

**SOUTHEASTERN ASSET MANAGEMENT**  
**MASON HAWKINS PORTFOLIO**



**Portfolio Date: 2019-02-11**

Updated on 2019-02-11

**Portfolio Overview**

Portfolio:	Southeastern Asset Management
Fund Type:	Mutual Fund Company
Portfolio Date:	2018-09-30
13D/13G Date:	2019-02-11
Number of Stocks:	28
Equity Value:	\$8.33 Billion
Number of New Buys:	4
Q/Q Turnover:	14%

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# I. Portfolio Overview, Profile

## Portfolio Overview

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## Profile

Mason Hawkins has been Chairman and Chief Executive Officer Southeastern Asset Management since 1975, and he and his partners manage the Longleaf Partners Funds. Mr. Hawkins attended the University of Florida where he earned a B.A. in Finance, and the University of Georgia where he earned an M.B.A. in Finance.

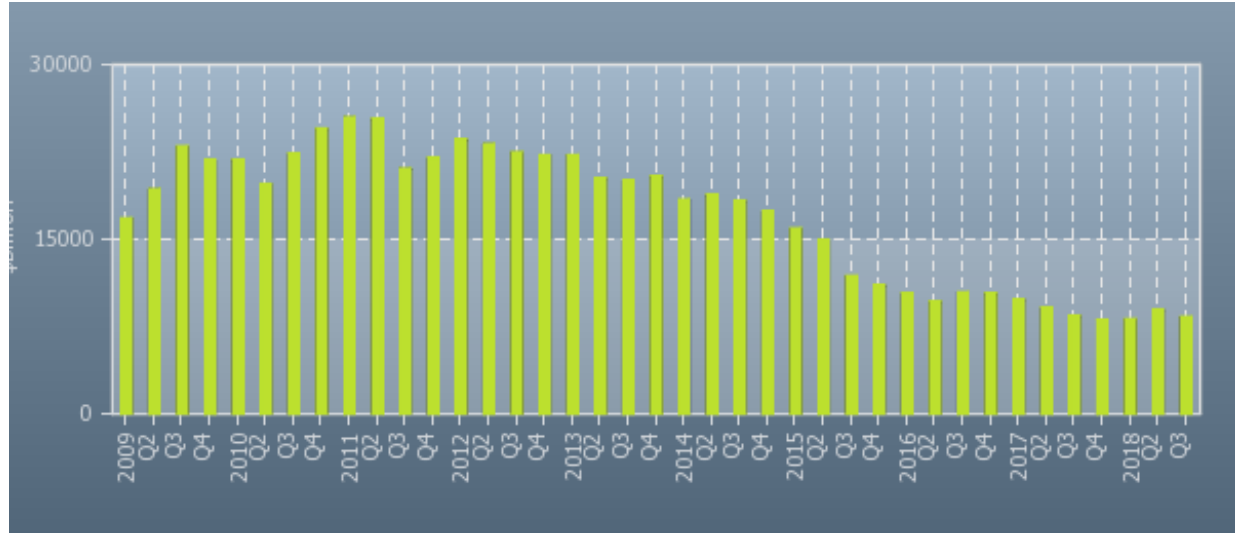
## Investing Philosophy

Mason Hawkins and his partners are value investors. When evaluating potential investments, they look for three things, "good business, good people, and a good price." Like many successful gurus, he and his partners seek to achieve superior long-term performance by acquiring equity securities in understandable business with strong balance sheets, run by capable management, and trading at less than intrinsic value. Typically, they only invest in companies trading at 60% or less of intrinsic value appraised by looking at the current value of a company's assets and liabilities and also by looking the present value of future cash flows (DCF). They sell stocks when the stocks reach their intrinsic worth. Mason Hawkins believes it is important to have a portfolio concentrated in only the best investment ideas, and the firm generally holds fewer than 25 stocks in each portfolio.

