

Longleaf Partners  
Asia Pacific UCITS Fund

*Quarterly  
Summary  
Report*

For the Quarter Ended  
31 March 2022

Longleaf/ Partners  
Funds

### Fund Strategy

The fund looks to invest in competitively entrenched, financially strong, well-managed companies run by capable and shareholder-friendly managements, and trading at 60% or less of intrinsic value, as determined by discounted cash-flow analysis, asset values, or sales of comparable firms. The Fund typically holds 15-25 names, with an expected average holding period of 3-5 years. The Fund is actively managed. It uses the MSCI AC Asia Pacific Index (USD) (Ticker: M1AP) 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. Portfolio construction is 100% bottom-up and benchmark-agnostic.

### Share Class Information

	Class I USD	Class I GBP
Bloomberg Ticker	LPAPIUS	LPAPIGB
ISIN	IE00BSL7D176	IE00BWB99J19
Inception Date	2 December 2014	15 September 2017
Minimum Purchase	\$1,000,000	\$1,000,000
Expense Ratio	1.50	1.48
NAV per share	\$12.13	£9.19

### 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.

#### Cumulative Total Return

	Class I USD	MSCI World USD	Class I GBP	MSCI World GBP
<b>One Month</b>	-4.19%	-0.60%	-2.23%	1.29%
<b>Three Month</b>	-7.48	-5.98	-4.67	-3.28
<b>YTD</b>	-7.48	-5.98	-4.67	-3.28
<b>One Year</b>	-26.97	-9.48	-23.29	-5.14
<b>Three Year</b>	-12.17	20.73	-12.89	19.48
<b>Five Year</b>	-2.41	37.77	na	na
<b>Since Inception</b>	21.30	52.84	-9.81	27.24

#### Annualized Total Return

Class I USD	MSCI World USD	Class I GBP	MSCI World GBP
-4.23	6.48	-4.50	6.11
-0.49	6.62	na	na
2.67	5.96	-2.25	5.45

**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 exchange rates with the U.S. Dollar, the currency in which the Fund is denominated. Because the Fund generally invests in 15 to 25 companies, each holding could have a greater impact on the Fund's performance than if a greater number of securities were held. Because the Fund invests in companies located in the Asia Pacific Region, negative events related to the Asia Pacific Region could have a greater adverse impact on performance than in a more geographically diversified Fund. Investment in China and other emerging markets may expose the Fund to more social, political, regulatory, and currency risks than securities in developed markets. A party with whom the Fund contracts with regard to the Fund's assets may fail to meet its obligations or become bankrupt which may expose the Fund to a financial loss. Derivatives may fluctuate in value rapidly and certain derivatives may introduce leverage which may result in losses that are greater than the original amount invested. Losses to the Fund may occur as a result of human error, system and/ or process failures, inadequate procedures or controls. The value of the shares may go down as well as up and investors may not get back the amount invested. For a more detailed explanation of these and other risks please refer to the Prospectus under the "Risk Factors and Special Considerations" section.

This is a marketing communication. Please refer to the link below for the Prospectus and other offering documentation before making any final investment decision. A Prospectus is available for the Fund and key investor information documents ("KIIDs") are available for each share class of the Fund. The Fund's Prospectus can be obtained from [www.southeasternasset.com](http://www.southeasternasset.com) and is available in English. The KIIDs can be obtained from this website and are available in one of the official languages of each of the EU Member States into which each share class has been notified for marketing under the Directive 2009/65/EC (THE "UCITS Directive"). Full information on associated risks can be found in the Prospectus and KIIDs. In addition, a summary of investor rights is available on this website. The summary is available in English. The Fund is currently notified for marketing into a number of EU Member States under the UCITS Directive. 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.

*This document is for informational purposes only and is not an offering of the Asia Pacific UCITS Fund.*

### Calendar Year Total Return

Past performance does not predict future returns.  
2014 is a partial year, from inception of 2 December 2014

	Class I USD	MSCI AC Asia Pacific (USD)	Class I GBP	MSCI AC Asia Pacific (EUR)
2014	-1.30%	-1.39%	na%	na%
2015	-2.74	-1.96	na	na
2016	12.29	4.89	na	na
2017	37.94	31.67	7.75	8.18
2018	-21.45	-13.52	-16.94	-8.14
2019	18.58	19.36	14.04	14.75
2020	10.97	19.71	7.50	16.01
2021	-14.70	-1.46	-13.77	-0.55

# 1Q22 Longleaf Partners Asia Pacific UCITS Fund

## Holdings (23)

	Activity*	Weight
Jollibee		9.0%
Baidu		7.1
L'Occitane		6.2
Alibaba		5.3
CK Hutchison		5.1
Tongcheng Travel		4.8
New World Development		4.7
CK Asset Holdings		4.6
WH Group		4.6
Hitachi		4.5
Oisix	NEW	4.2
GREE		4.1
Melco International		4.0
MGM China		3.8
HDFC		3.7
Tencent		3.4
Man Wah	NEW	3.2
JOYY		3.1
China Lesso		2.6
Seria	NEW	2.0
Redbubble		1.8
Undisclosed	NEW	1.8
Prosus		1.6
Cash		4.8
<b>Total</b>		<b>100.0%</b>

## Performance Contribution

Top Three	Portfolio Contribution	Return
CK Hutchison	0.57%	14%
Undisclosed	0.43	37
Oisix	0.37	24

Bottom Three	Portfolio Contribution	Return
Redbubble	-1.60%	-51%
Melco International	-1.31	-24
L'Occitane	-1.29	-20

## Sector Composition

Consumer Discretionary	45.6%
Communication Services	13.6
Industrials	12.2
Consumer Staples	10.8
Real Estate	9.3
Financials	3.7
Information Technology	--
Materials	--
Health Care	--
Energy	--
Utilities	--
Cash	4.8

## Country Composition

Hong Kong	39.6%
China	25.7
Japan	10.7
Philippines	9.0
India	3.7
Singapore	3.1
Australia	1.8
Netherlands	1.6
Cash	4.8

## Regional Composition

Asia Ex-Japan	82.9%
Japan	10.7
Europe Ex-UK	1.6
Cash	4.8

# Longleaf Partners

## Asia Pacific UCITS Fund

### Disclosure Information

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# Longleaf Partners

## Asia Pacific UCITS Fund

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# Longleaf Partners

## Asia Pacific UCITS Fund

Longleaf/Partners  
Funds

### Disclosure Information

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# Asia Pacific UCITS Fund Commentary 1Q22

For Professional Investors Only

## Portfolio Returns on 31/3/22 – Net of Fees

### Calendar Year Total Returns (%)

Past performance does not predict future returns.

