Non-US Strategy Commentary

2Q21

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			Annualized Total Return				
	2Q (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)
Non-US Strategy (Gross)	2.53	10.04	40.04	7.81	12.17	7.56	8.60
Non-US Strategy (Net)	2.32	9.60	38.92	6.95	11.27	6.63	7.52
MSCI EAFE	5.17	8.83	32.35	8.27	10.28	5.89	6.65
MSCI EAFE Value	3.01	10.68	33.50	3.78	7.81	3.86	5.73

*Since Inception 6/30/2002

The Non-US Strategy added 2.3.2% in the second quarter, taking year-to-date (YTD) returns to 9.60%, while the MSCI World EAFE returned 5.17% and 8.83% for the same periods. The majority of our holdings were positive in the quarter. The Strategy's exposure to China and Hong Kong (including Netherlands-listed Prosus, whose business is driven by the Chinese consumer) was the biggest geographic headwind. FX was a moderate contributor to the Strategy, as well as the MSCI EAFE. Despite relative underperformance, it was a solid period for value per share growth at our holdings.

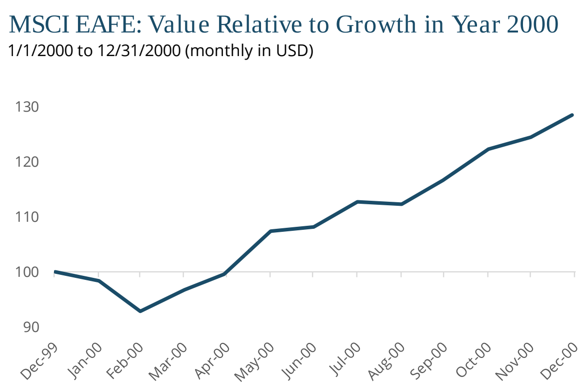
"Value" had a (we believe temporary) pullback vs. "growth" in the second quarter on the back of lower interest rates and various other factors. Over the last year, we have seen interest rate consensus go from "low rates forever" for most of 2020 to "rates are definitely going up" in February/March of 2021 to what now feels like magical goldilocks thinking for growth stocks in the 1-2% US 10-year range. While we cannot predict precisely what rates will do in the near term, we welcome increased volatility on this all-important valuation input, especially after decades of gradual moves down have made things

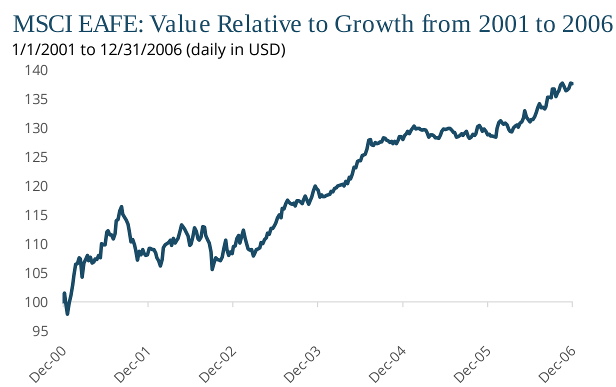
Portfolio Characteristics

Price-to-Value	high-60s%
# of Holdings	22
% of Cash	1.7%
Portfolio Yield	1.6%

relatively harder for value-focused public equity investors.

It is also important to remember that, while what matters most will always be our individual holdings, we do not expect value to ever go up in a straight line. The chart below illustrates that point well. It can be easy to forget that, even in the greatest value bull market of our lifetime that started in 2000, there was a several month period after the initial turn in March/April in which growth fought back from similarly absurd relative valuations.



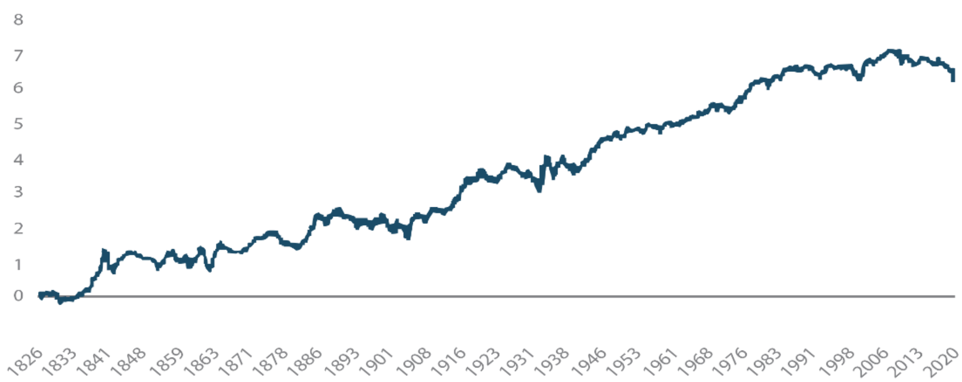


Source: Factset

However, value ultimately prevailed (with even more ups and downs in 2001-02), and the next several years looked like the previous 200 years for value. (Note the chart below is a reprint from our "Why We Believe Value Will Work Again" white paper published in December 2020.)