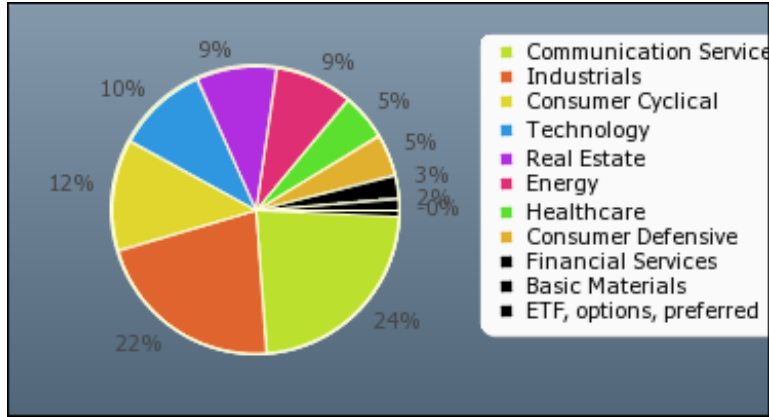
## II. Performance of Longleaf Partners Fund

Year	Return (%)	S&P 500 (%)	Excess Gain (%)
2017	15.51	21.71	-6.2
2016	20.72	11.99	8.7
2015	-18.8	1.24	-20.0
2014	4.92	13.47	-8.6
2013	32.12	32.3	-0.2
<b>5-Year Cumulative (Average)</b>	<b>57 (9.4%/year)</b>	<b>107.2 (15.7%/year)</b>	<b>-50.2 (-6.3%/year)</b>
2012	16.53	15.99	0.5
2011	-2.85	1.9	-4.7
2010	17.89	15.05	2.8
2009	53.6	26.35	27.2
2008	-50.6	-36.79	-13.8
<b>10-Year Cumulative (Average)</b>	<b>58.9 (4.7%/year)</b>	<b>125 (8.4%/year)</b>	<b>-66.1 (-3.7%/year)</b>
2007	-0.4	5.14	-5.5
2006	21.6	15.85	5.8
2005	3.6	4.83	-1.2
2004	7.1	10.7	-3.6
2003	34.8	28.19	6.6
<b>15-Year Cumulative (Average)</b>	<b>187.9 (7.3%/year)</b>	<b>307.7 (9.8%/year)</b>	<b>-119.8 (-2.5%/year)</b>
2002	-8.3	-21.58	13.3
2001	10.3	-11.76	22.1
2000	20.6	-9.75	30.4
1999	2.2	20.4	-18.2
1998	14.3	28.7	-14.4
<b>20-Year Cumulative (Average)</b>	<b>310.3 (7.3%/year)</b>	<b>294.5 (7.1%/year)</b>	<b>15.8 (0.2%/year)</b>
1997	28.3	33.47	-5.2
1996	21	22.49	-1.5
1995	27.5	38.04	-10.5
1994	9	0.4	8.6
1993	22.2	10.08	12.1
<b>25-Year Cumulative (Average)</b>	<b>981.7 (10%/year)</b>	<b>883.9 (9.6%/year)</b>	<b>97.8 (0.4%/year)</b>
1992	20.5	7.62	12.9
1991	39.2	30.47	8.7
1990	-16.4	-3.1	-13.3
1989	23.3	31.69	-8.4
1988	35.2	16.61	18.6
<b>30-Year Cumulative (Average)</b>	<b>2428.5 (11.4%/year)</b>	<b>1955.8 (10.6%/year)</b>	<b>472.7 (0.8%/year)</b>