	2014	2015	2016	2017	2018	2019	2020	2021
APAC UCITS (Class I USD)	-1.30	-2.74	12.29	37.94	-21.45	18.58	10.97	-14.70
MSCI AC Asia Pacific Index (USD)	-1.39	-1.96	4.89	31.67	-13.52	19.36	19.71	-1.46
APAC UCITS (Class I GBP)	--	--	--	7.75	-16.94	14.04	7.50	-13.77
MSCI AC Asia Pacific Index (GBP)	--	--	--	8.18	-8.14	14.75	16.01	-0.55

### Additional Performance Information (%)

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.

	1Q22	1 Year	3 Year	5 Year	Since Inception 2/12/2014
APAC UCITS (Class I USD)	-7.48	-26.97	-4.23	-0.49	2.67
MSCI AC Asia Pacific Index	-5.98	-9.48	6.48	6.62	5.96
Relative Returns	-1.50	-17.49	-10.71	-7.11	-3.29

\*Source: Bloomberg; Periods longer than one year are annualized

Selected Indices*	1Q22	1 Year	3 Year	5 Year
Hang Seng Index (HKD)	-5.66	-20.53	-6.13	1.31
TOPIX Index (JPY)	-1.29	1.80	9.43	7.58
TOPIX Index (USD)	-6.47	-7.37	6.09	5.71
MSCI Emerging Market (USD)	-6.98	-11.37	4.94	5.98

\*Source: Bloomberg; Periods longer than one year are annualized

## Commentary

The Fund returned -7.48% in the first quarter, trailing the MSCI AC Asia Pacific Index, primarily due to the Fund's overweight position in Hong Kong/China, which has experienced extraordinary volatility during the quarter — even by Asian standards.

The quarterly returns don't truly reflect the extreme intra-quarter and daily volatility we experienced. Volatility in Chinese tech stocks, as represented by the KraneShares CSI China Internet Fund ETF (KWEB),

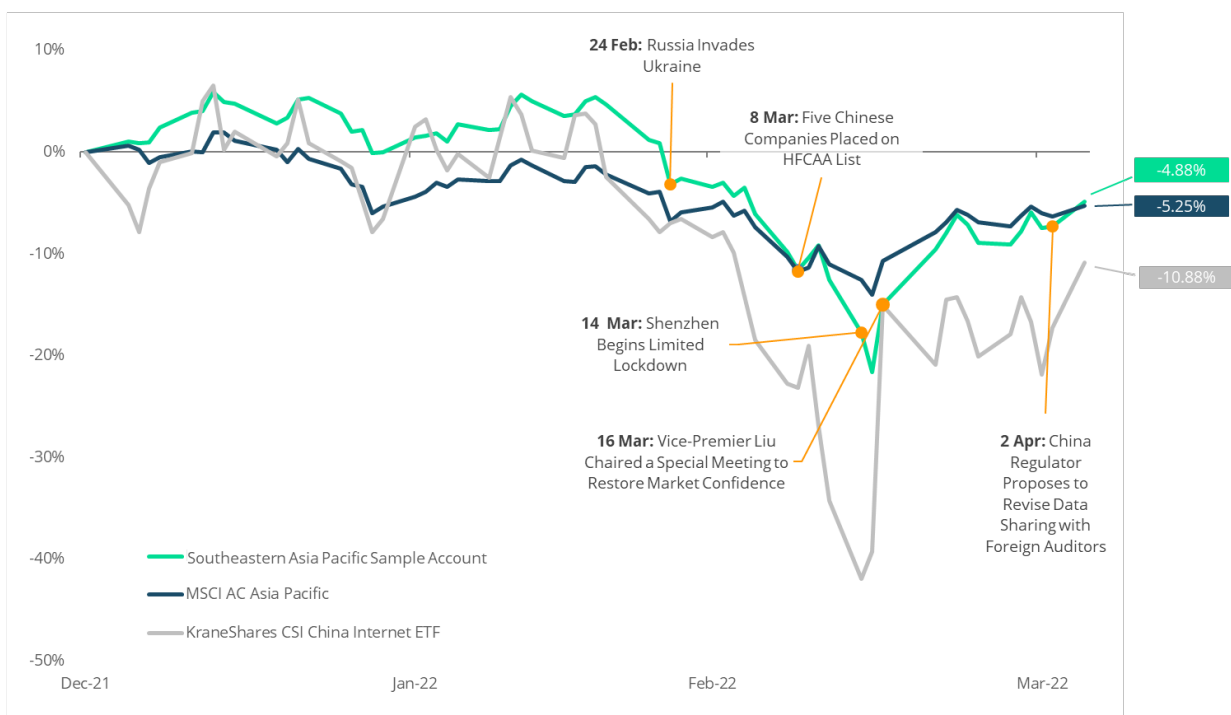
was severe—it was down over 42% at its lowest point, yet finished the quarter down 22%. Four unrelated events combined to compound the extreme volatility in March:

- 1) The Russia-Ukraine War
- 2) Covid resurgence in China
- 3) Chinese ADR delisting fears
- 4) Rising inflation fears and ensuing tighter monetary conditions in the US

Importantly, only one (Covid disruption) out of these four events has a direct, though transitory, impact on the underlying fundamentals of our companies. The remaining three events are all about short-term sentiment.

