capitalize on information asymmetry, as smaller companies are often less covered by analysts. The current market environment for small and mid-cap stocks is particularly favorable, with attractive valuations relative to historical norms and large-cap peers, and significant growth potential compared to larger, more established firms. By focusing on businesses with predictable end-state margins and robust growth potential, we aim to capitalize on market inefficiencies and the natural evolution of successful companies, potentially leading to substantial benefits for patient investors as these businesses mature and their actual value becomes more widely recognized over time.

We fish where the fish are and not where other fishermen are. In Japan, the fish are plentiful in the pond of small caps, and the fishermen are mainly focused on the ocean of large caps. Japan's small-cap market is ripe with inefficiency and is our latest fishing hole with few fishermen, just like Hong Kong has been for the last several years.

While Japanese exporters and companies with significant overseas income have benefited from a weak yen, most of the Japanese growth-focused companies we invested in depend on domestic revenues. In an era where Japanese rates are climbing from the bottom, fast-growing companies dependent on domestic demand should be more insulated from foreign currency volatility. As growth companies have derated while continuing to grow, their valuations have become very attractive. Japanese SaaS research house One Capital noted that its Japanese SaaS index declined to less than 4x revenues (trailing 12 months) in the third quarter ended September 2024. However, revenue growth rates and margins continue to improve in this industry.

Japan SaaS LTM Revenue Multiples



Source: One Capital

In 2024, we acquired fast-growing small-cap companies such as Appier, Medley, Visional, Genda, and even Dominos China (listed in HK), where end-state profitability metrics reflecting the attractive nature of their unit economics remain hidden as they continue to re-invest cashflows into growth initiatives.

Our investment in Tokyo-listed Genda exemplifies the opportunity in the Growth market. Despite Genda being a top 10 constituent of the TSE Growth Index with a $1.2 billion market cap and trading $23 million per day (last three months), it has no coverage by foreign brokers. Only four Japanese brokers cover Genda, of which only SMBC Nikko has a sizeable institutionally focused business. At 40x / 28x trailing/forward earnings, Genda looks expensive, but its earnings are significantly understated as M&A goodwill amortization depresses accounting earnings, obscuring the true cashflows of the business. Genda trades at about 11x NTM EBITDA, which is attractive for a business whose EBITDA should grow by at least 40% annually and can continue acquiring businesses cheaply. Last month, Genda acquired ActPro, a foreign currency exchange machine business with over 650 locations in Japan, for less than 7x free cash flow (FCF). Given the record number of tourists visiting Japan, ActPro should have significant growth and synergy potential by placing machines in Genda's arcade locations (currently in only 14 of 392 Genda Gigo stores). Moreover, Genda is discussing installing their machines with a major convenience store operator, which could be a game changer if it happens. With each new machine having a 1.4-year payback period, ActPro should have an attractive runway for highly profitable growth. Genda is acquiring 70% of ActPro by exchanging Genda's 28x P/E shares for ActPro shares at 7x FCF, a very value and cash-accretive acquisition, and 30% for cash, which Genda raised at 29x earnings a few months ago. I highly recommend listening to Asheville Capital's recent interview with Genda CFO Watanabe.

In some ways, it is comforting that the Japan Growth 250 index has been one of the worst-performing subsegments for the past four years to 2024. 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." This can also be true for the Topix Growth Index, which has derated so much that plenty of fast-growing companies have become value investments.

We are evaluating more fast-growing companies with solid unit economics, where the end-stage profitability is not reflected in today's financials and market valuations.

Portfolio Changes

This year has been a busy year for the Fund. We bought 13 new companies and sold eight companies. Most of our purchases were in Japan. In the fourth quarter, we acquired three new companies; two of them are Japanese small caps – Visional and Saizeriya – described below.

Visional

We initiated a new position in Visional, a Japan-based small-cap company specializing in HR Tech led by owner-operator Swimmy Minami. Visional operates BizReach, Japan's largest mid-career hiring platform, which generates 87% of Visional's revenue and 130% of its operating profit. The capital-light BizReach platform generates 90% gross profit margins and 40% operating profit margins, growing revenue around 15% annually. Since its founding in 2009, BizReach has accumulated a user base with 2.7 million registered job seekers, or approximately 19% of the mid-career market (defined as employees earning an annual income of more than 6 million yen). BizReach's natural flywheel effect has resulted in over 16,000 active direct employers and 8,000 active headhunters on its platform.