The Value Factor

Cumulative Excess Return of Value vs Growth



Source: TwoCenturies

Last quarter we highlighted Swiss luxury products company Richemont as an example of the kind of superior quality company we have invested in over the last several years. Generally, the highest quality companies trade at deserved rich multiples. As discussed last quarter, occasionally because of local market complexity, broad non-US and/or regional cheapness, and company specific short-term issues, we have an opportunity to invest in such gems. The market began to recognize this in the quarter, and Richemont was the top contributor in the quarter.

Contribution to Return

2Q Top Five

Company Name	Total Return (%)	Contribution to Return (%)
Richemont	26	1.26
Domino's Pizza Group (UK)	15	0.93
Jollibee	20	0.69
Glanbia	10	0.57
CK Asset Holdings	17	0.51

2Q Bottom Five

Company Name	Total Return (%)	Contribution to Return (%)
Melco International	-10	-0.65
Prosus	-12	-0.56
EXOR	-5	-0.38
GRUMA	-5	-0.25
LANXESS	-6	-0.25

Richemont, the Swiss luxury goods company, was the top contributor in the quarter. Richemont's performance was driven primarily by the continued strong demand for luxury branded jewelry, a structural driver with a long runway as unbranded jewelry still accounts for approximately 75% of the total market. The most iconic brands continue to gain share disproportionately, particularly among the newer consumer groups in China and Southeast Asia, and Richemont's Cartier and Van Cleef & Arpels are two of the strongest brands in the market. Richemont reported FY4Q jewelry growth of 62% YOY and, even more impressively, 28% on a 2-year comparison as the jewelry maisons shrugged off COVID and travel restrictions. Demand simply repatriated to domestic markets with Richemont demonstrating a strong ability to rapidly transition supply chains and retail distribution to mainland China in particular. With excellent capital expenditure (capex) and cost control, FCF generation has also been exceptionally strong, with over SFr4 billion of net cash on the balance sheet. This cash has been partially deployed to address YOOX Net-a-Porter (YNAP), which has implicitly been trading at a negative valuation for the past two years. Richemont invested €460 million into a joint venture in China with Farfetch, and into Farfetch itself, with the potential to leverage Farfetch's technology and expertise to develop YNAP into a hybrid wholesale/marketplace model. Aided by the recent IPO of MyTheresa – a pure online luxury wholesale business which currently trades at 3x revenue – Richemont is finally benefitting from a recognition of the true value of the high net worth customers that are cornerstones of the YNAP model.

Domino's Pizza Group (DPG), the leading UK pizza delivery company, was another top contributor in the quarter. The COVID-19 pandemic was a significant tailwind for DPG's delivery business. However, lockdown dynamics negatively impacted carryout sales, which were ~20% of system revenue pre-pandemic. As the UK and Ireland re-open, DPG is demonstrating that new delivery customers acquired during the lockdown are proving to be sticky. At the same time, re-opening and return to the office dynamics are supporting a carryout recovery, resulting in a double benefit. Strong trends on top of the pandemic-assisted like-for-like sales of a year ago are demonstrating the strength of the business model and the renewed vigor of the system under new CEO Dominic Paul. We expect this strong performance to continue as the company supports and empowers the franchisee base and brings improved technology into play with the newly relaunched app and new analytics capabilities. The company is actively buying back shares on the back of a robust capital allocation policy.

Jollibee Foods Corporation, the largest restaurant chain in the Philippines, was a top contributor for the quarter. Despite the challenging operating environment, especially in the Philippines due to the prolonged impact of COVID, we are encouraged to see the benefits of Jollibee's business transformation program executed last year. Jollibee's Philippine business remained weak, with system-wide sales (SWS) down over 21% YOY due to COVID and related social distancing measures. However, it still managed to grow operating profits by 24% YOY driven by cost reductions in the stores, commissaries and support functions. Jollibee also announced plans to monetize certain real estate assets in the Philippines via a REIT. In contrast, Jollibee's international business, a growth driver, is now almost back to its pre-pandemic levels. Its Philippine brands are getting good traction overseas, and North America and EMEAA's SWS already surpassed pre-pandemic levels. For the two newly acquired brands dragging down the group's profitability – Coffee Bean & Tea Leaf (CBTL) and Smashburger – their turnarounds are on track. Management continues to take various measures to reduce costs and improve profitability. CBTL generated a small operating profit in February and March this year, and Smashburger's operating loss was reduced significantly compared to last year. There are some worries around the rising cost of materials, but we are not concerned given Jollibee's scale, good relationships with suppliers, and its ability to pass on cost increases to customers. Jollibee increased the average selling price in both the fourth quarter last year and the first quarter this year. We like the management's focus on return on invested capital, its long runway for domestic and overseas growth, as well as its gradual shift into a franchise business model. We remain positive on Jollibee despite the strong stock price appreciation since our purchase last year.