## Performance Year-To-Date

Price Return In USD (1/1/2022 to 4/4/2022)



Source: FactSet

China declared its friendship with Russia as having "no limits" with no "forbidden areas of cooperation" just days before Russia invaded Ukraine on February 24<sup>th</sup>. The market assumed the worst case—that China would be dragged into the conflict by supporting Russia and suffer from the same drastic economic sanctions that have left the Russian economy on the verge of collapse, with about half of its foreign exchange reserves frozen. Economic growth and the social stability that comes with it are of paramount importance to the Chinese Communist Party. Western sanctions on China would have major consequences (on both sides), so we believe that China will not actively support the invasion and will do the minimum necessary to prevent the US from imposing secondary sanctions on China. China has too much to lose from western sanctions. China needs to keep its manufacturing engine running and



continue exporting to the West to ensure employment in an already weak macro environment. It also depends on Western inputs to produce goods such as iPhones. About half of China's exports go to the US and the EU, and its largest import is semiconductors, an industry dominated by Taiwanese and US technology. Furthermore, the bulk of its \$3.2 trillion of foreign exchange reserves is in the US and EU, which are at risk of being frozen. On the other hand, imposing sanctions on China would further dent an already fragile global supply chain and fuel inflation, becoming a political hot button in the US.

On top of Russia-Ukraine sanction fears, China is currently suffering from its worst episode of Covid since Wuhan, with about 373 million people in 45 cities, making up 40% of its economy under complete or partial lockdown, based on [estimate from Nomura economists](#). Major cities have been locked down, including Shanghai and Shenzhen. Shanghai, a city with 25 million residents, is locked down to perform extensive Covid testing. It is the epicenter of China's worst virus outbreak so far. Retail sales and travel have plunged, and already weak property sales have weakened further. Covid is rampant in Hong Kong, with death rates per capita among the highest in the world because a large percentage of Hong Kong's elderly are unvaccinated. China faces the same problem, with about 20% of its elderly above 60 years not fully vaccinated – around 50 million people. In Zhuhai, for example, as of March 8th, only 60% of those over 70 years old have been vaccinated. China's under-resourced hospital system cannot deal with an uncontrolled outbreak of Covid variants, given their low vaccination levels and lack of mRNA vaccines (currently under clinical trials).

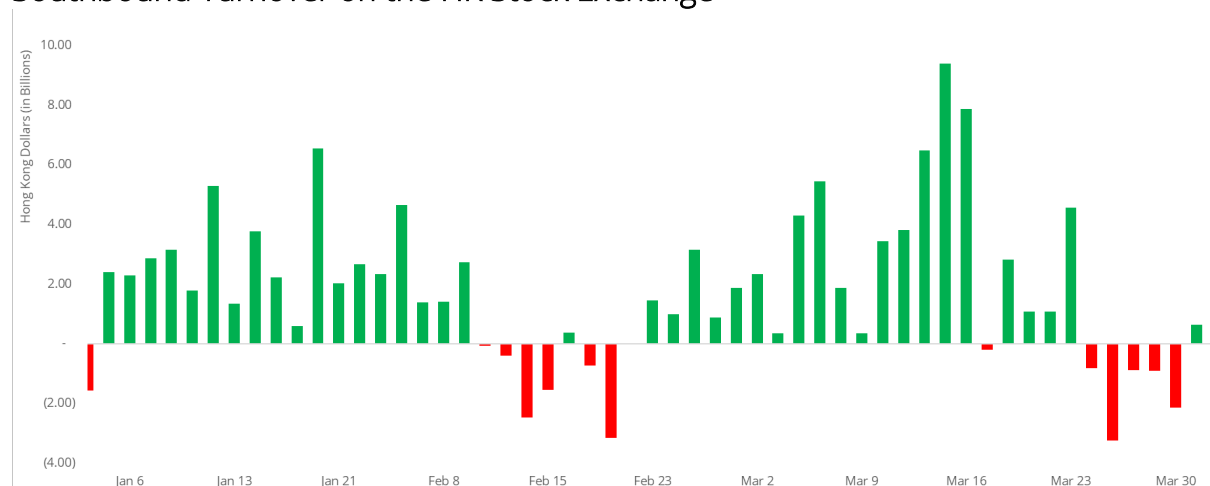
Further compounding the volatility in March, an initial batch of 11 Chinese companies were placed on the "Provisional list of issuers identified under the Holding Foreign Companies Accountable Act (HFCAA)," which starts the clock on a three-year timeline leading to the delisting of the ADRs from US stock exchanges. Despite many ADRs already being dual-listed in Hong Kong, investors in Chinese ADRs panicked. News of potential ADR delisting fueled share price volatility despite having no effect on companies' business fundamentals.

In advance of delisting, investors can simply convert their ADRs into Hong Kong listed shares. This is what we have done with our holdings in Alibaba and Baidu. Chinese ADRs could also list in Hong Kong without issuing equity at value-dilutive prices. In fact, more than a decade ago, that's what Melco Resorts did. The company completed a dual primary listing by way of introduction in [Hong Kong](#). We hold two ADRs — Melco Resorts (MLCO) and JOYY (YY) — which don't have secondary listings. That said, they could potentially change auditors to solve the issue. The overwhelming majority of our exposure to Melco is through our holding Melco International, listed in HK, not Melco Resorts. Currently, the Public Company Accounting Oversight Board (PCAOB) cannot review audit papers of auditors in Mainland China and Hong Kong. However, in the case of JOYY and Melco, most of their assets are outside of Hong Kong and Mainland China. JOYY's China business was sold to Baidu and is currently awaiting approval from the competition authorities. JOYY is a Singapore company with most operations outside China. Melco is a Cayman company with no operations in Mainland China. One quick solution could be to change auditors from Hong Kong or mainland China to Singapore. One company that we do not hold, but that serves as a good example of corrective action, is [BeiGene](#). The company recently switched auditors to Ernst & Young USA from Ernst & Young China for its US Securities and Exchange Commission (SEC) audit reports to avoid a de-listing in the US. We have not converted the small amount of CK Hutchison exposure we hold via ADRs, as they are unsponsored Level 1 ADRs. CK Hutchison does not have an annual reporting obligation with the SEC and is not covered under the HFCAA.

