Data and discussion as of June 30, 2022

Average annual total returns for the Fund and its benchmark for the one, five, ten year and since 10/26/98 inception periods ended June 30, 2022 are as follows: International Fund: -28.18%, - 2.09%, 3.69% and 5.64%; MSCI EAFE: -17.77%, 2.20%, 5.40% and 4.07%.

Returns reflect reinvested capital gains and dividends but not the deduction of taxes an investor would pay on distributions or share redemptions. Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting southeasternasset.com. The prospectus expense ratio before waivers is 1.17%. The International Fund's expense ratio is subject to a contractual fee waiver to the extent the Fund's normal operating expenses (excluding interest, taxes, brokerage commissions and extraordinary expenses) exceed 1.15% of average net assets per year.

Before investing in any Longleaf Partners Fund, you should carefully consider the Fund's investment objectives, risks, charges, and expenses. For a current Prospectus and Summary Prospectus, which contain this and other important information, visit *https://southeasternasset.com/account-resources* ***. Please read the Prospectus and Summary Prospectus carefully before investing.***

RISKS
The Longleaf Partners International Fund is subject to stock market risk, meaning stocks in the Fund may fluctuate in response to developments at individual companies or due to general market and economic conditions. Also, because the Fund generally invests in 15 to 25 companies, share value could fluctuate more than if a greater number of securities were held. Investing in non-U.S. securities may entail risk due to non-US economic and political developments, exposure to non-US currencies, and different accounting and financial standards. These risks may be higher when investing in emerging markets.

MSCI EAFE Index (Europe, Australia, Far East) is a broad based, unmanaged equity market index designed to measure the equity market performance of 22 developed markets, excluding the US & Canada.

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 Fund 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.

ESG considerations may affect the Fund's exposure to certain companies or industries and the Fund may forego certain investment opportunities. While we view ESG considerations as having the potential to contribute to the Fund's long-term performance, there is no guarantee that such results will be achieved.

Please [click here](#) for definitions of certain terms used.

As of June 30, 2022, the top ten holdings for the Longleaf Partners International Fund: EXOR, 6.7%; Glanbia, 5.4%; WH Group, 5%; Applus Services, 4.9%; CK Hutchison, 4.9%; Prosus, 4.8%; GRUMA, 4.8%; Lazard, 4.6%; Accor, 4.3% and Premier Foods, 4.3%. Fund holdings are subject to change and holdings discussions are not recommendations to buy or sell any security. Current and future holdings are subject to risk.

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Gwin Myerberg:	00:11	Hello, and thank you for joining us for a Q2 2022 review with the portfolio managers of the Longleaf Partners International Fund. I'm Gwin Myerberg, Global Head of Client Relations and Communications for Southeastern Asset Management.
Gwin Myerberg:	00:23	Today, you'll be hearing from the portfolio managers for the International Fund, Ken Siazon who joined in 2006 and is our Head of Asia-Pacific Research, Josh Shores, who joined in 2007 and oversees our European research, and Staley Cates who joined in 1986 and is Vice-Chairman. Ken, can you start us out with a discussion of what we saw in Asia in the quarter and what factors drove the positive performance in the region?
Question:		After being the top detractor for the last year, our Asia exposure was the top contributor in 2Q. What drove the performance turnaround in the region?
Ken Siazon:	00:54	Asia, after being a top detractor for the last 18 months, was actually the top absolute and relative contributor in

the second quarter. And it primarily revolved around our Greater China exposure, whether it's WH Group, which is listed in Hong Kong, or Prosus, which owns about 29% in Tencent and is listed in the Netherlands. I think that negativity on China reached a peak in mid-March, in the middle of the COVID lockdown in China. Geopolitical fears were high, with tension between China and the West. And then of course, you also have the ADR delisting issues. Investors during that time just focused on the recent past, which has been terrible, and then extrapolated that into the future and just decided that China is un-investible.

Ken Siazon:	01:53	And so from those severely depressed levels, I think sentiments around Chinese equities started recovering towards the end of May, as we started to see COVID lockdowns getting eased and the COVID situation getting better. We saw regulatory pressure abating and then government crackdowns were replaced with, I would say, more and more aggressive stimulus. We believe that we are still in the early days of a re-rating of our Chinese callings from really depressed valuation levels. So as Chinese stocks began to re-rate and outperform other geographies in the second quarter, I think for many investors, China is starting to become “investible” again. And in fact, I think in May, JP Morgan, after declaring Chinese internet un-investible, in March actually changed their ratings from underweight to overweight on a number of Chinese internet companies.
Ken Siazon:	03:01	So today, I think China is one of the few places on earth that is stimulating their economy, both monetary and fiscal. And it's still in that reopening process from pretty hard COVID lockdown and it could go on for some time, but we’re already seeing that Chinese Zero-COVID policy starting to adjust. In the last few weeks, we’ve seen the quarantine policies change from the previous 21 days to the current 10 days. So, all in all, I think the trajectory is looking pretty positive for our Chinese holdings from a rather depressed level in the first quarter.

