Southeastern Asset Management

Global Strategy Commentary 3Q22

Portfolio Characteristics

Price-to-Value	high-40s%
# of Holdings	23
% of Cash	1.6%

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				Annualized Total Return			
	3Q (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)
Global Strategy (Gross)	-13.45	-30.30	-27.32	-3.42	-2.94	4.69	4.84
Global Strategy (Net)	-13.56	-30.57	-27.70	-3.93	-3.45	4.12	4.14
MSCI World	-6.19	-25.42	-19.63	4.56	5.30	8.11	4.69
MSCI World Value	-7.25	-18.53	-12.67	1.76	2.21	6.14	4.26

*Since inception 9/30/2000

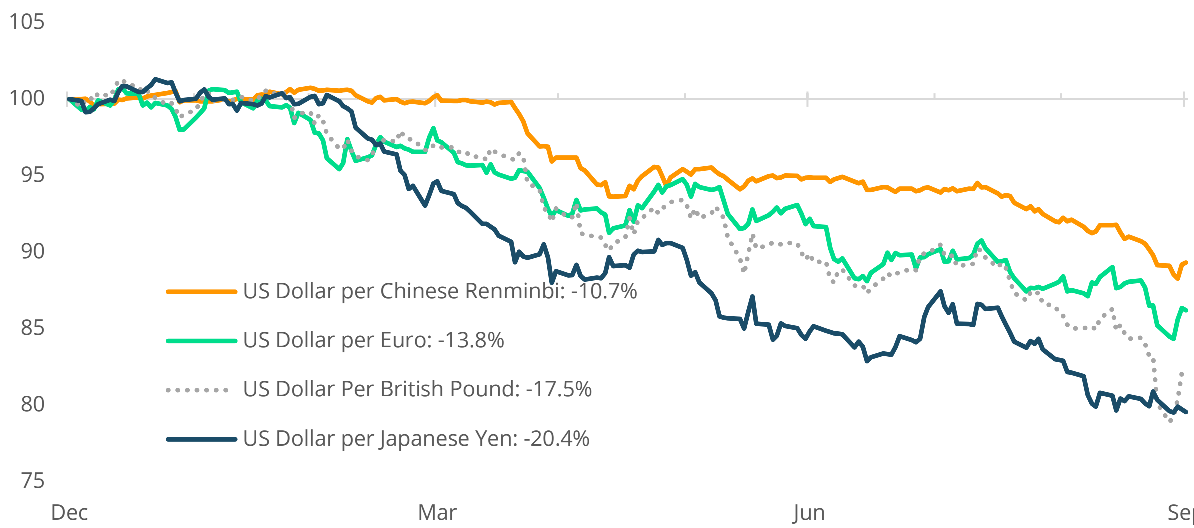
The Global Strategy declined 13.56% in the third quarter, while the MSCI World declined 6.19%. We saw a continuation of persistent macro headwinds in Europe and Asia in the quarter. The ongoing war in Ukraine, soaring energy costs, currency weakness versus the US dollar, rising inflation and fears of a recession have weighed heavily and indiscriminately on UK and European-listed businesses. Similarly in Asia, a slump in the property sector driven by higher interest rates, Chinese consumer weakness and the ongoing pressure of China's zero-COVID policy weighed broadly on markets, with the Hang Seng Index (HSI) falling 20%, an even larger decline than the 16% drawdown experienced in 1Q 2020 when COVID broke out in China.

Globally, investors were surprised by the hawkish stance of the European Central Bank with its 0.75% hike in September and a commitment to keep hiking rates aggressively to curb inflation. In the US, Chairman Powell's comment post the Federal Open Market Committee meeting about "taking forceful and rapid steps to moderate demand so that it comes into better alignment with supply" pushed treasury bond yields to decade highs.

As inflation continued to surprise on the upside, global markets weakened as the expectation of more interest rate hikes increased amidst talk of "demand destruction," higher unemployment, and slower growth. With the US rate hikes, the widening yield differentials between the US and foreign yield curves put further pressure on foreign exchange rates. The real yield spread between the US dollar and European and Asian currencies has increased significantly this year, as shown in the chart below:

Foreign Currency Weak vs. US Dollar

1/1/2022 to 9/30/2022



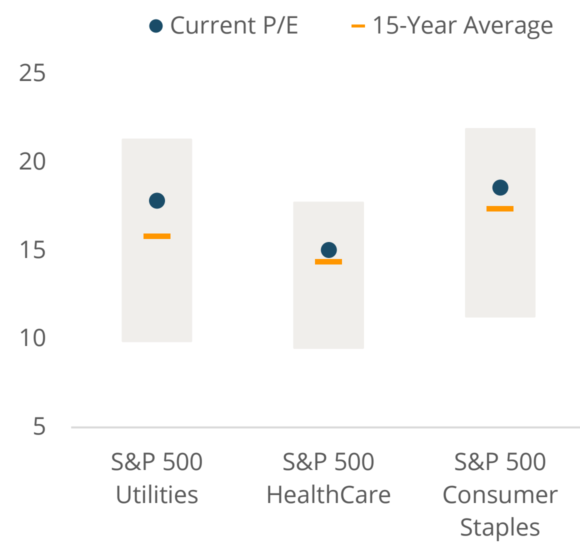
Source: FactSet

This disconnect is creating compelling investment opportunities. We believe the US dollar is extremely overvalued relative to global currencies and could provide a multi-year tailwind to Asian and European currencies if conditions reverse.