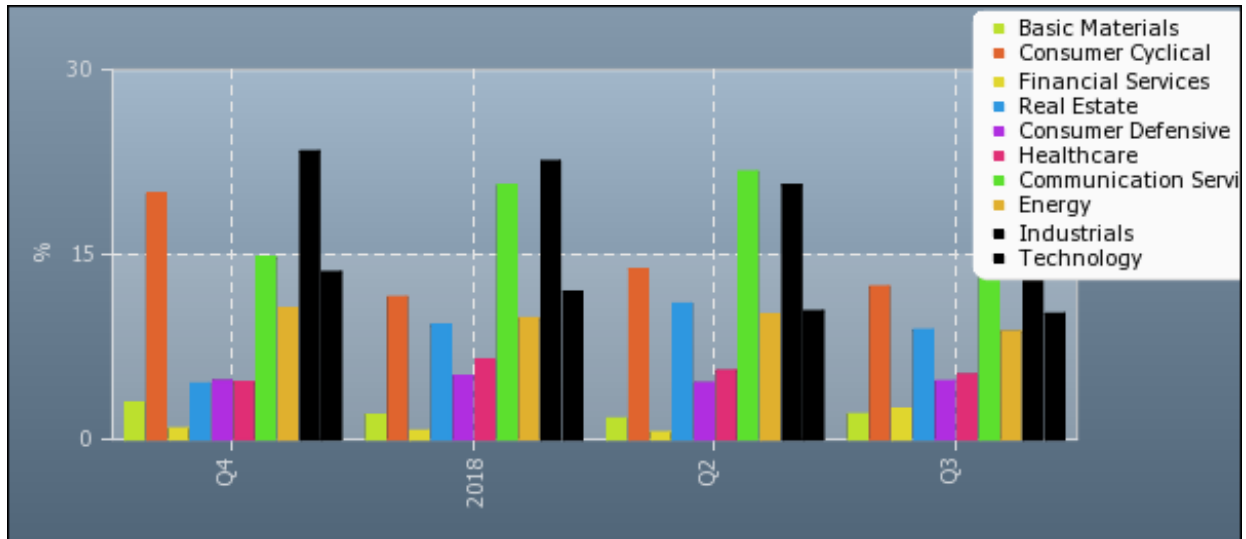
### III. Historical Total Value (\$Billion) of Filings



## IV. Industry/Sector Overview



## V. Industry/Sector Shift in Past 12 Months



## VI. Top Holdings (Up to 25)

These are the top holdings of Mason Hawkins as of 2018-09-30 in the order of significance.

Ticker	Company	Shares (1000)	Value (\$Mil)	Weighting (%) ↓	Share # Change from Last Period	Current Price (\$)	Price Change Since Quarter End (%)
<a href="#">CTL</a>	CenturyLink Inc	68,135	1,444	17.34%	-3.89%	14.11	-33.4%
<a href="#">CNX</a>	CNX Resources Corp	50,306	720	8.64%	-0.52%	9.86	-31.1%
<a href="#">FDX</a>	FedEx Corp	2,551	614	7.37%	-4.13%	181.09	-24.8%
<a href="#">MAT</a>	Mattel Inc	37,049	582	6.98%	+0.21%	15.74	0.3%
<a href="#">PK</a>	Park Hotels & Resorts Inc	16,532	543	6.51%	-18.02%	29.39	-10.5%
<a href="#">CMCSA</a>	Comcast Corp	14,928	529	6.34%	-20.20%	37.00	4.5%
<a href="#">GE</a>	General Electric Co	43,556	492	5.9%	+26.37%	10.03	-11.2%
<a href="#">GOOG</a>	Alphabet Inc	386	461	5.54%	-18.45%	1095.01	-8.2%
<a href="#">AGN</a>	Allergan PLC	2,295	437	5.25%	-23.23%	134.74	-29.3%
<a href="#">GHC</a>	Graham Holdings Co	677	392	4.7%	-2.81%	665.70	14.9%
<a href="#">UTX</a>	United Technologies Corp	2,773	388	4.65%	-23.75%	122.72	-12.2%
<a href="#">VSAT</a>	Viasat Inc	4,062	260	3.12%	-6.11%	73.01	14.2%
<a href="#">RLGY</a>	Realty Holdings Corp	9,516	196	2.36%	+23.71%	17.45	-15.5%
<a href="#">FWONK</a>	Liberty Formula One Group	4,620	172	2.06%	-2.27%	30.52	-17.9%
<a href="#">SUM</a>	Summit Materials Inc	9,251	168	2.02%	New Buy	15.83	-12.9%
<a href="#">ATU</a>	Actuant Corp	5,900	165	1.98%		22.78	-18.4%
<a href="#">AMG</a>	Affiliated Managers Group Inc	1,175	161	1.93%	New Buy	104.88	-23.3%
<a href="#">CNHI</a>	CNH Industrial NV	11,673	140	1.68%	-14.56%	10.35	-13.8%
<a href="#">BEL</a>	Belmond Ltd	6,151	112	1.35%	-22.39%	24.91	36.5%
<a href="#">BIDU</a>	Baidu Inc	487	111	1.34%	+21.54%	168.06	-26.5%
<a href="#">FWONA</a>	Liberty Formula One Group	2,343	83	1%		29.99	-15.7%
<a href="#">YUMC</a>	Yum China Holdings Inc	1,999	70	0.84%	New Buy	41.13	17.1%
<a href="#">LAZ</a>	Lazard Ltd	936	45	0.54%	New Buy	38.81	-19.4%
<a href="#">KODK</a>	Eastman Kodak Co	4,960	15	0.18%		2.97	-4.2%
<a href="#">VIPS</a>	Vipshop Holdings Ltd	2,102	13	0.16%	+37.06%	7.42	18.9%