Hiring platforms are a tried-and-tested two-sided marketplace business model. Job seekers flock to the platform with the most job postings to secure their next best career opportunity, and corporations gravitate to the platform with the deepest talent pool to hire the most qualified employee.

The Japanese HR market is very fragmented, with over 30,000 licensed recruiting agencies. BizReach focuses on white-collar workers and is known to have the most jobs available for those with a yearly salary of over 10 million Japanese yen — over 1/3 of job offers on BizReach have an average salary of over 10 million yen ($63K USD). The major competitors in this white-collar segment are the headhunters who act as middlemen, matching candidates with corporates, typically charging a fee of 35% of the hired person's annual salary and as high as 50% for difficult-to-fill jobs. BizReach, on the other hand, charges a significantly lower fee of 15%.

Due to Japan's culture of "lifetime employment," job mobility in Japan remains strikingly low compared to other developed nations. Japan's average job tenure length is significantly higher than other countries. According to recent data, the average employee tenure in Japan is approximately 12.3 years, with 45.9% of employees working at one firm for over 10 years. In the US, the average employee tenure is about 4.3 years.

We are now seeing a shift in Japan's job seeker and employer mindsets. With increasing inflation, real wages in Japan fell by 2.2%, marking the sharpest drop since 2014. This encourages job hopping, as job seekers pursue better-paying jobs. In addition, given Japan's rapidly changing operating environment, companies need to plug the gap between experienced and skilled labor. More employers are open to mid-career hires than in the past. In 2023, for example, 50% of new hires at Toyota, the largest automaker in Japan, were mid-career hires. In addition, many large Japanese corporations have set concrete targets to increase their mid-career hires. We expect Visional to be a key beneficiary of this trend.

Saizeriya

We initiated an investment in Japanese small-cap restaurant operator Saizeriya, a casual Italian-inspired restaurant chain with 1,605 locations globally, with about 1,041 stores in Japan and 564 stores in Greater China (including 34 stores in Singapore). Saizeriya stands out as a winner in providing value-for-money meals honed through years of deflation in Japan.

Saizeriya's low-price strategy started when it struggled to gain customers when it began operations in 1968. In a desperate attempt, founder Shogaki cut prices by 70%, which resulted in the number of customers increasing from 20 people per day to 600-800 people per day. Since then, Saizeriya has continued to uphold its low price point strategy – their signature Milano Doria rice gratin dish is still 300 yen after 24+ years (they even lowered the price from 480 yen to 290 yen in November 1999!). Saizeriya can maintain gross margins of about 55% despite rock-bottom prices because of their highly efficient operations. Saizeriya utilizes central kitchens to prepare meals for multiple restaurant outlets. They developed a vertically integrated global supply chain, managing everything from sourcing to delivery, including operating its factory in Australia for vegetables, white sauce, and beef production, importing olive oil and wine directly from Europe, and processing food ingredients in-house.

By maintaining low prices even as other market commodities have increased in cost, Saizeriya has strengthened its image as a value-for-money option for consumers. Saizeriya's value proposition has increased, as evidenced by Saizeriya Japan's 20% same-store sales growth (SSSG) over the past few years, with customer volumes accounting for the overwhelming majority of SSSG. However, the surge in customer count in Japan has resulted in insufficient capacity at its current factories, forcing them to procure raw materials from third-party companies, significantly depressing their gross profit margins – which we believe should revert higher over time with supply chain improvements.

Despite Saizeriya having already operated in Japan for over five decades, with about 1,000 stores, management believes there is still significant room for growth in Japan. Management aims to double its Japanese store count to 2,000 stores over time. With much of its domestic network concentrated in the major cities, there remains scope for geographical expansion in Japan. As of October, there are still five prefectures where Saizeriya is nonexistent: Kochi, Nagasaki, Miyazaki, Kagoshima, and Okinawa. Saizeriya opened its first stores in Ehime, Tokushima, and Oita prefectures in the last few months. When Saizeriya entered a new area, they found that the average revenue per store was about 50% higher than average. In smaller cities, the higher revenue per store and lower rental and labor costs result in much-improved unit economics. Saizeriya's addressable market has increased substantially beyond its "family restaurant" peers as other restaurants have increased prices over time, while Saizeriya has kept prices stable. Saizeriya today is even more competitive than fast food restaurants such as McDonald's, which has almost 3,000 stores in Japan and has increased prices significantly over time. The Big Mac costs 480 yen, up 7% from last year, and up 23% from 2023, and 63% from 2000. Saizeriya's prices have remained steady for decades, and they are now competitive with frozen supermarket food. For example, Saizeriya's Milano Doria is significantly cheaper than the typical frozen food found in supermarkets, such as Aeon.