Question:		What has driven the positive absolute and relative performance of Prosus in the quarter?
Staley Cates:	03:49	Prosus has been an incredibly dramatic turnaround in both the market's perception and in our own. And so to start with, as we've talked about before, when we went into the name to begin with, the NAV is very simple. It's over 80% comprised of their holding in Tencent, which goes back decades, their investment there, plus a lot of VC investments they made led by classifieds and food delivery. When we originally bought in, we had these vested partners, they're huge owners at the Naspers and Prosus level, and obviously, their history with Tencent is very deep and Tencent is a great company statistically. Getting away from current internet China drama, this has been an incredibly great growth company.
Staley Cates:	04:40	So we had these high quality assets at a very big discount, even larger than both the historical discount and what we would think is normal for such a holding company. Well, as we talked about, this was a detractor, even recently, everything went wrong on that case. Tencent itself went down. So not surprisingly, that brought down Prosus because of the whole Chinese discussion. But then particular to their other investments, as VC stuff and IPO-type hot categories, as all that stuff has gotten crushed, so did their versions of that. Thirdly, they had about a €6bn exposure to Russia, and that's basically going to be a zero. So, everything within their control was going bad, while the Tencent did also.
Staley Cates:	05:34	Then to top all that off, even on the people part of Business, People, Price, we had been a little bit annoyed at their compensation program because it didn't seem to address these things going on—the VC stuff and the closing of the discount which was blowing out widely in the midst of all these things going on. Well, this has basically turned on a dime because after the company tried some complex things, including some share-swap and some other things to lower the discount, they just came out in the last couple of weeks with the most

direct way to solve this possible, which is just to say, "We are going to sell Tencent to repurchase our own shares as long as necessary to get that discount to a reasonable amount." And they're re-tooling the compensation program to be tied to lower that discount and to be tethered to the discount.

Staley Cates: 06:28 And again, remember that they own tons of this stock to begin with anyway. So, this has put the people back from maybe a questionable box into best possible case, this is the best go-forward on how to close the discount. You still have the great assets, you can still grow NAV via Tencent, and there's a lot of room to go to close that discount. But that ignores if there is any benefit from Tencent. We're talking about this with Tencent at market, but that's been crushed. So, if China has a recovery, if Tencent is cheap, if any of that goes well, that's a bonus. So, the stock remains really cheap, we have great assets, we have great people, and they're demonstrating that right now.

Question: What businesses have been detractors in the quarter and why?

Josh Shores: 07:13 The common factor, of course, on those is that they are all in Europe, which has been under pressure related to currency, related to interest rate policy, related to geopolitics, and of course, what we talked about before with the war in Ukraine, which has continued to be a problem primarily for Europe, but also for the world. And that geopolitical macro market pressure certainly hasn't helped share prices, but really, we think each of those three have company-specific idiosyncratic reasons for the discount.

Josh Shores: 07:45 EXOR, we've touched on the euro-dollar exposure and how that mismatch is causing some problems. There could be some concern as well from the market on how they're going to allocate the now €9bn that's coming in with the...It was in dollars, and so it keeps going up in euros. The €9bn that's coming in for the sale of PartnerRe which we're confident is going to close imminently. That is an impediment to value growth in a continued low interest rate environment in Europe, where having a bunch of currency on your balance sheet is not clearly going to grow. And so, there are lots of questions on how John Elkann and his team are going to reallocate that capital.

Josh Shores: 08:28 This is where we probably have an advantage on our one, long-term time horizon and two, familiarity and decade-long relationship with EXOR and having observed John and team on what they're going to be focusing on and are confident that they're going to be able to put this capital to work in an accretive fashion. It's a great time to be receiving billions of cash and be a liquidity provider in a distressed world where there is a massive liquidity tightening going on. So, from a 5 to 10 year point of view, EXOR is in a premium, plum spot and the most discounted that it's been over the decade that we have owned it with still John Elkann as capital allocator in charge in making the decisions. We're confident that's going to be a positive outcome over time.

Josh Shores: 09:14 Domino's is a very different case where there is concern broadly about the UK consumer, and we've seen over the last six months, from a top down point of view, anything with UK consumer exposure be sold off pretty aggressively. And Domino's was not immune to that. It started the year at a high place after the monumental resolution of their franchisee dispute, which came through in December of last year and took the share price to a new high. So, we've settled down from that. And then the UK consumer pressures were weighing on it, but in line with the market, and we thought that was mostly opportunity for the company to continue buying back stock aggressively and to grow aggressively and put their expansion plans on fast forward.

Josh Shores: 10:01 We had been in conversations with them about strategic things to do over the back half of the year, perhaps even doing a tender for even more stock, because we thought the price was so compelling and the three to five year outlook was hard to find something more attractive. Then unfortunately last week, which I guess this was technically after the end of the quarter, but perhaps, the rumors were already impacting the share price. But, our very highly regarded CEO at Domino's Pizza Group was too highly regarded and attractive and poached to a larger domestic company, Whitbread, which is a FTSE 100 UK company.

