Longleaf Partners Global Fund Commentary

Longleaf Partners Global Fund's -2.80% return in the quarter brought the year-to-date return to -4.14%. These results fell below the MSCI World Index's returns of 0.31% and 2.63% over the same periods. The Fund's disappointing results over the last year negatively impacted relative performance since the Fund's start over two years ago.

In the second quarter, the majority of our companies made positive business progress, as our management partners took smart actions to drive value growth. Double-digit returns at top performer CK Hutchison (formerly Cheung Kong) demonstrated how quickly share prices can respond to productive corporate activity. Although many of our investments were positive performers in the quarter, much of our partners' value-building effort at the businesses we own is not being fully reflected in the Fund's returns. Our energy and Asian gaming-related investments remained the largest absolute and relative detractors in the quarter.

The portfolio's largest contributor in the quarter, CK Hutchison, merged with its 50% owned subsidiary, Hutchison Whampoa, and spun off their combined real estate businesses into Cheung Kong Property. With the stock's move from HK$125 prior to the restructuring announcement in January to HK$196 for the combined pieces after the spin in June, this corporate restructuring succeeded in reducing two persistent discounts the market applied to CK Hutchison. First, the complexity of the corporate structure and diversified set of businesses within two layers of holding companies made valuing the company difficult. Second, market concerns related to property exposure in Hong Kong and China has weighed heavily on the stock. CK Hutchison was the largest constituent of the Hang Seng Property Index, yet many property investors could not own the stock given its significant non-property businesses. The restructuring creates a pure play property company – Cheung Kong Property – and moves CK Hutchison from the Hang Seng Property Index to the Hang Seng Conglomerates Index.

Another primary positive contributor was K. Wah, a real estate developer in Hong Kong and China and a 3.8% owner of Macau casino company Galaxy Entertainment (which represents around 50% of K. Wah's market cap). K. Wah returned 7% in the quarter, driven by strong Hong Kong property sales as the company is launching three significant new Hong Kong developments during 2015 into a market with high demand. K. Wah's recent Hong Kong residential apartment project, Corinthia by the Sea, was oversubscribed by 16x. Real estate strength offset weakness at Galaxy, which opened its new casino in May to softer-than-expected gaming activity. Macau remains challenged but is showing signs of stabilization. Chairman Lui Che-woo's family owns 60% of the company.

Also a top contributor, Italian holding company EXOR appreciated 6% after announcing the sale of Cushman and Wakefield to DTZ for $2 billion, a more than 30% premium to our carrying value for the business. EXOR also made a $6.8 billion offer to buy Bermuda reinsurer PartnerRe (PRE), opportunistically disrupting a merger deal with Axis Capital. PRE has a strong underwriting capability, healthy balance sheet, and scale to organically grow its reinsurance business, which should benefit from EXOR's disciplined investment skill. If the deal gets approved, it would be an attractive addition to EXOR's portfolio.

French media company Vivendi returned 10% in the quarter after reporting top line revenue growth at underlying businesses Universal Music Group and Canal+. Vivendi received the initial payment for its 20% stake in SFR and completed its sale of Brazilian telecommunications company GVT for an enterprise value of €7.5 billion. Vivendi paid a €1 per share interim dividend in June, with another planned in February 2016. Chairman Vincent Bolloré increased his stake in Vivendi to over 14%. Effective March 2016, France will reward long-term owners by granting double voting rights on registered shares held for at least two years, and Mr. Bolloré received the rights at the recent annual general meeting. Given his track record of value creation, we support this increased voting influence. Mr. Bolloré has stated his plans to build Vivendi into a media powerhouse over time, reiterating the need to "pay the right, fair price, then create value."[1]

As noted, our energy-related holdings were a primary performance detractor. Over the last year we have adjusted our valuations for the more austere conditions following dramatic oil, gas, and coal declines. However, our asset quality and capable leadership teams make us confident that these companies should be meaningful contributors to strong returns. Any bounce back in commodity prices will be additional upside. The lower commodity prices have

1 *Financial Times; April 17, 2015*

Average Annual Total Returns (6/30/15): Since Inception (12/27/12): 6.00%, 10 Year: na, 5 Year: na%, 1 Year: -14.34%

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 1.58%. The Funds' expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.65% of average annual net assets.

served as a catalyst to sharpen our management partners' focus on how best to optimize the returns on their valuable assets. Our discussions with them have been ongoing and productive over the last few years, and have contributed to adding board members, monetizing assets, selling all or portions of reserves, and separating disparate segments. In spite of significant progress, the work is ongoing. Stock prices have yet to reflect past improvements or significant ones our managements are currently pursuing. We expect to see additional value accretive activity in the remainder of the year, and we believe that our energy stocks could rise appreciably as they reflect these initiatives.

