US Large Cap Strategy Commentary 2Q22

Portfolio Characteristics

Price-to-Value	high-40s%
# of Holdings	20
% of Cash	5.2%
Portfolio Yield	1.7%

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	Annualized Total Return					
	2Q (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)
US Large Cap Strategy (Gross)	-15.11	-15.10	8.40	4.70	8.21	12.94
US Large Cap Strategy (Net)	-15.22	-15.56	7.80	4.15	7.63	12.14
S&P 500	-16.10	-10.62	10.60	11.31	12.96	11.60
Russell 1000 Value	-12.21	-6.82	6.87	7.17	10.50	11.36

The US Large Cap Strategy declined 15.22% in the second quarter, outperforming the S&P 500, which fell 16.10%. In another volatile quarter, we saw value continue its relative outperformance of growth. Although the Strategy held up better than the S&P 500, it lagged the Russell 1000 Value. We have seen a bifurcation of value investing approaches – with investors "paying up for quality" on one side of the spectrum and on the other extreme, what we would call a "Value ETF" that pays low multiples without regard to quality. The former worked very well over the last decade, and we missed out on opportunities by not lowering our discount rates or "paying up" in the past, but this has been a painful place to be year to date in 2022. The Strategy's relative performance benefitted by having limited exposure to growthier Information Technology – though we are finding some interesting new opportunities in fallen growth darlings this year. The latter approach has driven value's relative outperformance this year, led by energy, big pharma and consumer packaged goods (CPG) companies – great places to be in the near term, as commodity prices rallied, the

Federal Reserve raised interest rates and anything that had perceived stability hung in well. We view this as the first wave of a value rebound with the simplest, statistically cheapest and least volatile outperforming first. However, we question whether big pharma and integrated oil companies can sustain relative outperformance over the longer term. We believe the second, longer-term wave of value outperformance will come from our style of value investing, which falls somewhere in between these two extremes. We remain focused on business and people quality but also recognize that price matters, especially in an environment like today. We are finding opportunity (though we have so far proven to be early) in high quality businesses with favorable industry dynamics that have innate complexity and/or are misunderstood in the near term.

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

2Q Top Five

Company Name	Total Return (%)	Contribution to Return (%)
Williams	5	0.12
FedEx	-2	0.04
Lumen	-1	0.02
Undisclosed	-1	-0.03
Iveco	-14	-0.04

2Q Bottom Five

Company Name	Total Return (%)	Contribution to Return (%)
Warner Bros Discovery	-46	-2.82
General Electric	-30	-1.59
MGM Resorts	-31	-1.57
Douglas Emmett	-32	-1.48
IAC	-24	-1.24

Performance Commentary

- Williams: US natural gas pipeline operator Williams contributed as it benefitted from positive natural gas tailwinds in the quarter. After scaling back the position in the first quarter, we sold the remaining position in the quarter as its price reached our appraisal value. This was a very successful investment that was extremely contrarian in 2019 and now has become much more consensus appreciated.

- Warner Bros Discovery: A new purchase within the last year, media conglomerate Warner Bros Discovery's (WBD) stock price has been materially impacted by a terrible Netflix quarter (that probably is a good sign for WBD long-term) and fears of a downturn impacting advertising revenues and subscribers. While we believe these are valid concerns, media has historically been an attractive industry for our style of investing and media companies have been inflation beneficiaries. While the market is taking a "show me" approach to see how the merger will unfold, we believe the company has multiple levers to grow free cash flow per share. We saw eight different insiders buy shares personally in the quarter, which is an extremely strong vote of confidence from people who have a clear view of the challenges and opportunities facing the company.

- General Electric: Aviation, Healthcare and Power conglomerate GE was punished in the quarter amid top-down economic fears for this collection of seemingly cyclical businesses. However, the market is not giving the company credit for the material improvements CEO Larry Culp has made in his tenure. The balance sheet today is stronger than it has been in a very long time, and each of the three primary business segments each have strong paths to increasing earnings, regardless of the economic environment. Healthcare has historically not been a cyclical business. While Aviation typically has some economic sensitivity, the business still has a strong COVID rebound tailwind that should continue even in an uncertain environment. Power is a less cyclical business, and GE maintains a steady business servicing approximately one-third of the world's electricity. GE is another example of strong insider buying indicating management's confidence in the business, while the company also began buying back discounted shares. GE is still on track to break the company into three separate businesses, and we believe this will help the market properly weigh the value of each core segment.