In a volatile year for markets globally, we have put the portfolio's cash to work in high-quality businesses that we are confident will come out of the current environment stronger than before that are currently trading at incredible bargains. We do not own consensus defensive stocks – simplistically defined as American-listed, consumer staples, health care and utilities. All three of these sectors in the S&P 500 currently trade well above their 15-year average price-to-earnings (P/E) ratios and, in our view, are trading at 100% or higher of valuation. In Warren Buffett's terms, the market is "paying a high price for a cheery consensus."

P/E Ratios for Defensive Sectors

Next Twelve-Month P/E (Monthly)



Source: FactSet

By comparison, the portfolio is trading at a price-to-value range in the high-40s%, a level only seen three times in our longer-tenured strategies' history – during the dotcom bubble in 2000, in the global financial crisis in 2008-09 and briefly during COVID in March 2020. The performance rebound coming out of this historically low level has been significant and, for the longer-lived strategies, extended well beyond a one-year rebound.

If our portfolio companies were privately owned, any objective view on progress made in the year and expected over the next twelve months – in book value per share, free cash flow per share and/or earnings per share growth – would be overwhelmingly positive. However, the positive development in a challenging environment is not yet being reflected in public stock price performance. Our companies are in strong financial positions, and management teams are going on offense with self-help measures, such as spinning or selling assets, buying back heavily discounted shares and/or considering mergers and acquisitions for whole businesses. Additionally, insiders are investing personally at an elevated level, indicating a high level of management confidence. The benefit of owning public equities is that we can take advantage of overblown price discounts in businesses whose management teams are actively taking steps to close the valuation gap in the coming months.

We encourage you to watch our video with Portfolio Managers Ross Glotzbach and Staley Cates for a more detailed review of the quarter.

Contribution to Return

3Q Top Five

Company Name	Total Return (%)	Contribution to Return (%)
EXOR	3	0.31
Melco International	5	0.20
Glanbia	7	0.15
Hyatt	10	0.11
Fiserv	5	0.03

3Q Bottom Five

Company Name	Total Return (%)	Contribution to Return (%)
Lumen	-31	-2.95
FedEx	-34	-2.46
IAC	-27	-1.27
Prosus	-19	-1.17
Millicom	-19	-0.89

Performance Commentary

- Lumen: Global fiber company Lumen was the top detractor in the quarter. In September, the company announced a new CEO, Kate Johnson, would take over for Jeff Storey. Johnson has a strong track record of delivering organic revenue growth, the primary area where Lumen has struggled. Johnson held previous roles at GE and Microsoft, where she most recently served as head of Microsoft US and doubled her division's revenue in only four years. Multiple checks through our network vouch for her and suggest this leadership change is a positive upgrade that will bring the discipline and focus on sales that Lumen has been missing. The market reacted negatively with concern over the potential for another dividend cut or strategy change. We are confident the stock price reaction is highly overblown versus any impact that a potential dividend cut would have on value per share. The stock now trades at 4.5x EBITDA, and we believe the best value accretive capital allocation move today is share repurchase. Shortly after quarter end, Lumen closed on the sale of part of its consumer business to Apollo, further improving its balance sheet and business mix.

- FedEx: Global logistics company FedEx was another top detractor in the quarter after a large earnings miss, driven by its overseas express business. The decline in Asia was primarily macro driven, while the European miss was a combination of macro and service quality issues related to the TNT integration. Management is cutting costs and taking steps to address the service issues. To the positive, the US Ground and Freight businesses reported solid earnings growth. These domestic businesses alone are generating almost $15 per share in free cash flow power and are worth $240, significantly more than FedEx's share price today. In early October, the company announced an acceleration of its previously announced share repurchase program, a strong vote of confidence from management.

- IAC: Digital holding company IAC was also a detractor in the quarter. The company is viewed as a complex consumer internet company with a reliance on slowing advertising revenues. This reaction ignores IAC's strong balance sheet, as well as stability and growth at certain underlying holdings, such as MGM, which is benefitting from a strong COVID comeback. Additionally, privately held Turo, which is essentially an Airbnb for cars, has performed well and could be taken public when the time is right. Dotdash Meredith is a combination of online web brands, and the market is not giving credit for the potential merger synergies for the recently acquired Meredith business in this tougher environment. Angi, an online market for housing services, suffered as housing demand flipped dramatically in the year. While this is a long-term positive for the supply-demand dynamics of this platform, it has created uncertainty and price volatility in the short term. After quarter end, it was announced that IAC CEO Joey Levin has taken on the CEO role at Angi in what should be a positive move to accelerate its shift to profitability. The company also monetized yet another asset by merging its Bluecrew staffing business into a larger entity for stock and cash. Levin and Chairman Barry Diller have a history of creating value per year and are well positioned to go on offense in the current environment.

