

Global Fund Management Discussion

Longleaf Partners Global Fund gained 2.7% in the quarter, more than doubling the MSCI World Index's return of 1.3%. Over the last twelve months and since the Fund's 2013 inception, Longleaf Global delivered attractive relative and absolute returns.

Cumulative Returns at March 31, 2014

	Since Inception	One Year	1Q
Global Fund (Inception 12/27/12)	31.90%	26.95%	2.73%
MSCI World Index	28.50	19.07	1.26

Average Annual Returns at March 31, 2014

	Since Inception	One Year
Global Fund (Inception 12/27/12)	24.63%	26.95%
MSCI World Index	22.12	19.07

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 longleafpartners.com.

The total expense ratio for the Longleaf Partners Global Fund is 2.19%. The expense ratio is subject to a fee waiver to the extent the Funds' normal operating expenses exceed 1.65% of average annual net assets.

Level 3 Communications drove much of the Fund's return in the quarter, appreciating 18%. This fiber and networking company's strong results exceeded expectations largely due to growth in the Enterprise business, and management issued higher 2014 guidance. Over the last year since Jeff Storey became CEO, the stock has risen 93% reflecting the expansion of operating margins and improved balance sheet. Level 3 is now cash flow positive with value increasing. The stock remains one of the most discounted in the portfolio even after the significant run up since Storey's appointment.

Guinness Peat Group added 22% over the last three months. This British company's operating business, industrial thread maker Coats, reported improved results and free cash flow. Despite the positive performance, the stock remains heavily discounted due to uncertainty over whether the UK pension regulator will require additional capital for legacy pension plans.

Italian holding company Exor gained 12%. Exor owns Fiat Chrysler Auto, which had strong performance after Fiat merged with Chrysler in the period. Exor also benefitted from a strong rebound in Italian stock markets in response to political progress and broad enthusiasm about the direction of the Italian economy and government. Another Exor holding, agriculture equipment and truck company CNH Industrial, remained on track with the integration of its recently combined pieces, Fiat Industrial and CNH. Exor Chairman and CEO John Elkann, who has an excellent investing track record,

has net cash available to provide liquidity when compelling investment opportunities arise. We swapped the Fund's direct holding in CNH Industrial for an increased weight in Exor in the quarter.

The Fund's largest detractor in the quarter was Macau gaming company Melco, declining 9%. Market concerns over short-term weak January gaming growth, driven primarily by the timing of Chinese New Year, impacted the stock, as did stories about Macau shortening license renewal periods. The company later reported record growth in February with fiscal year (FY) 2013 luck-adjusted EBITDA (earnings before interest, taxes, and amortization) up 44% and revenues up 27% year-over-year. Melco announced a special dividend of \$191 million.

Loews, the diversified holding company owned and managed by the Tisch family, detracted from the Fund's return in the quarter, declining 8%. Loews' largest holdings are three publicly traded subsidiaries: property and casualty insurer CNA Financial Corp. (CNA) (90% owned), offshore contract driller Diamond Offshore (DO) (50.4% owned), and natural gas pipeline Boardwalk Pipeline (BWP) (53% owned). During the quarter, CNA reported solid earnings and combined ratios, but DO and BWP disappointed. As large exploration and production companies reined in spending, demand for offshore drilling fell, reducing day rates and rig utilization at DO. Higher gas production in the Northeastern U.S. has reduced demand for pipelines serving that region while the cold winter lowered gas storage. BWP cut its dividend to invest

in expanding pipeline reach for higher long-term EBITDA.

We sold DIRECTV when price reached our appraisal. As discussed in our letter to shareholders, we are especially grateful to CEO Mike White for driving the strong value growth that benefitted the Global Fund even over its relatively short holding period. We bought two new companies in the quarter, both located outside the U.S.

The portfolio ended the quarter with a P/V (price-to-value ratio) in the mid-70s% and cash at 17%. As our new holdings and the portfolio's geographic composition indicate, we are finding more attractive opportunity outside of the U.S. Little, however, is deeply discounted anywhere. We have a number of companies on our on-deck list that our team has vetted as strong businesses with good people. We will stick to our discipline and wait patiently for prices to meet our criteria.

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 longleafpartners.com. Please read the Prospectus and Summary Prospectus carefully before investing.

RISKS

The Longleaf Partners Global 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 invest in 15 to 25 companies, share value could fluctuate more than if a greater number of securities were held. Mid-cap stocks held by the Funds may be more volatile than those of larger companies. 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 World Index is a broad-based, unmanaged equity market index designed to measure the equity market performance of 24 developed markets, including the United States. An index cannot be invested in directly.

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.

*As of 3/31/14, the top 10 holdings in Longleaf Partners Global Fund - Level 3 (10.6%), Cheung Kong (7.3%), Chesapeake Energy (5.8%), OCI (5.6%), Bank of New York Mellon (5.1%), EXOR (5.0%), Orkla (5.0%), Loews (4.7%), Melco (4.3%), Guinness Peat (4.3%). Holdings are subject to change and holding discussions are not recommendations to buy or sell any security. **Current and future holdings are subject to risk.***

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