## VII. Top Purchases of Mason Hawkins

These are the top purchases of Mason Hawkins as of 2018-09-30 in the order of significance.

Ticker	Company	Current Shares (1000)	Value (\$Mil)	Impact to Portfolio (%) ↓	Share # Change from Last Period	Average Cost	Current Price (\$)	Price Change(%)
<a href="#">SUM</a>	Summit Materials Inc	9,251	146	2.02%	New holding	\$22.17	\$15.83	-28.6%
<a href="#">AMG</a>	Affiliated Managers Group Inc	1,175	123	1.93%	New holding	\$147.64	\$104.88	-29.0%
<a href="#">GE</a>	General Electric Co	43,556	437	1.23%	Add 26.37%	\$12.86	\$10.03	-22.0%
<a href="#">YUMC</a>	Yum China Holdings Inc	1,999	82	0.84%	New holding	\$35.63	\$41.13	15.4%
<a href="#">LAZ</a>	Lazard Ltd	936	36	0.54%	New holding	\$49.72	\$38.81	-21.9%
<a href="#">RLGY</a>	Realogy Holdings Corp	9,516	166	0.45%	Add 23.71%	\$21.79	\$17.45	-19.9%
<a href="#">BIDU</a>	Baidu Inc	487	82	0.24%	Add 21.54%	\$235.02	\$168.06	-28.5%
<a href="#">VIPS</a>	Vipshop Holdings Ltd	2,102	16	0.04%	Add 37.06%	\$8.22	\$7.42	-9.7%
<a href="#">MAT</a>	Mattel Inc	37,049	583	0.01%	Add 0.21%	\$16.01	\$15.74	-1.7%

## VIII. Top Sales of Mason Hawkins

These are the top sales of Mason Hawkins as of 2018-09-30 in the order of significance.

Ticker	Company	Current Shares (1000)	Value (\$Mil)	Impact to Portfolio (%) ↓	Share # Change from Last Period	Average Cost	Current Price (\$)	Price Change(%)
<a href="#">SONC</a>	Sonic Corp	0	0	-2.63%	Sold Out	\$43.34	\$43.49	0.3%
<a href="#">SONC</a>	Sonic Corp	0	0	-2.48%	Sold Out	\$35.93	\$43.49	21.0%
<a href="#">FCE.A</a>	Forest City Realty Trust Inc	0	0	-2.13%	Sold Out	\$24.36	\$25.34	4.0%
<a href="#">CEIX</a>	CONSOL Energy Inc	0	0	-1.67%	Sold Out	\$42.05	\$34.49	-18.0%
<a href="#">CEIX</a>	CONSOL Energy Inc	0	0	-1.67%	Sold Out	\$40.81	\$34.49	-15.5%
<a href="#">CMCSA</a>	Comcast Corp	14,928	552	-1.39%	Reduce -20.20%	\$35.38	\$37.00	4.6%
<a href="#">AGN</a>	Allergan PLC	2,295	309	-1.29%	Reduce -23.23%	\$183.71	\$134.74	-26.7%
<a href="#">PK</a>	Park Hotels & Resorts Inc	16,532	486	-1.24%	Reduce -18.02%	\$32.27	\$29.39	-8.9%
<a href="#">UTX</a>	United Technologies Corp	2,773	340	-1.21%	Reduce -23.75%	\$133.44	\$122.72	-8.0%
<a href="#">GOOG</a>	Alphabet Inc	386	423	-1.09%	Reduce -18.45%	\$1196.79	\$1095.01	-8.5%