In April, in a significant concession to US regulators, Chinese regulators [proposed](#) to revise the rule regulating how Chinese companies listed overseas should handle confidential and sensitive information. Chinese authorities are preparing to give US regulators full access to audit working papers of the majority of the 200+ Chinese ADRs. This potentially paves the way for US-China audit cooperation and reduces Chinese ADR de-listing risk.

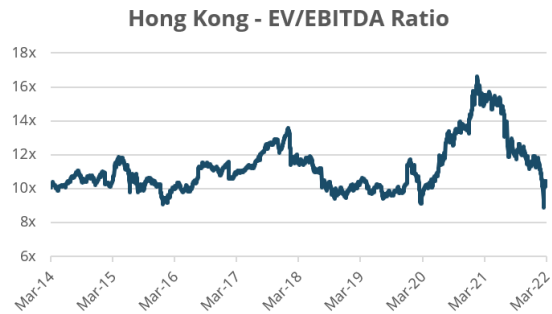
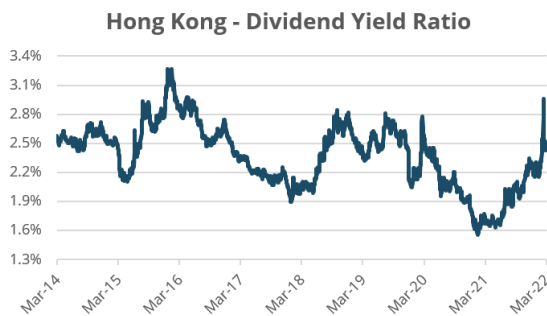
Shifting a company's primary listing to Hong Kong will be beneficial in attracting new investors. It will enable them to be listed on the Hong Kong Stock Connect program, allowing mainland Chinese investors to invest in Hong Kong-listed stocks. Chinese ADRs/overseas-listed stocks are suffering from capitulation primarily from foreign investors. However, the earnings and fundamentals of the Chinese ADRs and dual listed companies we own are not imploding. On the contrary, they are still growing, despite macro weakness. We firmly believe that if the earnings remain resilient, stock prices will invariably follow in time. While it takes years to build strong franchises with resilient earnings streams, market sentiment can change on a dime. Chinese investors are taking advantage of the noise, buying these strong franchises on the Hong Kong Stock Exchange at bargain prices as shown in the charts below. So are we!

### Southbound Turnover on the HK Stock Exchange



Source: Bloomberg

Notably, both the multiples and earnings are currently depressed due to China's zero Covid policy and consumption slowdown.



On March 16th, Vice-Premier Liu He chaired a special Financial Stability and Development Committee (FSDC) meeting to restore market confidence. The meeting readout addressed market worries, driving a dramatic recovery in the Chinese capital markets. Market commentators likened Liu He's declaration to China's "Draghi moment" when the European Central Banker (ECB) Mario Draghi declared in 2011 that the ECB is "ready to do whatever it takes to preserve the euro. And believe me, it will be enough."

#### Key Points:

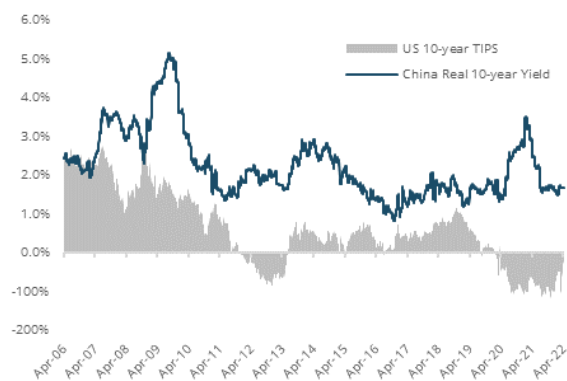
1. Carry out more easing policies to support the economy in Q1 and pledged to "actively introduce market-friendly policies" to maintain stable operation of the capital market."
2. He called for "effective risk prevention and mitigation solutions" to deal with the struggling property sector.
3. Signaled a quick end to Beijing's 'anti-monopoly' policies, tasking "relevant agencies with completing rectification work on large platform companies as soon as possible."
4. Suggested that both sides are making decent progress and deliberating concrete resolutions on the auditing dispute between the China Securities Regulatory Commission (CSRC) and the Public Company Accounting Oversight Board (PCAOB).

Most importantly, the meeting stated that for all policies that could have a major impact on the capital market, financial regulators must be consulted in advance to maintain stability and coherence of policy expectations. The FSDC will coordinate this process and hold those accountable for failing to consult the regulators ahead of policy announcements, indicating disciplinary actions (using the powerful anti-corruption watchdog).

On April 6th, Premier Li Keqiang chaired a State Council executive meeting to further [stress](#) "maneuvering monetary policy tools to bolster real economy." The State Council "decided to use monetary policy tools as appropriate to more effectively support growth of the real economy." Just a few days later, on April 11<sup>th</sup>, Premier Li [emphasized](#) in another meeting that authorities shall "add a sense of urgency" in implementing existing policies to deal with the mounting downward pressures. Given the macro headwinds China is facing and the targets set for GDP growth, we believe more aggressive financial support will be launched to stimulate economic activity. China's supportive policy is in stark contrast to the US, tapering asset purchases, raising the federal funds rate, and shrinking its balance sheet. In China, we have already seen new bank lending rise above expectations in March, confirming that the government followed through on its statements around loosening monetary policy.

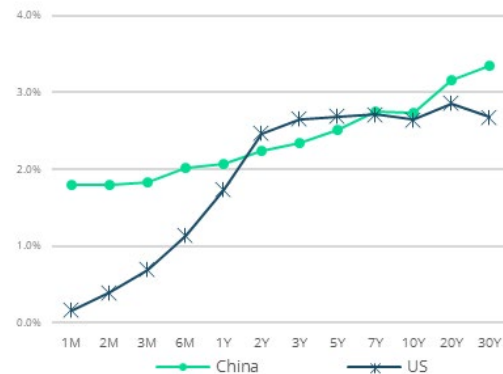
We live in an unprecedented world for our generation. We have a full-scale war in Europe, a cold war between China and the US, high inflation for the first time in decades, high energy prices, and a reversal of decades of globalization and trade integration. The financial system has also been used as a weapon against rogue states to an extent not imagined by most players. Investors now have to worry more about the safety of foreign currencies and securities – even for government bonds previously thought of as risk-free. As inflation and interest rates increase, eroding the value of longer duration free cash flows, it has become even more critical to seek higher-yielding and faster-growing free cash flow (FCF) generating assets with pricing power. Despite interest rates spiking upwards in the US, real yields on US treasuries remain negative. While this may be the cost of "safety," this is no longer the case for foreign governments like Russia, which had the vast majority of its US and European government bond holdings frozen. This loss of "safety" premium negatively affects governments that fund their current account deficits with foreign borrowings.

