April 2024

Longleaf Partners Fund Commentary

1Q24

Longleaf Partners Funds

Fund Characteristics

P/V Ratio	High-60s%
Cash	15.7%
# of Holdings	19

All data as of March 31, 2024

			Annualized Total Return			
	1Q (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)
Partners Fund	6.60	18.84	2.11	7.37	4.49	9.51
S&P 500	10.56	29.88	11.49	15.05	12.96	10.49
Russell 1000 Value	8.99	20.27	8.11	10.32	9.01	9.80

* Inception date 4/8/1987.

Longleaf Partners Fund returned 6.60% in the first quarter, ahead of our absolute annual return goal of inflation plus 10%. Strong stock performance across many of our portfolio holdings drove solid returns in a quarter when value investing faced headwinds relative to growth strategies. The portfolio's relative overweight to Communication Services, higher than normal cash and lack of exposure to Information Technology weighed on relative results.

This quarter rhymed with 2023, but last year's Magnificent 7 has now shrunk to a few that are most focused on artificial intelligence (AI). The more concentrated the market gets, the more this could signal a turn towards more sensible investing. We remain

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 1.03%. The Partners 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 0.79% of average net assets per year. This agreement is in effect through at least April 30, 2025, and may not be terminated before that date without Board approval.

focused on what is within our control. Our companies are growing their value per share in aggregate and our management partners are continuing to take actions to realize value via discounted share buybacks and other intelligent actions.

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

1Q Top Five

Company Name	Total Return (%)	Contribution to Return (%)	Portfolio Weight (%) (3/31/24)
Fidelity National Info Services	24	1.20	4.9
CNX Resources	18	1.12	6.4
FedEx	15	1.04	6.2
Hyatt	22	0.72	2.6
RTX	17	0.68	4.4

1Q Bottom Five

Company Name	Total Return (%)	Contribution to Return (%)	Portfolio Weight (%) (3/31/24)
Liberty Broadband	-29	-1.37	3.1
Warner Bros Discovery	-24	-1.18	4.1
Warner Music Group	-7	-0.31	3.6
Fortune Brands	2	0.03	0.0
IAC	2	0.16	5.6

- Fidelity National Information Services (FIS) – The technology solution provider for financial institutions was the top contributor in the quarter. We first started buying this company last year when its bank customers were going through stock market turmoil after the failure of Silicon Valley Bank. We have learned how steady this industry tends to be even through crises, and FIS has demonstrated this once again with the company's core bank software business getting back to solid growth this year. CEO Stephanie Ferris is proving to be a great partner since she was elevated to the role less than a year and a half ago. FIS recently monetized a non-core business at a good value and is using the proceeds to repurchase 10% of the company. This is a stable company that is on offense yet still trading at a reasonable multiple of free cash flow (FCF) – not easy to find in today's market.

- CNX Resources – Natural gas company CNX Resources was another top performer in the quarter. It has been a tough natural gas price environment over the last several months, but CNX came into this year more hedged than peers and with a strong balance sheet that has funded continued share repurchase at a double-digit annualized pace. The company is also executing well operationally. Our partners CEO Nick DeIuliis and Chairman Will Thorndike continue focusing on growing long term FCF and value per share. The quarter saw EQT, a larger competitor in the Appalachian basin, decide to recombine its pipeline business with its upstream business. CNX had already done this in 2020 at what we believe was a better time and a better price, so it was nice to see additional validation of this decision. CNX remains very discounted and one of our stronger value growers over the last few years, which is why we added to our position earlier in the quarter when it was trading at a larger discount.

- FedEx – Global logistics company FedEx performed well for the period. The company beat consensus estimates in the quarter and showed material progress in its DRIVE cost reduction program that we have written about previously. FedEx also repurchased substantial stock in the quarter. Its 6% annualized repurchase pace is very strong compared to its history, and the company authorized another $5 billion share repurchase program. FedEx also lowered capital expenditures guidance for the fiscal year, further helping FCF generation. We believe the company is approximately halfway through its cost cutting program with more room to go that is still not appreciated by the market.