## IX. Top Bargain Candidates of Mason Hawkins

Mason Hawkins bought these stocks in the quarter ended on 2018-09-30. You can buy these stocks at lower prices.

Ticker	Company	Current Shares (1000)	Value (\$Mil)	Impact to Portfolio (%)	Share # Change from Last Period	Average Cost	Current Price (\$)	Price Change(%) ↓
<a href="#">BIDU</a>	Baidu Inc	487	82	0.24%	Add 21.54%	\$235.02	\$168.06	-28.5%
<a href="#">RLGY</a>	Realty Holdings Corp	9,516	166	0.45%	Add 23.71%	\$21.79	\$17.45	-19.9%
<a href="#">GE</a>	General Electric Co	43,556	437	1.23%	Add 26.37%	\$12.86	\$10.03	-22.0%
<a href="#">AMG</a>	Affiliated Managers Group Inc	1,175	123	1.93%	New holding	\$147.64	\$104.88	-29.0%
<a href="#">LAZ</a>	Lazard Ltd	936	36	0.54%	New holding	\$49.72	\$38.81	-21.9%
<a href="#">SUM</a>	Summit Materials Inc	9,251	146	2.02%	New holding	\$22.17	\$15.83	-28.6%

## X. Consensus Picks of Mason Hawkins and Other Gurus

These are the stocks that Mason Hawkins bought. They are also bought by other Gurus tracked by GuruFocus.

Ticker	Company	Current Shares (1000)	Value (\$Mil)	Impact to Portfolio (%) ↓	Share # Change from Last Period
<a href="#">AMR</a>	Alta Mesa Resources Inc	197	823	1%	0.00

## XI. International Stocks

These are the international stocks in the portfolio of Mason Hawkins.

Ticker	Company	Country/Region	Shares (1000)	Value (\$Mil)	Weighting as of 2018-09-30 (%)	Share # Change from Last Period
<a href="#">BEL</a>	Belmond Ltd	Bermuda	0.0	87,953.5	1.35%	-22.39%
<a href="#">LAZ</a>	Lazard Ltd	Bermuda	0.0	46,554.1	0.54%	New Buy
<a href="#">BIDU</a>	Baidu Inc	China	0.0	114,529.5	1.34%	+21.54%
<a href="#">CTL</a>	CenturyLink Inc	USA	0.0	1,425,375.6	17.34%	-3.89%
<a href="#">CNX</a>	CNX Resources Corp	USA	0.0	798,351.0	8.64%	-0.52%
<a href="#">FDX</a>	FedEx Corp	USA	0.0	617,604.0	7.37%	-4.13%
<a href="#">MAT</a>	Mattel Inc	USA	0.0	593,150.6	6.98%	+0.21%
<a href="#">CMCSA</a>	Comcast Corp	USA	0.0	528,166.8	6.34%	-20.20%
<a href="#">GE</a>	General Electric Co	USA	0.0	560,131.8	5.9%	+26.37%
<a href="#">AGN</a>	Allergan PLC	USA	0.0	421,625.3	5.25%	-23.23%