**10 YR TIPS vs. 10 Year China Govt Real Yield**



Source: Bloomberg

**Nominal Yield Curve: US & China**



With the Hang Seng China Index offering double-digit earning yields that are growing faster than inflation and Chinese government bonds offering positive [real](#) yields, the opportunity set is compelling in Greater China. In Hong Kong, insiders have been voting with their feet. In Q4 2021, insiders bought 9x more than insiders sold on the Hong Kong stock exchange (revised up from the 3x last reported by 2iQ). In March, during the extreme market volatility, the insider buy-sell ratio was around 6x, according to 2iQ.

In the China tech space, buyback activity has quickly accelerated. Alibaba led the pack with its \$25 billion buyback program, which was upsized from \$15 billion and from \$10 billion the year before. In the first nine months (April-Dec) of the fiscal year, the company repurchased \$7.7 billion, and in the March quarter has repurchased \$1.5 billion so far – a \$10 billion annual run rate. Given the ridiculously low valuation levels of Alibaba, this makes a lot of sense.

*"We believe that the market has not placed sufficient value on Alibaba's business in terms of how it's being driven by this multi-engine strategy. **The full value of each of these businesses is not being reflected in where we're at today. And this is a big part of the reason why we're pursuing a share buyback strategy.**"*  
*Alibaba CEO Daniel Zhang, February 24th, 2022*

Recently, we've heard market commentary that the Chinese tech sector is controlled and owned by the government. We don't subscribe to this blanket opinion. The capital allocation decision to repurchase shares on this scale and the significant cost-cutting and employee lay-offs among our investees in the China tech sector do not reflect a government's typical actions, but rather the efforts of owner-managers focused on increasing shareholder value.

Alibaba is not alone in re-allocating significant cash flow towards share repurchase to take advantage of the opportunity created by volatility. Many Chinese companies have recently announced buybacks, to name a few: Tencent, Xiaomi, Vipshop, Weibo, JD.com, JD Health, Ping An, Ping An Healthcare, and YUM China. The record scale of buybacks among the worst-hit overseas-listed Chinese companies has been encouraging, demonstrating focus on creating shareholder value and reflecting confidence in their companies' prospects.

We have also seen significant share repurchases across our portfolio. Besides Alibaba, Tencent's buyback is also noteworthy. Before entering the earnings blackout period in January, Tencent was repurchasing about HK\$200mm per day, doubling last year's pace. In March, Tencent returned to the market and ramped up the buyback pace to HK\$300mm per day post blackout. Year-to-date, Tencent is the largest share repurchaser on the Hong Kong stock exchange; with a \$16 billion special dividend of JD.com shares, which we received in the quarter, and a regular cash dividend, our shareholder return has been about 4.1%. JOYY is another one that warrants honorable mention. In the most recent quarter, the company allocated over \$200mm towards buybacks, more than what was repurchased in 2020. While the absolute amount is not the largest, it is significant considering the \$3 billion market capitalization of JOYY. It is encouraging that JOYY has about \$1 billion remaining in its repurchase authorization that it intends to deploy fully this year. Seria, the Japanese 100 yen operator, which we re-initiated as an investment during the quarter, repurchased shares for the first time since listing in 2003, reflecting the compelling valuation of the company and the positive evolution of CEO Kawaii-san's thinking on capital allocation. Baidu, CK Hutchison, Man Wah, and Prosus have also repurchased shares in the quarter. Furthermore, management at CK Asset, Man Wah, New World Development, and Prosus bought shares in the last few months.

## Outlook

We have added more personal capital to the strategy in March, as we believe valuations are the most attractive since the GFC. Will China trade at a perpetual discount moving forward? We don't think so, but

even if it does – there is an immense opportunity to be in the right companies as they close that massive discount to a more reasonable discount versus global peers.

### MSCI China Index Forward P/E Divided By MSCI AC World Index Forward P/E

12-April-2005 to 8-April-2022



### Portfolio Changes

As you would expect during periods of high volatility, we made a lot more changes than usual to take advantage of opportunities. We initiated four new investments – two in Japan (Oisix and Seria) and two in China (Man Wah and a dual-listed ADR that we'll discuss next quarter). Among the new buys, Seria and Man Wah are repeat investments. We also increased our investment in Alibaba and Tencent, as prices declined even further in the quarter, as China tech bore the brunt of the volatility. We exited Dairy Farm and Health and Happiness and reduced six other investments to fund the new investments.

### New Investments

During the quarter, we invested in Japanese online fresh food retailer **Oisix ra daichi** (Oisix). Maybe akin to an online version of Whole Foods, Oisix is an online retailer specializing in subscription sales and delivery of organic meal kits, fresh food products, and ingredients. The company has three domestic brands—Oisix, Daichi wo Mamoru Kai (Daichi), Radish Boya, and a US brand Purple Carrot that all offer home delivery services. Meal kits that can be prepared in 20 minutes account for 40% of revenues, with other quality fresh food groceries accounting for the rest. Customers typically sign up for a box of meal kits or fresh foods to be delivered on average 2-3x per month, with an average monthly spend of 12k yen for its largest product line Oisix and an average monthly spend of 23k yen for its upscale Daichi brand.

In contrast to the typical e-commerce (EC) website, where one-off purchases account for most sales, most Oisix customers are subscribers to a weekly/bi-weekly home delivery service. Each week, customers can add or delete items as necessary from a recommended list of products found in their shopping carts. Because the orders received from customers are passed along to producers, the company can usually avoid holding inventory at its distribution centers, keeping spoilage costs significantly below other online supermarkets and brick-and-mortar retailers.