- MGM Resorts: The casino and online gaming company declined in the quarter, as potential travel cutbacks in the face of increased fuel prices and recession fears weighed on the stock. Additionally, the broader online gaming industry has fallen out of favor, but BetMGM's online gaming business is continuing to grow regardless of the environment. In a strong vote of confidence, MGM and IAC together bought $405 million worth of MGM shares from (still large) shareholder Corvex

Management in February, and insiders have been adding meaningfully this year. The company is also one of our largest share repurchasers.

Portfolio Activity

Summary of Trade Activity in 2Q

New Purchases	Full Exits
Undisclosed	Biogen
Undisclosed	Holcim
Undisclosed	Williams
	Iveco

We have taken advantage of the market volatility this year to purchase three new businesses that have been left behind by the market for very different reasons. As mentioned above, we are seeing opportunities in fallen growth favorites (although there are plenty of 300 cent dollars that are now closer to 100 cent dollars!), including one "recycle" company that we successfully owned in the last decade and, with hindsight, sold too early. We now have the opportunity to invest in this great company that has fallen back within our price discount range. We are also seeing opportunities in the building products world that have been hit as mortgage rates are increasing. We purchased a great business in this category that we have long admired. Finally, we initiated a new position that has been described internally as "the most value of value businesses" within the consumer discretionary space that has fallen out of favor but has a proven management team with whom we have partnered before. We funded these opportunities by exiting three holdings, including Williams which reached our appraisal value after appreciating approximately 97%. We also exited our smaller positions in CNH's spinout of Iveco and Biogen, as we were able to upgrade into better opportunities with a higher margin of safety.

Outlook

The portfolio has 5.2% cash, 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 rare and attractively discounted price-to-value (P/V) in the high-40s%. We expect to see continued progress in our individual holdings, as our management partners pursue catalysts that could drive significant near-term payoffs. We own companies that have pricing power, strong balance sheets and clear paths to organic growth, and we are partnered with aligned management teams that are proactively taking steps to add value in ways they can control and close the (near historically wide) value gap. We believe that our largest macro headwinds over the last decade could soon become tailwinds.

See following pages 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, 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 US EQUITY
COMPOSITE GIPS REPORT

Year End	Total Firm Assets (USD) (millions)	Composite Assets (USD) (millions)	Number of Accounts	S&P 500 (with 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	601	10	28.7%	23.1%	22.4%	0.8%	21.8%	17.2%
2020	10,270	619	12	18.4%	16.2%	15.6%	5.5%	22.8%	18.5%
2019	12,481	902	16	31.5%	15.2%	14.6%	1.8%	14.6%	11.9%
2018	13,881	1,778	24	-4.4%	-16.0%	-16.4%	1.3%	12.4%	10.8%
2017	18,203	3,235	27	21.8%	16.9%	16.4%	2.2%	12.6%	9.9%
2016	19,302	3,951	35	12.0%	20.1%	19.5%	4.9%	13.2%	10.6%
2015	20,315	4,251	47	1.4%	-11.9%	-12.4%	2.1%	13.0%	10.5%
2014	30,542	7,339	72	13.7%	6.2%	5.6%	1.0%	11.1%	9.0%
2013	34,914	7,524	74	32.4%	32.5%	31.7%	1.8%	15.8%	11.9%
2012	31,752	7,665	83	16.0%	16.7%	16.0%	2.0%	17.4%	15.1%

Institutional U.S. Equity Composite - Portfolios included in this composite normally contain 15-25 securities. Sector and industry weightings and market cap size are a by-product of bottom-up investment decisions. Assets held in non-U.S. investments generally do not exceed 30% of portfolios. Cash is a by-product of a lack of investment opportunities that meet Southeastern's criteria. The benchmark used for comparison is the S&P 500 with 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 U.S. 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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Prior to 2012, results were based on fully discretionary portfolios under management with a minimum ending market value of $10 million at the end of each quarter, including portfolios with market values below $10 million if the decline below this threshold was due solely to unrealized losses. Portfolios that fell below this threshold due to market volatility remained in the composite for a period of up to one year. If the market value of the portfolio had not corrected and increased above the minimum within one year, then it would be excluded from the composite going forward until the minimum value was once again satisfied. Beginning in January 2012, there is no longer a minimum market value threshold considered for composite inclusion. Portfolios are managed without regard to tax considerations and have a base currency of U.S. dollars. Effective July 1, 2008, portfolios hold only cash (or equivalents) and securities traded in the United States. Prior to July 1, 2008, portfolios held only cash (or equivalents) and equity securities traded on a U.S. exchange. 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.

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