## XII. Comments by Mason Hawkins on Stocks in the Portfolio



## Longleaf Partners Comments on CenturyLink

CenturyLink ([CTL](#)) (2%, -0.65%, -26%, -3.25%), the telecommunications company, was a fourth quarter detractor, but ended slightly up for the year after substantial gains earlier in 2018. The stock declined after third-quarter revenues came in below expectations, but our appraisal rose with 7% yearly EBITDA growth as higher margin revenue within the Enterprise segment increased and consolidated free cash flow (FCF) nearly doubled year-over-year. CenturyLink's FCF is more than \$3.00 per share and growing, yet the stock trades around \$15. Revenues declined in part because the company wisely exited unprofitable business lines, prioritizing capital efficiency and deleveraging over top line growth. The dividend moved back up to a mid-teens yield with minimal chance of any cut. We expect consolidated EBITDA to grow by a low-single digits percentage next year, but within that number we believe high-value Enterprise fiber revenues and cash flows will grow above that, making up for the low-quality legacy landline run off. CenturyLink remains an overweight position given its deep discount and the quality of both its management team, led by CEO Jeff Storey, and its fiber assets, which we believe are of high strategic value to numerous infrastructure investors

From Longleaf Partners' fourth-quarter 2018 [shareholder letter](#).

## Longleaf Partners Comments on CNHI

CNHI ([NYSE:CNHI](#)) (-31%, -1.32%, -25%, -1.12%), the maker of Case and New Holland agriculture equipment (AG) and Iveco trucks (CV), was a detractor in the quarter and for the year. The U.S.-China trade tension threatened tariffs that would impact AG purchases by U.S. farmers. Tariffs remain uncertain and if imposed, may have less impact than anticipated because of offsetting subsidies and current equipment demand from less discretionary replacement needs after a several year downturn. CNHI is in a solid position to withstand the potential challenge with an investment grade balance sheet, balanced channel inventory and positive pricing and product mix trends. New CEO Hubertus M. M<sup>1</sup>/<sub>4</sub>hlh<sup>Å</sup>user sees opportunities to improve margins. The company returned excess capital to shareholders in the form of dividends and buybacks. The company also has upside from streamlining its disparate non-AG assets via either sales or spin-offs.

From Longleaf Partners' fourth-quarter 2018 [shareholder letter](#).

## Longleaf Partners Comments on CNX

CNX ([NYSE:CNX](#)) (-22%, -1.35%, -20%, -1.30%), the Appalachian natural gas company, detracted for the year. The stock declined after reporting an 8.5% increase in capital expenditure guidance during the second quarter. Additionally, nearly all energy stocks had a sharp selloff following the fourth quarter's commodity price volatility. CEO Nick Deluliis took advantage of the dislocation by repurchasing over 16% of CNX's outstanding shares in the 12 months ended in October. Our appraisal increased with the company's growth in cash flow. In June, CNX sold its Ohio Utica acreage for a good price. The company has other non-core assets

to monetize in coming years. Most production is hedged several years out, helping to insulate the business's value from declines in the gas strip. The stock trades at below half of our appraisal.

From Longleaf Partners' fourth-quarter 2018 [shareholder letter](#).

## Longleaf Partners Comments on Affiliated Managers Group

Affiliated Managers Group ([NYSE:AMG](#)) (-32%, -1.37%, -28%, -1.16%), the owner of diverse investment firms, declined following our third quarter purchase and was among the Fund's notable 2018 detractors. We purchased AMG, which we previously owned, in the third quarter. Asset-manager stocks fell as indices went down in the fourth quarter.

AMG's intrinsic value is not tied to index performance, but instead to the differentiated outcomes at concentrated value managers (like ValueAct and Yacktman), quantitative strategies (AQR and Winton), international stock pickers ([Tweedy Browne](#) ([Trades](#), [Portfolio](#)) and Harding Loevner) and several other strong funds not directly correlated with public equities or fixed income. The various managers within AMG have long-term records of outperforming the S&P 500 that should drive asset growth, as should expanded international distribution. We have solid partners in CEO Nate Dalton and CFO Jay Horgen, a business that can grow with minimal capital and a deeply discounted stock.

From Longleaf Partners' fourth-quarter 2018 [shareholder letter](#).