Josh Shores: 10:43 Because he was the CEO, he was the person that so much of the case and the future and the potential of Domino's and its turnaround was vested in. And we believe it's still a very attractive underlying business that has a lot of growth potential, asset light, high cash generation, very discounted versus any sort of private market assessment of what it's worth at these levels, but we're not as confident that we will be able to bring in a CEO of his caliber to replace him. And so therefore, we think that it's probably more of a strategic outcome from here and that the board needs to get after that opportunity on a front-footed aggressive basis. And that is uncorrelated with the UK consumer and with UK capital markets outcome in our view that we expect the management team and board to pursue over the back half of this year.

Josh Shores: 11:34 The other top detractor in the quarter was Flatex, which is a German domiciled and publicly traded... Well, I guess some would call neo-broker, but we think that's a misnomer. That's part of what the market is not properly understanding about flatexDEGIRO. We've built that position over the last 12 months as the share price had come off pretty dramatically from the post-COVID lockdown trading boom and as is sometimes the case, we were early in our assessment of how settled out it was from that trend and knew there was a fair amount of market correlation, kind of general high beta to the public markets in a company like this because trading volumes and enthusiasm around the potential for these companies in the short term does tend to correlate pro-cyclically with levels of markets. But the share prices reacted more dramatically, more negatively than we would've anticipated and now, it's trading at single digit multiples on what we think of is double digit growing, free cash flow power, earnings power for a company that is competitively entrenched as the low-cost provider of online trading platform, online brokerage services.

Josh Shores:	12:59	We have a very vested owner-oriented management team there. We think that the equity culture that's developing in their core markets in Central Europe, and in Germany especially, are going to continue, despite what we view as very normal historically market volatility, and trading at single digit times earnings power for something that can grow that rapidly and we think is worth easily twice the current share price... actually, multiples of the current share price from where we are today. We want management to get after that opportunity. They are owner operators. They have a great track record of thinking in that manner and acting like owners and expect that to continue perhaps with share buybacks in the latter half of this year into '23 to take advantage of this low share price and grow value per share in a compelling manner.
Question:		Currency was the largest single absolute performance drag in the quarter. Why was this and how do you think about currency in the portfolio?
Ken Siazon:	13:51	The currency has been the largest single absolute performance drag in the quarter. If you look at the DXY, which is the trade weighted index, it's had some big moves against international currencies. The euro is basically almost at parity with the dollar for the first time since 2002. I think it's really caused by fears of a pretty deep recession in the Eurozone, caused by high inflation, which is being imported through higher energy, food prices, commodity prices, and then on the other side, export demand has been affected since a large market for European exports is China, which has been basically in deep lockdown in the past few months due to COVID.
Ken Siazon:	14:50	As far as the Japanese yen is concerned, the yen hit a 24-year low against the US dollar. Recently, as the Bank of Japan continues to suppress the Japanese yield curve compression, as the US yield curve climbed in response

to rising inflation and quantitative tightening, making it compelling for investors to take advantage of the yen carry trade. The yen's real exchange rate is basically as cheap as it was in the early '70s. I just looked up that one bowl of Ichiran, which is a ramen chain, they have a store in New York, one bowl of tonkotsu ramen costs about $19.90 a bowl before taxes and tips in New York, versus 980 yen in Tokyo. That implies a real exchange rate of about 49 yen per dollar relative to the 135 that it's trading today. If you look at McDonald's and Big Macs, it comes out with similar metrics, and the real exchange rate is probably around 65 yen to the dollar. So, with the cheap yen, the de-rating of the Japanese market, and I guess improving corporate governance, we are spending more time evaluating Japanese opportunities.

Question: What new investment opportunities are the team finding in the current environment?

Josh Shores: 16:25 The on-deck list is probably as long as it has ever been, given all of the opportunities that we're seeing, as Ken mentioned, in India, in Japan, in the emerging world and in developed Europe as well. There are a couple themes that we're spending a lot of time on. One is the luxury, near luxury lifestyle theme, where there are some extraordinarily high-quality companies, extraordinarily high-quality brands with great management teams that we have in some cases invested with in the past. And of course, we own Richemont as well, which we bought several years ago and has been a great performer for us.

Josh Shores: 17:08 We did trim some on recent highs, but now today, it's back to a level that we find very attractive and Richemont, as well as some of its competitors and peers, are all very much top of our list on the combination of business quality, long-term potential, and people quality. These companies are trading at 11 to12 times 2-3 year out earnings power, which is something that you don't very often see in this space, and we are excited about the opportunity to build some positions there. Some of them are not disclosed yet, because we're still in process of allocating capital to the space, but we look forward to being able to talk about it in more depth in the second half of the year.

Gwin Myerberg: 17:52 Thank you very much to Ken, Josh, and Staley for this discussion and thank you all for joining. We look forward to discussing again next quarter. Please feel free to email us at info@SEasset.com if there are any questions you would like to see us cover next quarter.

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