Melco International, the Macau casino and resort holding company, was a detractor in the quarter. The quarterly results (which were largely in-line with expectations) were a non-event because of the travel restrictions in its most important feeder markets, China and Hong Kong. As a result, revenue for the industry is down over 65%, and EBITDA is down almost 90% from pre-COVID levels. During the quarter, a COVID outbreak in parts of neighboring Guangdong province (the most important feeder market) led to tighter travel restrictions being imposed, hurting any signs of recovery after a strong May Golden Week holiday. While the reopening progress has been disappointing, we are confident that the demand is not impaired and Chinese consumers will come back strongly as vaccination rolls out and travel restrictions ease. Macau will be the biggest and the earliest beneficiary of Chinese outbound tourism. Melco International's operating subsidiary Melco Resorts (MLCO) reported property level EBITDA that, adjusting for the luck factor and bad debt provision, has shown a sequential improvement. MLCO continues to outperform the industry in the Macau mass segment with mid-single digit gross gaming revenue (GGR) growth on a quarter-over-quarter basis. In June, Melco International announced its joint venture with Agile to develop and operate a theme park in Zhongshan, Guangdong, contributing US$23 million for the land acquisition and US$28 million for the development costs. Although earnings contribution would be minimal in the near term, we still see value in the project, as this should enhance Melco's brand value in Guangdong and may serve them well on the license renewal front with increasing non-gaming contribution without a significant capital outlay. CEO Lawrence Ho, who has shown strong capital allocation skills during many uncertain times in the past, is well aligned with the shareholders, and we were encouraged to see him buying shares during the quarter. We continue to believe Melco's mid-to-long-term growth prospect is intact, and it will emerge stronger post-COVID given Lawrence Ho and his team's strong execution and the company's leading position in the premium mass segment. We took advantage of the price discount to add to our position in the quarter.

Prosus, a global consumer internet group, was a detractor in the quarter. There are two key components to Prosus's net asset value (NAV) - its 29% stake in Tencent (which represents the majority of its appraisal) and the global e-commerce portfolio (which includes the food delivery, classifieds, payments and education technology investments). Tencent reported strong results in the first quarter with revenues up 25% and profits up 22% YOY. The online advertising, gaming and cloud businesses all delivered solid topline growth YOY and strengthened their competitiveness. The company also announced its plans to step up investments in cloud, large-scale gaming and short form video, which we believe can help drive higher value growth in the coming years. But its stock price performance was negatively impacted by increasing regulatory headwinds for the entire online platform industry. The global e-commerce portfolio reported strong results with revenues up 54% YOY in FY21 and trading loss margin improving by 11%. This portfolio has been independently valued by Deloitte at $39 billion vs. an investment of $16 billion (inception to date). IRR on these investments is greater than 20%. During the second quarter, Prosus announced the disposal of 2% of its Tencent stake, raising around $14 billion. This will provide the company with greater financial flexibility to invest in this growth ventures portfolio. Despite solid operating performance, the discount to NAV has increased in recent months primarily due to holding company Naspers's (which owns a 73% stake in Prosus) excessive weighting (23%) on the South African Index (SWIX), which causes funds to limit their exposure to Naspers due to single stock ownership limits. To address this issue, Prosus announced a share exchange offer wherein Prosus proposes to acquire a 45.4% stake in Naspers in exchange for newly issued Prosus shares. This will reduce Naspers's weighting on SWIX to 15% without any tax leakage. While this increases complexity by introducing crossholding structure, this is a value-accretive transaction for Prosus shareholders, as we are buying higher discount Naspers shares in exchange for relatively lower discount Prosus shares and addressing the key reason for the NAV discount. Prosus also announced an additional US$5 billion share repurchase program alongside this transaction (on top of the US$5 billion announced in November 2020). We believe these value accretive steps will lead to narrowing of discount to NAV. Given management's alignment and history of unlocking values, we remain positive on Prosus and added to our position in the quarter.