Chesapeake Energy, one of the largest producers of natural gas, natural gas liquids and oil in the U.S., declined 21% in the quarter. In line with our Chesapeake options accounting for just under two-thirds of our position exposure, the options accounted for a similar portion of the return. The company reported results in line with our expectations, but the stock was punished when Chesapeake failed to close the gap between operating cash flow (OCF) and capital expenditures (capex) as much as investors wanted. Full year expectations for 45% capex reductions versus 2014 remain intact, and the OCF gap is expected to close by year-end. The company maintains strong liquidity, irrespective of low commodity prices, with $2.9 billion in cash and a $4 billion untapped credit facility. The company's valuable assets support our appraisal, which held steady in the quarter as oil and gas prices stabilized somewhat. CEO Doug Lawler has proven that he is willing and able to monetize assets at attractive prices, and we have a heavily vested board that is fully engaged to build and recognize value per share.

CONSOL Energy fell 22% in the quarter despite reporting OCF above Wall Street expectations and buying in shares at a 4% annualized pace. Positive gas basis differentials versus NYMEX and good cost control at the Buchanan metallurgical coal mine contributed to the solid results but could not overcome the continued pressure on coal prices. In adjusting to the current commodity price environment, the company announced several cost-cutting measures, including a move to zero-based budgeting. As expected, CONSOL monetized non-core thermal coal assets in the Bailey Mine Complex by offering shares in the master limited partnership (MLP) CNX Coal, which generated $200 million in proceeds. The price was below earlier expectations because of lower coal prices. Management is pursuing additional monetization opportunities where proceeds can be reinvested in higher return alternatives, including CONSOL's deeply discounted shares.

Genting Berhad, the Malaysian holding company with gaming, property, plantation, and oil and gas assets, also fell 12% during the quarter with weak demand in the Singapore casino duopoly. While China's anti-corruption campaign has caused VIP investors to avoid Macau and frequent other regional destinations, Singapore's rules preventing junket participation has muted demand growth in that jurisdiction. Analyst coverage of Genting largely focuses on the gaming business. We believe the company's limited disclosure on its oil and gas assets has led to significant undervaluation. Genting recently announced that its Indonesian Kasuri block, which is adjacent a BP liquefied natural gas facility, has proven oil and gas reserves.

During the quarter, we added Google to the portfolio as fears around a slowdown in the company's dominant search and display advertising business became over-discounted in the price. Adjusting for the company's net cash and investments plus other non-earning businesses, we paid a below-market multiple for free cash flow (FCF) that should grow double-digits. In the last few years, we have grown to appreciate both the company's core search and display advertising business and its collection of other assets, especially YouTube and Google Play/Android. We sold our successful investment in Orkla, the Norwegian consumer goods company, as price reached our appraisal. Chairman Stein Erik Hagen has been a fantastic partner, growing value by monetizing assets at attractive prices and focusing Orkla on its core branded consumer goods business.

We believe the Global Fund is well positioned to meet our absolute goal and deliver strong relative performance. The price-to-value ratio (P/V) is in the low-70s%. Global markets have little margin of safety, with mergers, acquisitions, initial public offerings, and share buybacks near 2007 peak levels and at multiples well above our appraisals. We remain focused on owning discounted, strong businesses that can generate organic value growth and that have good managements who are pursuing opportunities to build and monetize value per share. We are engaged with our management partners to varying degrees and believe their near-term steps to close the gap in price will reward us.

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 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.

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.

A master limited partnership (MLP) is, generally, a limited partnership that is publicly traded on a securities exchange.

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.

Derivatives may involve certain costs and risks such as liquidity, interest rate, market, credit, management, and the risk that a position could not be closed when most advantageous. Investing in derivatives could lose more than the amount invested.

As of June 30, 2015, the holdings discussed represented the following percentages of the Longleaf Partners Global Fund: CK Hutchison, 5.7%; CK Property, 3.3%; K. Wah, 5.1%; EXOR, 7.4%; Vivendi, 4.5%; Chesapeake Energy, 0.9%;CONSOL Energy, 3.5%;Genting Berhad, 2.4%; Google, 3.9%. Fund 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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