With 415 stores in China, Saizeriya has gained traction with Chinese consumers. Given the exceptional price point offered by Saizeriya in the current weak Chinese macro-environment, 'Saizeriya Disciples' (萨莉亚弟子) have been trending on Xiaohongshu (China's Instagram-like social media platform), where consumers post the combination of menu items that they order. Saizeriya China continues to generate exceptional unit economics with a 1.5 – 2-year payback period, and there remains a significant runway for profitable growth in China. Budget brands are winning in China as people turn to cheap food and fashion. In some respects, conditions in China look like those in Japan after its economic bubble burst in the early 1990s. Saizeriya is replicating the same playbook that drove its growth in Japan during that era of weak economic growth. Its signature Milano Doria costs 18 yuan, or about $2.50. We believe that Saizeriya will win in an environment where consumers seek value.

Notable Contributors and Detractors

SharkNinja, a leading small household appliance manufacturer, was a top contributor for the year. SharkNinja reported an extremely strong 9M24, with adjusted net sales growth of +33% YoY and adjusted EBITDA growth of 32% YoY. SharkNinja's share price was weak in the fourth quarter due to weak guidance driven by concerns about the US elections and the impact of potential tariffs. However, the outlook doesn't seem as grim as their guidance implies, with third-party data indicating a strong fourth quarter. With its strong value proposition and innovation, SharkNinja gained market share in the mature North American home market, growing +27% YoY. In international markets, there remains significant space for growth – the UK accounted for approximately 40% of sales in 9M24, with Germany having the potential to be bigger than the UK and France reaching 60-80% of the UK's market size. Both Germany and France are experiencing triple-digit growth. Management believes its international market should contribute half of its revenues in the long term. We believe that SharkNinja's culture of innovation remains a powerful competitive advantage with a 24-hour global product development team and the ability to continuously innovate viral consumer products, resulting in an outsized revenue impact driven by consumer-generated content on social media platforms.

L'Occitane, the natural and organic-based beauty products company, was a top contributor for the year. L'Occitane's majority shareholder, Reinold Geiger, offered to privatize the company at HK$34/share, and we exited our investment in the second quarter.

Hitachi, a Japanese conglomerate, was a top contributor for the year. Hitachi reported its Q2 results in November 2024. Despite weakness from major IT orders, portfolio reforms have resulted in its three core sectors seeing revenue increase by 11% YoY (or 9% excluding FX impact) and adjusted EBITDA rising 23%. More importantly, in December, Hitachi announced a surprising CEO change. Effective April 1, Toshiaki Tokunaga will take over as President and CEO, while current CEO Keiji Kojima will become Vice Chairman. Tokunaga is a logical choice to lead Hitachi, as he is currently in charge of Hitachi's digital business, which is the part of the business with higher margins and faster growth. Integrating digital and AI solutions as part of the service offering in other Hitachi divisions will be Hitachi's key earnings growth driver.

MGM China, the Macau casino operator, was a strong contributor for the year. Compared to pre-pandemic, its market share has expanded to 15.9% (Q3 YTD 2024), up significantly from a 9.5% share in 2019, partly due to being the biggest recipient of additional gaming tables in 2023 (36% more tables) as part of their casino license renewal process. MGM China's 9M24 adjusted EBITDA grew 37% YoY as they maintained their strong positioning amidst the continuing recovery of visitation to Macau.

ESR Group, an APAC-focused integrated real estate logistics, warehouse, and data center investment manager, was a top performer for the year. A takeover offer led by Starwood Capital in May 2024 drove the strong share price performance of ESR Group. After a six-month wait, ESR Group received a formal takeover bid of HK$13/share from the consortium in December 2024. The offer price implies a Price-to-Net Tangible Asset of 3x and a Price-to-Book (excluding Goodwill) of 1x.