Perishable fresh food is the unconquered territory where nearly all online players are loss-making. Unlike traditional EC, fresh food EC has much higher logistics requirements in shorter delivery time and end-to-end temperature-controlled logistics to ensure product quality. The harsh unit economics results in low margins. Unlike most online food/grocery delivery players, Oisix is profitable, generates positive cash flow, and enjoys high returns on invested capital. Oisix generates 50% gross margins, 20% EBITDA margins pre-CAC & pre-corporate expenses, and 7% consolidated EBITDA margins. In the last ten years to March 2021, Oisix has generated 2.9x more after-tax operating cash flow than the company has spent on Capex and acquisitions. Oisix targets 10% corporate EBITDA margins in the medium term primarily through operating leverage. We view this target as achievable, if not conservative. The largest global comparable, HelloFresh achieved 13.5% adjusted EBITDA margins in 2020 during COVID. While 2020 was a bumper Covid year, HelloFresh projects 10-15% long-term EBITDA margins, with their more mature regions generating higher than 20% EBITDA margins. This is in-line with another listed competitor Marley Spoons' stated long-term operating EBITDA margin potential of 15+%.

The stock pulled back meaningfully because of the concerns around Oisix being a Covid reopening loser, the entrance of German competitor HelloFresh in Japan, and short-term operational issues due to opening a new distribution center. With very low online food/grocery penetration in Japan, Covid boosted the market's awareness of online food/grocery/meal kit delivery and allowed the company to accelerate market growth cheaply. Combined with competitor HelloFresh's entrance in Japan, market awareness should continue to grow. Oisix, which has built an extensive direct from farm supply chain network and strong brand equity, will be the primary beneficiary of market growth. In January, a relocation issue at Oisix's Ebina distribution center led to delays in deliveries, which attracted media attention and caused investor concerns. Oisix quickly fixed the logistics issue, and the churn rate did not increase meaningfully, indicating that customers remained loyal. The new distribution center will expand shipping capacity, improve operating efficiency, and consolidate multiple facilities. We took advantage of the volatility and initiated an investment in the company.

Through our investments in numerous fragmented industries in Japan, we realized that the consumer typically pays high prices because the wholesale distribution system takes a sizeable portion of the value chain. However, if the retailer is large enough, they have the power to disintermediate the wholesale distribution system and go direct to source, retaining more margin. Oisix captures most of the value chain by going directly to the farmer. In Japan, the farmer typically only receives 30% of the final retail price, and 70% goes to the multiple distribution layers between farmer and consumer. As a result, Oisix has a 50% gross margin, significantly higher than a typical supermarket operator's 30% gross margin.

**Man Wah**, the leading recliner sofa manufacturer in China, is a company that we have successfully owned previously that we re-initiated in the quarter. The market's short-term concern about the Chinese real estate segment was evident in the stock price pullback, whereas we believe Man Wah can continue to grow and expand product penetration. Man Wah is the world's No.1 recliner sofa company. We have witnessed over the years that Man Wah has transformed from an ODM exporter into a mainly domestic branded sofa manufacturer. In China, its Cheers brand recliner had 59% market share in 2020, up from less than 20% ten years ago. For every two recliners sold in China, at least one is from Man Wah. Despite its dominant share in recliners, Man Wah still has a long runway for growth because of the low penetration of recliners and the fragmentation of the upholstered furniture market in China. We are encouraged to see that Man Wah's growth rate increased as it gained scale, and its competitive moats in the brand and

channel strength widened over its peers, compounding the business and generating over 20% ROE. We have a 60% owner-operator — Wong Man Li — at the helm, who has a track record of buying back shares and increasing his stake in the company when the shares are cheap, as he has done this quarter. We were able to buy this business for about 12x earnings during the first quarter, similar to the price we paid before. However, the company's business and its competitive moat have improved significantly since we last owned Man Wah.

**Seria**, the second-largest 100 yen store operator in Japan, is another company that we re-initiated in the quarter. The 100 yen industry in Japan is facing tough post-Covid comps and cost pressures from inflation and a weaker yen. Furthermore, there are concerns that the industry could become more competitive, with the #3 player Can Do being taken over by Aeon, one of the largest retail groups in Japan. As a result, Seria's share price derated from these market concerns. Aside from owner-operator Kawaii, Seria's most significant competitive advantage lies in its proprietary data analysis system, which provides insights on popular products and enables efficient operations. 100-yen shops are specialized retail, and neither Can Do, nor Aeon can run this format well. While Aeon could provide some good store locations to Can Do, we do not think the competitive landscape will be altered materially. Seria's industry-leading operating margins, ample net cash, and positive FCF enables the company to bear near-term cost pressure and emerge stronger as the industry grows and consolidates. Adding to our comfort is the management team led by CEO Eiji Kawai, whose family owns around 30%, and the recent initiation of a share buyback program for the first time to take advantage of this opportunity. We paid below 12x maintenance FCF, an even more attractive price than when we first owned Seria.

## Portfolio Review

1Q22		
	Contribution to Portfolio Return (%)	Total Return (%)
<b>Top Five</b>		
CK Hutchison	+0.57	+14
Undisclosed	+0.44	+37
Oisix ra Daichi	+0.37	+24
CK Asset	+0.27	+8
MGM China	+0.06	+5
<b>Bottom Five</b>		
Redbubble	-1.60	-51
Melco International	-1.31	-24
L'Occitane	-1.29	-20
Gree Electric Appliances	-0.77	-12
Prosus	-0.73	-36

**CK Hutchison (CKH)**, a conglomerate of telecommunications, health & beauty, infrastructure, and global ports, was a top contributor for the quarter. It reported a solid full-year 2021 result with overall revenue up 10% YoY and EBITDA up 15% YoY. The port division had the strongest recovery, with profits already

above the pre-Covid levels, and the positive momentum is holding up in 2022. The retail business benefited from a low base in 2020, with stores in Western Europe outperforming those in China. The resurgence of Omicron in China will put further pressure on the recovery of store performance in the region. The telecom division had profits decline by mid-single digits in local currencies, mainly driven by Italy, where competition continued to intensify, and the wholesale revenue from Iliad Italia declined after Iliad built its network. What is encouraging is that the UK regulator has indicated its intention to de-emphasize the number of players in the market, which may open up consolidation opportunities that will benefit 3 UK. In March, CKH finally obtained conditional approval for its UK tower sale to Cellnex, the biggest and last tranche of six tower asset disposal deals first announced in 2020. Upon completion, the UK telecom tower disposal will bring in 3.7 billion euros, representing around 15% of the current market cap of CKH. Management has indicated that a portion of the proceeds will be used for share buyback, which is an excellent, value accretive use of proceeds at the current 7x earnings, 5% dividend yield of CKH.