Portfolio Activity

Summary of Trade Activity in 3Q

New Purchases	Full Exits
Undisclosed	adidas

Market volatility has expanded our universe of compelling opportunities. We purchased one new company that we have followed for years through ownership of its direct competitors. We had a rare opportunity to buy this high-quality business that has historically traded above our appraisal value at a temporary discount. We are still building the position and look forward to discussing in more detail. We trimmed Melco on the back of relative share price strength towards the end of the quarter and exited our small position in adidas when it was announced that Kasper Rorsted would step down as CEO in 2022. We still regard the business highly but expect it could be a longer process and had more immediate highest and best use of capital in the portfolio.

Outlook

The portfolio is fully invested with approximately 1.6% cash, and our on-deck list is growing longer and broader amid market volatility. The portfolio ended the quarter at a near-all-time low P/V ratio in the high-40s%, a level from which the strategy has historically rebounded in a meaningful and sustained fashion. Our businesses have pricing power in the face of inflation, strong balance sheets with the ability to put cash to work in a distressed environment and clear paths to organic growth. Our management partners are actively pursuing catalysts that could drive significant performance payoffs.

See the following for important disclosures.

Southeastern Asset Management can be found in our ADV Part 2, available at www.southeasternasset.com. Statements regarding securities are not recommendations to buy or sell the securities discussed. The statements and opinions expressed are those of the author and are as of the date of this report. Holdings identified do not represent all of the securities purchased, sold, or recommended for advisory clients. Current and future holdings are subject to risk and past performance does not guarantee future results. Strategy information is based on a sample account at September 30, 2022. Portfolio makeup and performance will vary on many factors, including client guidelines and market conditions.

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 strategy 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.

SOUTHEASTERN ASSET MANAGEMENT, INC.
INSTITUTIONAL GLOBAL EQUITY
COMPOSITE GIPS REPORT

Year End	Total Firm Assets (USD) (millions)	Composite Assets (USD) (millions)	Number of Accounts	MSCI World (with net dividends)	Annual Performance Results Composite		Composite Dispersion	Composite 3-Yr Annualized EX-Post Standard Deviation	Benchmark 3-Yr Annualized EX-Post Standard Deviation
					Gross	Net			
2021	10,816	775	6	21.8%	10.1%	9.6%	1.1%	23.4%	17.1%
2020	10,270	2,062	7	15.9%	6.3%	5.7%	0.6%	24.2%	18.3%
2019	12,481	2,394	14	27.7%	20.6%	19.9%	0.7%	15.2%	11.1%
2018	13,881	2,475	17	-8.7%	-15.1%	-15.5%	0.6%	14.7%	10.4%
2017	18,203	3,149	17	22.4%	27.7%	27.0%	5.2%	15.1%	10.2%
2016	19,302	3,873	20	7.5%	16.3%	15.8%	3.0%	15.4%	10.9%
2015	20,315	4,822	31	-0.9%	-9.2%	-9.6%	2.0%	13.7%	10.8%
2014	30,542	6,779	33	4.9%	-1.6%	-2.3%	1.2%	13.5%	10.2%
2013	34,914	9,680	45	26.7%	34.3%	33.4%	1.6%	17.9%	13.5%
2012	31,752	8,898	53	15.8%	15.5%	14.8%	2.1%	20.1%	16.7%

Institutional Global Equity Composite - Portfolios included in this composite normally contain 18-22 securities, which are generally a subset of those held in U.S. and non-U.S. portfolios. The subset reflects the companies with the most attractive qualifications at the time an account has cash. Country and industry weightings and market cap size are a by-product of bottom-up investment decisions. Cash is a by-product of a lack of investment opportunities that meet Southeastern's criteria. The benchmark used for comparison is the MSCI World Index with net dividends.

Southeastern Asset Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Southeastern Asset Management, Inc. has been independently verified for the periods January 1, 2001 through December 31, 2021. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Institutional Global Equity Composite has had a performance examination for the periods January 1, 2001 through December 31, 2021. The verification and performance examination reports are available upon request.

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Southeastern is an independent investment management firm that is not affiliated with any parent organization. Southeastern invests primarily in equities. Results are based on fully discretionary portfolios under management that are managed without regard to tax considerations. Past performance is not indicative of future results. A list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds are available upon request. The U.S. dollar is the currency used to express performance. Returns are presented gross and net of management and performance fees and include the reinvestment of income. Dividends are recorded either gross or net of foreign withholding taxes based on the treatment of these taxes by the accounts' custodian. Net of fee performance is calculated using actual management and performance fees. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the portfolios in the composite the entire year. Composite dispersion and 3 year annualized ex-post standard deviation are reported using gross returns. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

The investment management fee schedule for accounts with a market value less than $100 million is 1.0% on the first $50 million and 0.875% on the next $50 million. The fee schedule for accounts with a market value exceeding $100 million is 0.75% on all assets. Actual investment advisory fees incurred by clients may vary.

The Institutional Global Equity Composite was created on July 1, 2011. The inception date for this composite is September 30, 2000.