- Liberty Broadband – Cable and media holding company Liberty Broadband was the top detractor in the quarter. The company's investment in Charter Communications posted disappointing numbers for key metrics like subscribers and cash flow growth. Other broadband industry players have also produced disappointing results, and has been a "1 step forward, 1 step back" situation over our holding period. We do, however, believe that competitive trends should get better as the year goes on, especially as fixed wireless capacity is not endless. It was encouraging to see Charter increase the pace of share repurchase in the quarter, with a simultaneous uptick in insider buying. Unfortunately, our value has not grown as we thought it would, leading to this investment being a smaller position in the portfolio today.

- Warner Bros Discovery (WBD) – Media conglomerate Warner Bros Discovery was also a detractor in the quarter. The market disliked the company's lack of guidance for 2024. While there are tentative signs that the advertising market is slightly improving, we understand why the market remains in show-me mode on this part of the business. The Warner Bros Studio has gone from a big hit with the Barbie movie last summer to some misses lately. As we have discussed before, April 2024 represents the two-year anniversary of Warner Bros and Discovery merging. After this date, the company will have more options to go more on offense. Unfortunately, this is overlooked in the near term by daily Paramount headlines. We are ready to see how the rest of this year plays out. WBD still generates substantial FCF and is de-levering its balance sheet rapidly. The company remains dramatically undervalued today, but we need to see more positives before increasing our position further.

Portfolio Activity

We initiated one new position in the quarter and added to four positions. We exited two holdings while trimming several strong performers. The new position is in an industry that we have done well in, and we are encouraged by some recent people changes. We sold our positions in Fairfax Financial and Fortune Brands. We have owned Fairfax multiple times for a large portion of the last 25 years and think highly of the management team led by Prem Watsa. However, the stock exceeded our value in the quarter, so it was time to move on. We had a shorter holding period at Fortune and also exited profitably as price outpaced value.

Outlook

While our cash ended the quarter at a higher-than-usual level of 16%, our on-deck list remains healthy and our price to value ratio is still in the high-60s. The research team has been hard at work, and we have done significant work on several companies that can hopefully get into the portfolio soon. We view cash as a temporary position in the portfolio when we don't have enough qualifying ideas. We would always rather have that next great, high-quality 60 cent dollar than holding cash, but sticking to our investment discipline at a time when the market is fully priced, like today, remains prudent. We thank our long-time clients for their continued partnership and look forward to talking more about the portfolio as the year progresses.

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 *https://connect.rightprospectus.com/Longleaf/TADF/543069108/SP*. ***Please read the Prospectus and Summary Prospectus carefully before investing.***

RISKS

The Longleaf Partners 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. Mid-cap stocks held by the Fund may be more volatile than those of larger companies.

The S&P 500 Index is an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. S&P 500 Value Index constituents are drawn from the S&P 500 and are based on three factors: the ratios of book value, earnings, and sales to price. An index cannot be invested in directly.

The Russell 1000 Index measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 90% of the total market capitalization of the Russell 3000 Index. The Russell 1000 Value index is drawn from the constituents of the Russell 1000 based on book-to-price (B/P) ratio. 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.

"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.

Free Cash Flow (FCF) is a measure of a company's ability to generate the cash flow necessary to maintain operations. Generally, it is calculated as operating cash flow minus capital expenditures.

As of March 31, 2024, the top ten holdings for the Longleaf Partners Fund: CNX Resources, 6.4%; FedEx 6.2%; Affiliated Managers Group, 5.9%; IAC, 5.6%; CNH Industrial, 5.5%; Mattel, 5.3%; Live Nation Entertainment, 5.0%; Kellanova, 4.9%; Fidelity National Information Services, 4.9% and Bio-Rad, 4.9%. 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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