EXOR, the European holding company of the Agnelli family, detracted in the quarter. The moderate, single-digit stock price decline was not reflective of the positive results at underlying holdings Stellantis, CNH International and PartnerRe. Ferrari's share price fell after the company pushed out its 2022 EBITDA target of €1.8 bill to 2023 in the wake of COVID, but we already assumed a much lower number in our conservative valuation for the business. Although the holding company discount placed on EXOR has widened, our appraisal has been resilient and we remain highly convicted in the business and owner-operator management team.

Portfolio Activity

Summary of Trade Activity in 2Q

New Purchases	Full Exits
Undisclosed	Becle
Undisclosed	

We exited one position in the quarter in Becle, a leading manufacturer of tequila and whiskeys based in Mexico. Like Richemont, Becle sits in our top category of business quality rank. We did not sell it lightly, but when the share moved above our top end of the valuation range, we exited the small remaining position. The Strategy initiated two new positions, which will be discussed in more detail in future letters, as both positions are still in process of being filled out. The on-deck list remains healthy, and global research productivity is high, reflecting the opportunity set.

Outlook

Our outlook on the stock market and the Strategy is not dramatically different than it was the last time we wrote to you. Our confidence in the specific company opportunities in the Strategy has only grown, as our businesses made solid progress in the quarter, and we believe the Strategy is more attractively positioned - qualitatively and quantitatively - than both the market and the average "value" strategy. We believe the recent pullback in value's performance of the last month or so is a temporary blip, and that the strong performance that began in the second half of 2020 marks a longer-term reversion to the mean for value vs. growth.

Non-US markets continue to have more opportunities and a healthy on-deck list. We are finding much to be excited about in China, Hong Kong and increasingly, India. Europe remains a target-rich environment. While not broadly as cheap from a top-down level as sometimes in the recent past, Europe broadly remains highly inefficient in our view, providing ample idiosyncratic opportunities for our style of investing.

We wrote in our 4Q20 letter about the work we have done to formalize the way we incorporate environmental, social and governance (ESG) issues within our firm and our investment process in the last several years. We are excited to share our first Annual

ESG Report, which highlights some of the progress we have made and the work we are doing to keep improving in this area. In addition to our annual ESG report, we will be sharing a semi-annual carbon footprint report and will continue to discuss our engagement efforts with our management partners on these important issues in our quarterly letters and the Price-to-Value Podcast.

Speaking of podcasts, we thought it would be good to close with a recent interview that our Vice-Chairman Staley Cates did with Bob Huebscher of Advisor Perspectives. It is a great summary of what we are all about at Southeastern and why we remain very excited about our future.

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 June 30, 2021. 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 NON-U.S. EQUITY COMPOSITE
ANNUAL DISCLOSURE PRESENTATION

Year End	Total Firm Assets (USD) (millions)	Composite Assets (USD) (millions)	Number of Accounts	MSCI EAFE (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			
2020	10,270	465	5	7.8%	2.0%	1.2%	1.8%	22.7%	17.9%
2019	12,481	451	5	22.0%	18.6%	17.6%	1.3%	13.4%	10.8%
2018	13,881	386	5	-13.8%	-5.7%	-6.4%	0.8%	13.1%	11.2%
2017	18,203	453	5	25.0%	28.0%	27.0%	1.9%	15.1%	11.8%
2016	19,302	354	5	1.0%	13.4%	12.5%	1.3%	15.4%	12.5%
2015	20,315	298	5	-0.8%	-4.0%	-4.8%	2.0%	14.0%	12.5%
2014	30,542	313	5	-4.9%	-7.5%	-8.2%	1.3%	13.9%	13.0%
2013	34,914	325	<5	22.8%	30.0%	28.8%	na1	16.5%	16.3%
2012	31,752	281	<5	17.3%	24.2%	22.8%	na1	18.4%	19.3%
2011	31,485	455	6	-12.1%	-19.3%	-20.1%	0.6%	20.9%	22.4%

na1 - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

Institutional Non-US Equity Composite - Portfolios included in this composite contain not only companies headquartered outside of the U.S., but also U.S. domiciled companies with more than half of revenues, profits, or appraised value derived from non-U.S. locations. These portfolios normally contain 18-22 securities. 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 EAFE 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, 2020. 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 Non U.S. Equity Composite has had a performance examination for the periods July 1, 2002 through December 31, 2020. The verification and performance examination reports are available upon request.

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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 Non-U.S. Equity Composite was created on July 1, 2011. The inception date for this composite is June 30, 2002.