Southeastern Asset Management

Non-US Strategy Commentary 1Q22

Portfolio Characteristics

Price-to-Value	high-50s%
# of Holdings	22
% of Cash	5.2%
Portfolio Yield	1.7%

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				Annualized Total Return		
	1Q (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)
Non-US Strategy (Gross)	-9.69	-13.64	-0.02	4.45	7.06	7.33
Non-US Strategy (Net)	-9.87	-14.31	-0.81	3.62	6.16	6.26
MSCI EAFE	-5.91	1.16	7.78	6.72	6.27	6.18
MSCI EAFE Value	0.33	3.55	5.24	4.18	4.87	5.53

*Since Inception 6/30/2002

The Non-US Strategy declined 9.87% in the first quarter, while the MSCI EAFE declined 5.91%. In a volatile quarter for markets across the globe, our companies made solid progress across the board, but we saw one of the largest disconnects between price and value per share performance that we have seen for our portfolio in a long time. The portfolio saw a continuation of China/Hong Kong exposure weighing on absolute and relative returns, as four unrelated events combined to compound the extreme volatility in March: the Russia-Ukraine War, a COVID resurgence in China, Chinese American Depositary Receipt (ADR) delisting fears and rising inflation fears and ensuing tighter monetary conditions in the US. This quarter, the portfolio's European holdings took an equal toll on performance, as European equities were indiscriminately sold amid fears over Russia's invasion of Ukraine. We have no direct exposure to Russia/Ukraine and very minimal look through (low single-digits from a value perspective), as these regions have never qualified due to governance and rule of law concerns. The steep stock price declines are completely disconnected from the underlying values of our companies, which have not warranted a corresponding significant decline. We wrote more extensively on our views on the expected impact of the ongoing conflict here.

We encourage you to watch our video with Portfolio Managers Ken Siazon, Josh Shores and Staley Cates for a more detailed review of the quarter.

Contribution to Return

1Q Top Five

Company Name	Total Return (%)	Contribution to Return (%)
CK Hutchison	14	0.51
Fairfax Financial	13	0.48
Premier Foods	-1	-0.02
Undisclosed	-5	-0.04
Jollibee	2	-0.06

1Q Bottom Five

Company Name	Total Return (%)	Contribution to Return (%)
Prosus	-35	-1.52
Melco International	-24	-1.37
LANXESS	-28	-1.32
Glanbia	-17	-1.16
Domino's Pizza Group (UK)	-20	-1.07

Performance Commentary

- CK Hutchison: Hong Kong-based conglomerate CK Hutchison was a top contributor after reporting a solid full-year result for 2021, with overall revenue up 10% year-over-year (YOY) and EBITDA (earnings before interest, taxes, depreciation and amortization) up 15% YOY. The port division had the strongest recovery, with profits already above pre-COVID levels, and the positive momentum is holding up in 2022. The retail business bounced back from a low base in 2020, with stores in Western Europe outperforming those in China. In March, CK Hutchison finally obtained conditional approval for the UK tower sale to Cellnex, the largest and last tranche of six tower asset disposal deals first announced in 2020. On completion, the UK telecom tower disposal will bring in €3.7 billion, representing around 15% of the current market cap of CK Hutchison. 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 CK Hutchison.

- Fairfax Financial: Canadian insurance and investments conglomerate Fairfax contributed after announcing strong underwriting growth, equity portfolio appreciation, gains from underlying digital insurance business Digit and value-accretive share buybacks. The investment portfolio should continue to benefit from rising interest rates. Fairfax released its 2021 ESG report, highlighting improvements in climate change risk assessment framework and sustainable underwriting initiatives, an area where we have been engaged with management.

- Prosus: Tencent, which accounts for 85% of Prosus's appraisal, faced pressures from weak macro and regulatory headwinds in the quarter. 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 stop on the after-school tutoring sector and reduced ads inventory impacted Tencent's ads businesses. Tencent made solid progress with new initiatives, increasing viewership, user time spent in video accounts and strong user growth in SaaS. Geopolitical risk and rising interest rates have impacted Prosus's global e-commerce portfolio net asset value (NAV). Higher interest rates and tighter liquidity conditions negatively impacted 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. Prosus has exposure to Russia through its investment in Avito, which accounts for a low single-digit percentage of NAV but a more meaningful 20% of reported free cash flow (although far less on a look-through basis when including Tencent). We reduced our appraisal by low single-digits to reflect the impact. The NAV discount has widened to record highs despite a sizable $10 billion buyback in the last 12 months. Bob van Dijk (CEO) and Basil Sgourdos (CFO) personally bought shares, highlighting their confidence in the business.

- Melco International: Melco International was a top detractor in the face of renewed COVID lockdowns in Guangdong Province and Shenzhen. Melco held up relatively well operationally among its peer group, reporting stronger than expected fourth-quarter results, thanks to its solid mass operations and tight cost controls. Melco CEO Lawrence Ho shared a cautious outlook on the near-term re-opening prospects given ongoing COVID resurgence in China and its zero-COVID policy.

While the timing of travel resumption remains unclear, we remain confident that the long-term demand outlook for Macau and gaming is solid. Macau will be a big beneficiary of Chinese outbound tourism and will benefit further from China's government development of the Greater Bay Area.

- LANXESS: German-listed specialty chemical company Lanxess's cyclical exposure to commodities and industrial inputs weighed heavily on its share price in the quarter. While we invested in this German-listed company because of its ownership of previous Small-Cap Fund winner Chemtura, its exposure to Russian gas drove the stock price in the quarter. This is a still-evolving situation where the European headlines do not relate 100% to the full value of this company. Management has shifted the fundamental profile of the business from a legacy European commodity chemicals business to a much higher quality global specialty chemical company today. CEO Matthias Zachert recently indicated that Lanxess is considering strategic options for its High Performance Materials division, which we think would be a good move.

Portfolio Activity

Summary of Trade Activity in 1Q

New Purchases	Full Exits
Undisclosed	Great Eagle

During the quarter, we purchased one new company and sold Hong Kong real estate company Great Eagle. Our cash is 5.2%, and our on-deck list is growing longer amid market volatility. New investments have a high hurdle to qualify given our conviction in our current holdings and the steep discount of the portfolio, which trades at a high-50s% price-to-value multiple.

Outlook

In a challenging period of stock price volatility and global uncertainty – amid fears of a potential world war, ongoing COVID concerns, Chinese regulatory challenges, rising interest rates/growing inflation and the potential for a recession – we were nevertheless pleased with the solid progress made and appraisal stability seen across our portfolio holdings. We believe our companies in Asia and Europe are well positioned to navigate the challenges facing each region today. We own companies that have pricing power that can price through cost increases and grow their profitability as a result. Our companies come from a position of financial strength with aligned, proven management teams that can take proactive steps to manage through challenging market environments.

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 March 31, 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 NON-U.S. EQUITY
COMPOSITE GIPS REPORT

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			
2021	10,816	151	<5	11.3%	2.6%	1.8%	na1	22.8%	16.9%
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%

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, 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 Non U.S. Equity Composite has had a performance examination for the periods July 1, 2002 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 Non-U.S. Equity Composite was created on July 1, 2011. The inception date for this composite is June 30, 2002.