Baidu, China's leading search and AI company, was a top detractor for the year. Baidu Core reported 9M24 revenue growth of +1.4%, affected by the weak macro environment in China, but more importantly, driven by its transition to AI-generated search results, impacting its advertising revenue. Management has taken a proactive approach to transitioning its business model in search, with approximately 20% of current search results being unmonetized, resulting in pressure on its revenue growth. On the positive side, AI-generated search has shown positive consumer behavior data points, with users exposed to AI-generated search spending longer on Baidu and utilizing more complicated queries. There remains significant upside with the potential monetization of Baidu Search in FY2025. In addition, Baidu's 6th Generation Autonomous Driving vehicle, RT6, has achieved a competitive production cost of $30,000 per car. Management has pointed out that if they were to replace all their Wuhan vehicles with RT6, they could obtain a profit breakeven. Management is now targeting unit economics breakeven for Apollo Go in FY2025. More importantly, their ability to achieve breakeven unit economics helps send a positive signal to potential partners – that a viable business model exists. Potential Apollo Go partnerships will help reduce capital intensity at Baidu Group. We continue to wait for the inflection point.

Samsonite, a global luggage manufacturer, was a detractor for the year. Driven by weak consumer demand and intensifying competitive landscape, its 9M24 revenue declined by 0.6% YoY on a constant currency basis. Samsonite's China business saw further weakness in 3Q24, with revenue declining by -15% YoY due to softer consumer sentiment. In addition, its India business continues to face intense competition, with revenue declining by 24% YoY. We believe Samsonite's revenue growth should follow a GDP+ trend with its high exposure to luggage. We are starting to see some green shoots in the competitive landscape, with VIP Industries (Samsonite's key competitor in India) rumored to be sold to private equity. Samsonite remains disciplined in its pricing, with adjusted EBITDA margins declining by only 90bps in 9M24. Management continues to aggressively repurchase shares. Its dual listing process in the United States is also on track for FY25 and should attract incremental buyers who cannot buy HK-listed stock.

Naver, Korea's leading search and e-commerce platform, was a detractor for the year. Its 9M24 revenue and operating profit grew by 10% and 33%, respectively. Its recent 3Q24 results continue to improve, with revenue up 11%, adjusted EBITDA up 27%, Operating Profit up 38%, and Net Profit increasing 49% YoY. Naver maintains its cost discipline by reducing losses in its Content and Cloud segments, leading to an 8th consecutive quarter-over-quarter (QoQ) EBITDA growth. The high-margin Search platform results stood out, with search ads growth accelerating to 9.5% YoY in the quarter and display ads growth of 11% despite weak macro and ad market. Naver's strategy of increasing user engagement with better content and AI-led targeting is delivering results with higher ad inventory, ad prices, and return on ad spend. On-platform e-commerce gross merchandise value (GMV) accelerated to 10% YoY growth as Naver benefited from liquidity crisis and bankruptcy at some of its smaller e-commerce peers. Korea's e-commerce market remains fragmented, with around 50% occupied by small, marginal players. Naver is focused on gaining market share and accelerating e-commerce growth by fortifying its membership benefits with faster fulfillment and content offerings.

Amvis Holdings, a leading hospice provider in Japan, was a detractor for the year. In November 2024, Amvis reported its FY9/24 results. Its results remained strong, with revenue growth of 33%, EBITDA growth of 27%, and an EBITDA margin of 29.4%. However, management guided down the long-term EBITDA margin to 20% as it sought to improve the welfare of its employees. This initiative mainly stemmed from increasing difficulties in retaining its employees. In particular, their nurse turnover is approximately 25% – an extremely high figure. We believe the increasing employee turnover was due to (1) workstyle reforms in hospitals, (2) the high mental toll on its nursing staff due to constant exposure to patients dying at its hospices, and (3) the limited wage difference between Amvis and other hospitals. While Amvis historically earned a higher margin than competitors, we failed to consider the sustainability of its unit economics, given the increasing turnover of its nursing staff.

China MeiDong, a luxury auto dealer in China, was a detractor for the year. Its 1H24 revenue and gross profit declined by 24% and 19%, respectively. This mainly stemmed from weakness in new car sales as they suffered from weak consumer spending. On the positive side, recent news articles state that Porsche is looking to significantly reduce its network size in China and reduce volumes in China, which will result in better demand-supply conditions. We believe MeiDong will be a key benefactor of this market stabilization and gain market share. We expect them to fully repay their Convertible Bonds in January 2025 with their net cash balance sheet.

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. Waystone Management Company (IE) Limited ("Waystone"), 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.

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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.

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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.

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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.
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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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