## Longleaf Partners Comments on LafargeHolcim

LafargeHolcim ([XSWX:LHM](#)) (-25%, -1.49%, -17%, -0.95), the largest global cement, aggregates and ready-mix concrete producer, was a 2018 detractor after a notable decline in the fourth quarter. Weaker cement demand in Latin America, the Middle East and Africa, as well as higher energy and transportation costs, globally impacted profits. With two thirds of consolidated revenues (but a smaller % of the net value) tied to emerging markets, broader EM concerns heavily contributed to the stock price weakness. CEO Jan Jenisch believes efficiency gains and pricing will offset cost inflation. The cost savings program is ahead of target, and Aggregates and Ready-Mix margins are improving. The company's North American business, which represents over one quarter of our appraisal, grew profits during the year. The company announced the sale of its Indonesian assets at an attractive price, and management plans for additional divestments over the next two years, providing meaningful cash proceeds to reinvest.

From Longleaf Partners' fourth-quarter 2018 [shareholder letter](#).

## Longleaf Partners Comments on CK Hutchison

CK Hutchison ([HKSE:0001](#)) (-21%, -1.53%, -17, -1.16%), a Hong Kong based conglomerate of telecommunications, health & beauty, infrastructure, global ports and energy, fell during the final quarter and the year. While a trade war between China and the U.S. will pressure less than 5% of its Ports business, concerns of this trade tension generated broad negative sentiment around Asian stocks. In Italy, the company's Telecommunications business struggled as a tough macro environment and increased competition from a new entrant pressured prices. In the second half of the year, declining oil prices impacted Husky Energy, the Canadian energy associate of CK Hutchison. These short-term headwinds negatively impacted sentiment, but the overall company's cash flow, as well as management's capital allocation decisions, helped our appraisal grow in the mid-single digits for the year. Chairman Victor Li sold CK Hutchison's interests in several infrastructure projects at 12X EBITDA and redeployed the proceeds to acquire the Italian telecom joint venture at 5x EBITDA. The company also repurchased its discounted shares for the first time in almost two years.

From Longleaf Partners' fourth-quarter 2018 [shareholder letter](#).

## Longleaf Partners Comments on FedEx

FedEx ([NYSE:FDX](#)) (-35%, -2.22%, -33%, -2.17%), the transportation and logistics company, fell in the fourth quarter and for the year. Express revenues missed expectations after weakness in all the major Euro economies and what CEO Fred Smith called "bad political choices" weighed down international trade. These headwinds caused the company to lower earnings per share guidance by 8%. The stock's sharp decline ignored that the Ground segment, the largest part of our appraisal, reported strong high-teens earnings growth. FedEx's Freight segment also performed very well with EBITDA (earnings before interest, taxes, depreciation, and amortization) up over 20% in 2018. If the weakness in international trade persists, Ground should still grow revenues and margins. Because Amazon, another perceived risk to FedEx, constitutes less than 5% of company revenue, Amazon's internal delivery development will have minimal effect on results. The company has a solid balance sheet and the potential to go on offense with share repurchase at these prices.

From Longleaf Partners' fourth-quarter 2018 [shareholder letter](#).

## Longleaf Partners Comments on Mattel

Mattel ([NASDAQ:MAT](#)) (-35%, -2.32%, -36%, -2.42%), the classic toy company, fell in the fourth quarter, making it a detractor for the year after the company lowered full-year revenue guidance by 3%. The primary challenge was sorting through the retail disruption caused by the Toys "R Us" bankruptcy, combined with self-inflicted

Chinese inventory problems. The weaker revenue number ignores CEO Ynon Kreiz's solid progress towards cutting \$650m in operating costs. For the first nine months of 2018, the company's two most important brands, Barbie and Hot Wheels, grew gross sales 15% and 6%, respectively. Fisher-Price, Thomas and American Girl all declined, but each brand has strong, unique drivers for future growth. To invest in high-return growth projects, Kreiz is creating new businesses using Mattel's deep well of brands and intellectual property. The stock ended the year trading at less than half the 2017 rumored acquisition offer and has already rebounded strongly in the first two weeks of 2019.

From Longleaf Partners' fourth-quarter 2018 [shareholder letter](#).

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