International Fund Management Discussion

Longleaf Partners International Fund declined 0.43% in the first quarter, underperforming the MSCI EAFE Index, which added 4.88%. The Fund's disappointing results over the last year have negatively impacted our longer term absolute and relative performance. Large swings in returns are not unusual in our concentrated portfolio, and past positive performance bursts account for our strong 15-year and since inception cumulative results, which are more than double the index.

Cumulative Returns at March 31, 2015

	Since Inception	15 Year	Ten Year	Five Year	One Year	1Q
International Fund (Inception 10/26/98)	**232.63%**	**140.33%**	**32.37%**	**17.06%**	**-17.61%**	**-0.43**
MSCI EAFE Index	112.04	53.00	62.09	34.84	-0.92	4.88

Average Annual Returns at March 31, 2015

	Since Inception	15 Year	Ten Year	Five Year	One Year
International Fund (Inception 10/26/98)	**7.59%**	**6.02%**	**2.84%**	**3.20%**	**-17.61%**
MSCI EAFE Index	4.69	2.88	4.95	6.16	-0.92

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 International Fund is 1.25%. The expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.75% of average annual net assets.

In the first three months of 2015, our businesses had solid operating performance, coupled with value-accretive actions taken by our management partners. The majority of names were positive performers, with double-digit returns at many. Despite positive progress across the portfolio, the persistence of three broad headwinds – U.S. dollar strength, the Chinese government anti-corruption crackdown, and a supply/ demand imbalance in iron ore – weighed on returns. Priced in local currencies, the Fund rose 7%, but the translation into U.S. dollars wiped away all the gains and had the largest negative impact on performance. Our Asian gaming holdings continued to suffer as revenues further declined. Additionally, iron ore prices fell another 17% and pressured our two mining related stocks.

The Fund's largest positive contributor, CK Hutchison (formerly Cheung Kong), announced its intention to merge with subsidiary Hutchison Whampoa and spin out the combined property company. This latest savvy move by founder and CEO Li Ka-shing should lessen the holding company discount on the stock as underlying business exposures are clarified and the spin off highlights the value of the combined property business. The stock gained 22% during the quarter. An independent valuer recently appraised CK Hutchison's property business 48% higher than stated book.[1] The company's high profile dramatic restructuring of a blue chip Asia conglomerate has the potential to unleash similar restructurings in the region. Italian holding company EXOR appreciated 10% in the quarter

(1) *March 2015 Merger Proposal issued by CK Hutchison Holdings Limited, CK Global Investments Limited and Hutchison Whampoa Limited.*

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after rumors that the company plans to sell its commercial property brokerage company, Cushman and Wakefield, for $2 billion. Additionally, after EXOR's underlying holding Fiat Chrysler Automobiles (FCA) announced plans to spin out the Ferrari brand late last year, in the first quarter FCA CEO Sergio Marchionne publicly called for industry consolidation, potentially positioning EXOR for discussions to merge FCA with another key player. German-based global sportswear and equipment brand adidas added 13% in the quarter following several important announcements. The company sold its Rockport brand for £246 million, or almost twice our appraisal value. The board began its search for a successor to CEO Herbert Hainer. Revenue was up 6% (ex-currency impact) for the year and 5% in the fourth quarter as the core soccer segment and core geographies of Europe and Latin America generated solid growth. adidas gave better-than-expected 2015 guidance of currency-neutral revenue growth in the mid-single digits. The company plans to repurchase up to £300 million in additional shares in the second tranche of its buyback plan.

The Fund's largest detractor, Macau gaming company Melco International, declined 23% and suffered along with its peer group from an unprecedented anti-corruption crackdown imposed by Beijing. In this environment of anti-extravagance, VIP customers are avoiding Macau and contributing to high VIP growth rates in jurisdictions far away from scrutiny in places like Australia, Korea, and the UK. Mass market visitors, however, continue to increase, rising 14% in 2014. Our Melco appraisal reflects the severe slowdown in VIP revenues, but more than 80% of earnings before interest, taxes, depreciation and amortization (EBITDA) comes from mass business, which should increase further when the company's new mass market oriented Studio City casino opens in the third quarter. The long-term investment case remains compelling with high barriers to entry, massive new infrastructure in queue to secure Macau's role as Asia's permanent entertainment and gaming capital, and over 70% in additional hotel capacity by 2018 to address pent- up demand amid current 90+% occupancy.

Our position in Brazilian iron ore company Manabi declined 46% in the quarter, reflecting lower offer prices and comparable transactions data. Our carrying value is only slightly above the company's cash position. Malaysian based conglomerate Genting reported in line with expectations as strength in the Property and Oil & Gas divisions offset weak Leisure & Hospitality results. The company's monopoly Malaysian casino and duopoly Singapore casino both traded down along with the gaming sector in the region. The company is reevaluating its Las Vegas project given the lackluster gaming revenue in the VIP segment. CEO Lim Kok Thay's family owns 39% and has a record of consistently building intrinsic value per share. The company is buying back shares at the Genting Singapore level.

In the quarter we purchased three new positions based in Japan, Hong Kong, and the Netherlands. We added Softbank, the Japanese telecom and internet conglomerate. The company's 34% stake in Chinese e-commerce giant Alibaba is greater than Softbank's entire market cap. We essentially get the Japanese mobile business that will generate $5 billion/ year in EBITDA plus stakes in publicly traded Yahoo Japan and Sprint, as well as a portfolio of internet companies for free. In addition, Masayoshi Son, the founder and CEO, has demonstrated an exceptional track record building businesses and allocating capital. Great Eagle Holdings is a Hong Kong based real estate company whose market cap is less than the combined value of its cash and stakes in publicly traded REITs, Champion and Langham Hospitality Trust. In addition to the listed assets, the company owns hotels worldwide under the Langham brand and investment properties in Hong Kong and San Francisco. The market's strong aversion to Hong Kong and China real estate has created the opportunity to accumulate this holding at significantly less than the sum of its parts. We bought Dutch science-based conglomerate DSM. CEO and Chairman Feike Sijbesma is an owner-operator who has divested lower margin, lower return businesses to transform DSM into a more profitable pure-play nutrition company with solid growth prospects.

We sold Spanish based transportation infrastructure company Ferrovial when its price reached our appraisal. We bought Ferrovial during the Eurozone crisis in 2011, when the company was perceived as a highly levered Spanish construction company in spite of most of its debt being non-recourse against stable assets and its primary value being a Toronto toll road and Heathrow airport. Chairman and 45% owner Rafael del Pino consistently added value by monetizing assets at high prices and returning capital to shareholders. This investment added 144% over our holding period.

We believe the Fund is well positioned for strong future performance. The price-to-value (P/V) ratio is in the low-70s%. We believe the portfolio is invested in high quality businesses with greater FCF yields and stronger future growth potential than the MSCI EAFE Index. Our management partners are taking actions to drive strong value growth and, in many cases, creating catalysts for value recognition.

See following page for important disclosures.

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 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 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 EAFE Index (Europe, Australasia, 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. 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.

EBITDA is a company's earnings before interest, taxes, depreciation and amortization.

Free Cash Flow Yield (FCF Yield) equals a company's free cash flow per share divided by the current market price per share.

As of March 31, 2015, the holdings discussed represented the following percentages of the Longleaf Partners International Fund: CK Hutchison, 9.5%; adidas, 6.5%;EXOR 7.6%; Melco, 6.9%; Manabi, 1.2%; Genting Berhad, 3.9%; Softbank, 2.5%; DSM, 2.7%. 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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