Southeastern Asset Management

Small-Cap Strategy Commentary 3Q22

Portfolio Characteristics

Price-to-Value	low-50s%
# of Holdings	18
% of Cash	13.6%

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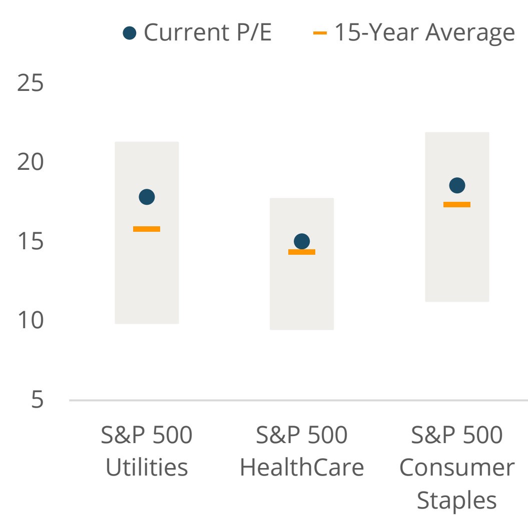
			Annualized Total Return				
	3Q (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)
Small-Cap Strategy (Gross)	-7.77	-21.14	-18.04	2.89	2.30	8.02	7.77
Small-Cap Strategy (Net)	-7.98	-21.71	-18.83	1.95	1.35	6.98	6.72
Russell 2000	-2.19	-25.10	-23.50	4.29	3.55	8.55	6.29
Russell 2000 Value	-4.61	-21.12	-17.69	4.72	2.87	7.94	5.24

*Since Inception 12/31/2006

The Small-Cap Strategy declined 7.98% in the third quarter, while the Russell 2000 Index fell 2.19%. 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 and that we believe 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

P/E Ratios for Defensive Sectors

Next Twelve-Month P/E (Monthly)



Source: FactSet

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."

By comparison, the strategy is trading at a price-to-value in the low-50s%, a level only seen five times in our history – during the dotcom crisis in 1998 and 2000, 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 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 developments in a challenging environment are 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 (%)
Liberty Braves Group	15	0.67
Oscar	17	0.36
Hyatt	10	0.31
Westrock Coffee	8	0.30
White Mountains	5	0.21

3Q Bottom Five

Company Name	Total Return (%)	Contribution to Return (%)
Lumen	-31	-3.50
Mattel	-15	-0.96
Vimeo	-34	-0.79
Anywhere Real Estate	-17	-0.66
GRUMA	-13	-0.66

Performance Commentary

- Liberty Braves Group: Liberty Media Braves Group, which owns the Atlanta Braves baseball team and real estate around the stadium, was the top contributor in the quarter. The team has had a successful year with over three million in attendance – a 20-year high. After winning the World Series in 2021, the Braves will be in the playoffs again in 2022, though our appraisal is not based on deep playoff runs every year. We believe the real estate is still not properly valued by the market and there is strong potential for the Braves Group to be monetized – by Liberty Media converting the tracking stock to a hard spin and/or a private market deal to buy a portion or all of the team.

- 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.

- Mattel: Toy and IP company Mattel was also a detractor in the quarter. There was very little Mattel-specific news in the quarter beyond another solid quarter of execution. No news was bad news, however, as previous rumors of a sale of the company have not yet come to fruition. This is understandable in the current environment where deals are harder to get done. As the overall macro picture deteriorated, the market also came to doubt that Mattel can generate the $2+/share of free cash flow that it believes is possible in the near term. The good news is that Mattel remains a historically defensive business, and there is zero in the stock price today for IP monetization success, which is closer than ever with items like a new Barbie movie in 2023 and multiple projects in the pipeline.

Portfolio Activity

Summary of Trade Activity in 3Q

New Purchases	Full Exits
Undisclosed	Idorsia

Market volatility has expanded our universe of compelling opportunities. We purchased one new company that has been called a "hidden superstar" within the housing sector. We found the business when initially researching a competitor but were more attracted to this company in the end because it was more of a pure play leader within its sub-sector. We are still building the position and look forward to discussing in more detail. We added to one heavily discounted holding in the quarter, trimmed one holding that held up relatively better and exited our small positions in Idorsia.

Outlook

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 low-50s%, 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 following pages for important disclosures.

More information about 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 US SMALL CAP EQUITY
COMPOSITE GIPS REPORT

Year End	Total Firm Assets (USD) (millions)	Composite Assets (USD) (millions)	Number of Accounts	Russell 2000 (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	1	<5	14.8%	11.9%	10.9%	na1	37.3%	23.4%
2020	10,270	38	<5	20.0%	11.3%	10.3%	na1	38.0%	25.3%
2019	12,481	34	<5	25.5%	19.0%	17.9%	na1	12.9%	15.7%
2018	13,881	29	<5	-11.0%	-6.3%	-7.2%	na1	11.4%	15.8%
2017	18,203	31	<5	14.7%	3.3%	2.2%	na1	10.7%	13.9%
2016	19,302	55	<5	21.3%	25.0%	23.7%	na1	10.8%	15.8%
2015	20,315	44	<5	-4.4%	-2.8%	-3.8%	na1	10.3%	14.0%
2014	30,542	46	<5	4.9%	13.7%	12.5%	na1	9.4%	13.1%
2013	34,914	50	<5	38.8%	32.9%	31.6%	na1	14.6%	16.5%
2012	31,752	38	<5	16.4%	27.5%	26.2%	na1	19.0%	20.2%

<u>Institutional U.S. Small-Cap Equity Composite </u>- Portfolios included in this composite normally contain 18-22 securities. Sector and industry weightings are a by-product of bottom-up investment decisions, and market capitalization ranges from over $1 billion up to sizes found within small-cap indices. 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 Russell 2000 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 verification 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 is 1% on the first $25 million and then 0.75% on the balance. Actual investment advisory fees incurred by clients may vary.

The Institutional U.S. Small-Cap Equity Composite was created July 1, 2011. The inception date for this composite is December 31, 2006.