**CK Asset (CKA)**, the Hong Kong and China real estate and global infrastructure company, was a top contributor for the quarter. CKA announced full-year results with a final dividend above investor expectations. The total dividend for 2021 recovered to above pre-Covid level in 2019. Both development property and investment property businesses were largely on track with expectations. Losses from UK pub operations greatly narrowed last year compared to 2020. Barring a further lockdown in the UK, this division should start to contribute profits in 2022. In March, CKA sold a London office tower - 5 Broadgate - to the Korean National Pension Service for £1.2 billion or less than a 4% cap rate. This is above our appraisal and the total return from this building over a less than four-year holding period is 45% ROI. Together with the aircraft leasing business disposal announced in December last year, asset sale proceeds would provide enough cash for the company to launch more aggressive shareholder return activities or engage in other value accretive transactions. CKA also confirmed that parties had expressed an interest in London electricity distributor UK Power Networks Holdings Limited during the quarter. CKA's 20% equity interest in the rumored enterprise value offer of £15 billion is equivalent to about 10% of CKA's market capitalization.

**Redbubble**, the leading print-on-demand marketplace operator, was a detractor for the quarter. The company posted weak first-half results, which led to a strong sell-down of the stock. Its revenue was broadly in-line with expectations, but its EBITDA was significantly below, driven by lower gross margin, higher paid acquisition costs, and higher operating costs. Redbubble's gross profit margin deteriorated by 270bps on a YoY basis to 36% in the second quarter due to cost inflation and unfavorable product mix. Gross profit after paid acquisition margin in the quarter also fell to 20% as paid acquisition costs as a percentage of marketplace revenue recorded an all-time high. This was the result of the company increasing customer acquisition spending and promotional activities amidst intensified competition. Management downgraded the topline guidance from slightly above fiscal year June 2021 underlying marketplace revenue to slightly below the fiscal year 2021 underlying marketplace revenue, further disappointing the market. However, management reiterated its medium-term target of \$1.25 billion in marketplace revenue and a 13-18% EBITDA margin. The market is skeptical of Redbubble's execution capability to deliver the results, but based on our conversations with the management team and our network, we think the management team is solid, and continued new hires will add more expertise to the fast-growing business in a large, underpenetrated TAM.

Interestingly, one of our Macau holdings, **MGM China** was a contributor, while **Melco International** was a top detractor. Both the companies did well operationally among their peer group, reporting strong fourth-quarter results beating our expectations. MGM China continues to gain market share in the all-important premium mass segment. Melco was the best Macau casino operator in terms of sequential EBITDA improvements in 4Q21, thanks to its solid mass operations and tight cost controls. Both the companies have strong liquidity and can sustain cash burn for over two years under an unlikely zero revenue scenario. However, these quarterly results are not relevant when the demand is subdued due to Covid-related travel restrictions in the Greater China region. Melco CEO Lawrence Ho shared a cautious outlook on the near-term reopening prospects given ongoing Covid resurgence in China and its zero-Covid policy.

While the underlying fundamentals are exactly the same for both of our Macau holdings, the key reason for the divergence in their stock price performance is negative sentiment related to ADR delisting risk for Melco Resorts. We own Hong Kong-listed Melco International whose subsidiary Melco Resorts (MLCO) is listed in the US. MLCO has a Hong Kong auditor, and the US Public Company Accounting Standards Board (PCAOB) cannot conduct inspections in Hong Kong. As of today, we do not see any near-term delisting risk, and the issue needs to be resolved before the 2024 annual report filings. Even in the case of delisting, there are realistic solutions, such as listing the stock on the Hong Kong stock exchange or merging with Melco International. Many scenarios are value-neutral to value accretive, so we see the current valuation as unwarranted.

While the timing of travel resumption remains unclear, we remain confident that the long-term demand for Macau and gaming is solid. Macau will be the biggest beneficiary of Chinese outbound tourism. It will benefit further from China's government development of the Greater Bay Area. Both MGM China and Melco should enjoy stronger growth than peers with their leading position in the premium mass segment.

**Gree Electric Appliances**, the dominant air conditioner manufacturer in China, was a top detractor for the quarter. Rising raw material prices (copper) and relatively weak consumer demand are challenges facing the air conditioner industry in China. Since March, the Covid resurgence and lockdown across several cities has added near-term pressure on the industry. The good news is that the industry's competitive landscape is stable, and the leading players are all increasing prices to pass on the cost pressure. In addition, Gree has consolidated Dun'An, one of its upstream component suppliers, which should create additional savings and synergies along the supply chain. With over US\$10 billion in net cash, industry-leading operating margins, and positive FCF, Gree should be able to navigate through the current industry headwinds. In January, Gree also announced its shareholder return plan for the next three years, including twice a year dividend distributions and a 50% dividend payout ratio floor. The stock is trading at a 7% yield, and we think there is further room for the company to announce another share buyback program this year after buying 8.7% of the company from the past three programs.

**Prosus**, a global consumer internet group, was a top detractor for the quarter. Tencent, which accounts for 85% of Prosus's NAV, has faced pressures from weak macro and regulatory headwinds. High base effects and proactive initiatives to reduce minors' game play temporarily slowed down Tencent's domestic game growth, despite its international game business growing strongly. The regulatory crackdown on the after-school tutoring sector and reduced ads inventory impacted Tencent's ads businesses. In contrast, Tencent made solid progress with new initiatives, increasing viewership, user time spent in video accounts, and strong user growth in SaaS. We believe in Tencent's long-term sustainable growth with intrinsic

capabilities and strong dominance across business lines despite short-term headwinds. Meanwhile, geopolitical risk and rising interest rates have impacted Prosus's global e-commerce portfolio NAV. Prosus has exposure to Russia through Avito, the leading classifieds business in Russia. Avito accounts for a low single-digit percentage of NAV, but a more meaningful 20% of group FCF. Additionally, higher interest rates and tighter liquidity conditions negatively impacted valuations of long-duration, high-growth, loss-making businesses such as food delivery company Delivery Hero. The company remains confident that its balance sheet can support incremental investments at much better valuations today while maintaining an investment grade rating. The NAV discount has widened to record highs despite a sizable \$10 billion buyback in the last 12 months and the share exchange offer in August 2021. We believe this NAV discount is unwarranted and are confident that our management team is working on initiatives to narrow this discount. Our management partners Bob van Dijk (CEO) and Basil Sgourdos (CFO), personally bought a significant amount of shares in the market, highlighting their confidence in the business.

**L'Occitane International**, the natural and organic-based beauty products company, was a detractor in the quarter after being the top contributor in the fourth quarter and 2021. L'Occitane was affected by the severe outbreak of Covid in Hong Kong in February, resulting in the strictest social distancing measures to date. This was followed by the worst outbreak of Covid and overall consumption slowdown in Mainland China in March. Hong Kong and Mainland China are L'Occitane's largest markets, accounting for about 26% of the company's sales and an even larger share of profits. Furthermore, Russia accounts for about 3% of group revenues. Being a Hong Kong-listed company, L'Occitane was caught in the violent downdraft of the Hong Kong capital markets. However, we remain confident in L'Occitane's long-term prospects. Growth should accelerate when Covid lockdowns ease in Hong Kong and Mainland China.

*See the following pages for important disclosures.*

The Fund is actively managed. It uses the MSCI AC Asia Pacific Index (USD) (Ticker: M1AP) as a 'comparator benchmark' to compare the performance of the Fund against, but which is not used to constrain portfolio composition or as a target for the performance of the Fund.

Risk/Reward Profile: As this Fund has such a broad selection of investment choices, there are many factors that could affect performance. These could include changes in the performance of different industrial sectors and individual securities. The performance of the Class I GBP Shares may also be affected by the exchange rate with U.S. Dollars, the currency in which the Fund is denominated, as the Investment Manager will not purchase financial instruments to mitigate any such potential changes. Because the Fund generally invests in 20 to 25 companies, each holding could have a greater impact on the Fund's performance than if a greater number of securities were held. Because the Fund invests in companies located in the Asia Pacific Region, negative events related to the Asia Pacific Region could have a greater adverse impact on performance than in a more geographically diversified Fund. Investment in China and other emerging markets may expose the Fund to more social, political, regulatory, and currency risks than securities in developed markets. A party with whom the Fund contracts with regard to the Fund's assets may fail to meet its obligations or become bankrupt which may expose the Fund to a financial loss. Derivatives may fluctuate in value rapidly and certain derivatives may introduce leverage which may result in losses that are greater than the original amount invested. Losses to the Fund may occur as a result of human error, system and/ or process failures, inadequate procedures or controls. The value of the shares may go down as well as up and investors may not get back the amount invested. For a more detailed explanation of these and other risks please refer to the Prospectus under the "Risk Factors and Special Considerations" section.

This is a marketing communication. Please refer to the link below for the Prospectus and other offering documentation before making any final investment decision. A Prospectus is available for the Fund and key investor information documents ("KIIDs") are available for each share class of the Fund. The Fund's Prospectus can be obtained from [www.southeasternasset.com](http://www.southeasternasset.com) and is available in English. The KIIDs can be obtained from this website and are available in one of the official languages of each of the EU Member States into which each share class has been notified for marketing under the Directive 2009/65/EC (THE "UCITS Directive"). Full information on associated risks can be found in the Prospectus and KIIDs. In addition, a summary of investor rights is available on this website. The summary is available in English. The Fund is currently notified for marketing into a number of EU Member States under the UCITS Directive. 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") and Southeastern Asset Management, Inc. Australia Branch, ARBN 155383850, a US company ("Southeastern Australia Branch"), have 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 and Southeastern Australia Branch are 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 20th 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 583 of the Belgian Law of July 20th 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 24th 1998 and CONSOB Regulation No 11971 of May 14th 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:**

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**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 UCITS 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:**

This Document and any of its Supplement(s) are not intended to be and do not constitute a solicitation for investments from members of the public in terms of CISC and do not constitute an offer to the public as contemplated in section 99 of the Companies Act. The addressee acknowledges that it has received this Document and any of its Supplement(s) in the context of a reverse solicitation by it and that this Document and any of its Supplement(s) have not been registered with any South African regulatory body or authority. A potential investor will be capable of investing in only upon conclusion of the appropriate investment agreements. This document is provided to you for informational purposes only. For more information, including a prospectus and simplified prospectus, potential eligible investors should call Gwin Myerberg at 44 (0)20 25 7479 4212 or [gmyerberg@SEasset.com](mailto:gmyerberg@SEasset.com). Ms. Myerberg is a Representative employed by Southeastern Asset Management, which accepts responsibility for her actions within the scope of her employment. Potential eligible investors should read the prospectus and simplified prospectus carefully, considering the investment objectives, risks, charges, and expenses of the product, before making any investment decision. Past performance is no guarantee of future performance. The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. Southeastern Asset Management is an authorized financial services provider with FSP No. 42725.

**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 Longleaf Partners UCITS Funds is Ireland. The representative for Switzerland is ARM Swiss Representatives SA., Route de Cite-Ouest 2, 1196 Gland. The paying agent for Switzerland is NPB Neue Private Bank Ltd., Limmatquai 1, 8022 Zurich. The Prospectus, the KIID, 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.

**Important information for UAE investors:**

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.