July 2022

Longleaf Partners Fund Commentary 2Q22

Longleaf Partners Funds

Fund Characteristics

P/V Ratio	Low-50s%
Cash	3.4%
# of Holdings	20

				Annualized Total Return			
	2Q (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception * (%)
Partners Fund	-15.56	-16.00	-15.90	6.63	2.94	6.33	9.41
S&P 500	-16.10	-19.96	-10.62	10.60	11.31	12.96	9.92
Russell 1000 Value	-12.21	-12.86	-6.82	6.87	7.17	10.50	9.52

*Inception date 4/8/1987

Longleaf Partners Fund declined 15.56% in the second quarter, just ahead of the S&P 500, which fell 16.10%. In another volatile quarter, we saw value continue its relative outperformance of growth. Although the Partners Fund held up better than the S&P 500, the Fund lagged the Russell 1000 Value. We have seen a bifurcation of value investing approaches – with investors "paying up for quality" on one side of the spectrum and on the other extreme, what we would call a "Value ETF" that pays low

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 1.00%. Southeastern has contractually committed to limit operating expenses (excluding interest, taxes, brokerage commissions and extraordinary expenses) to 0.79% of average net assets per year. This agreement is in effect through at least April 30, 2023 and may not be terminated before that date without Board approval.

multiples without regard to quality. The former worked very well over the last decade, and we missed out on opportunities by not lowering our discount rates or "paying up" in the past, but this has been a painful place to be year to date in 2022. The Fund's relative performance benefitted by having limited exposure to growthier Information Technology – though we are finding some interesting new opportunities in fallen growth darlings this year. The latter approach has driven value's relative outperformance this year, led by energy, big pharma and consumer packaged goods (CPG) companies – great places to be in the near term, as commodity prices rallied, the Federal Reserve raised interest rates and anything that had perceived stability hung in well. We view this as the first wave of a value rebound with the simplest, statistically cheapest and least volatile outperforming first. However, we question whether big pharma and integrated oil companies can sustain relative outperformance over the longer term. We believe the second, longer-term wave of value outperformance will come from our style of value investing, which falls somewhere in between these two extremes. We remain focused on business and people quality but also recognize that price matters, especially in an environment like today. We are finding opportunity (though we have so far proven to be early) in high quality businesses with favorable industry dynamics that have innate complexity and/or are misunderstood in the near term.

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

2Q Top Five

Company Name	Total Return (%)	Contribution to Return (%)	Portfolio Weight (%) (6/30/22)
Williams	3	0.12	0.0
FedEx	-2	0.00	7.2
Mattel	1	-0.03	6.7
Undisclosed	-1	-0.03	2.5
Iveco	-14	-0.04	0.0

2Q Bottom Five

Company Name	Total Return (%)	Contribution to Return (%)	Portfolio Weight (%) (6/30/22)
Warner Bros Discovery	-46	-2.91	4.7
MGM Resorts	-31	-1.74	4.6
GE	-30	-1.57	5.1
Douglas Emmett	-32	-1.48	3.5
IAC	-24	-1.28	5.3

Holdings are subject to change. Past performance does not guarantee future results.

- Williams – US natural gas pipeline operator Williams contributed as it benefitted from positive natural gas tailwinds in the quarter. After scaling back the position in the first quarter, we sold the remaining position in the quarter as its price reached our appraisal value. This was a very successful investment that was extremely contrarian in 2019 and now has become much more consensus appreciated.
- Warner Bros Discovery – A new purchase within the last year, media conglomerate Warner Bros Discovery's (WBD) stock price has been materially impacted by a terrible Netflix quarter (that probably is a good sign for WBD long-term) and fears of a downturn impacting advertising revenues and subscribers. While we believe these are valid concerns, media has historically been an attractive industry for our style of investing and media companies have been inflation beneficiaries. While the market is taking a "show me" approach to see how the merger will unfold, we believe the company has multiple levers to grow free cash flow per share. We saw eight different insiders buy shares personally in the quarter, which is an extremely strong vote of confidence from people who have a clear view of the challenges and opportunities facing the company.
- MGM Resorts – The casino and online gaming company declined in the quarter, as potential travel cutbacks in the face of increased fuel prices and recession fears weighed on the stock. Additionally, the broader online gaming industry has fallen out of favor, but BetMGM's online gaming business is continuing to grow regardless

of the environment. In a strong vote of confidence, MGM and IAC together bought $405 million worth of MGM shares from (still large) shareholder Corvex Management in February, and insiders have been adding meaningfully this year. The company is also one of our largest share repurchasers.

- General Electric - Aviation, Healthcare and Power conglomerate GE was punished in the quarter amid top-down economic fears for this collection of seemingly cyclical businesses. However, the market is not giving the company credit for the material improvements CEO Larry Culp has made in his tenure. The balance sheet today is stronger than it has been in a very long time, and each of the three primary business segments each have strong paths to increasing earnings, regardless of the economic environment. Healthcare has historically not been a cyclical business. While Aviation typically has some economic sensitivity, the business still has a strong COVID rebound tailwind that should continue even in an uncertain environment. Power is a less cyclical business, and GE maintains a steady business servicing approximately one-third of the world's electricity. GE is another example of strong insider buying indicating management's confidence in the business, while the company also began buying back discounted shares. GE is still on track to break the company into three separate businesses, and we believe this will help the market properly weigh the value of each core segment.

Portfolio Activity

We have taken advantage of the market volatility this year to purchase three new businesses that have been left behind by the market for very different reasons. As mentioned above, we are seeing opportunities in fallen growth favorites (although there are plenty of 300 cent dollars that are now closer to 100 cent dollars!), including one "recycle" company that we successfully owned in the last decade and, with hindsight, sold too early. We now have the opportunity to invest in this great company that has fallen back within our price discount range. We are also seeing opportunities in the building products world that have been hit as mortgage rates are increasing. We purchased a great business in this category that we have long admired. Finally, we initiated a new position that has been described internally as "the most value of value businesses" within the consumer discretionary space that has fallen out of favor but has a proven management team with whom we have partnered before. We funded these opportunities by exiting three holdings, including Williams which reached our appraisal value after appreciating 97%. We also exited our smaller positions in CNH's spinout of Iveco and Biogen, as we were able to upgrade into better opportunities with a higher margin of safety.

Outlook

The Partners Fund is fully invested with 3% cash, and our on-deck list is growing longer amid market volatility. New investments have a high hurdle to qualify given our conviction in our current holdings and the steep discount of the portfolio, which trades at a rare and attractively discounted price-to-value (P/V) in the low-50s%. We expect to see continued progress in our individual holdings, as our management partners pursue catalysts that could drive significant near-term payoffs. We own companies that have pricing power, strong balance sheets and clear paths to organic growth, and we are partnered with aligned management teams that are proactively taking steps to add value in ways they can control and close the (near historically wide) value gap. We believe that our largest macro headwinds over the last decade could soon become tailwinds.

See following page for important disclosures.

Data and discussion as of June 30, 2022

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://southeasternasset.com/account-resources****. 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 3,000 Index. The Russell 1000 Value index is drawn from the constituents of the Russell 1000 based on book-to-price (B/P) ratio.

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 June 30, 2022, the top ten holdings for the Longleaf Partners Fund: Lumen, 11.7%; FedEx, 7.2%; Mattel, 6.7%; Liberty Broadband, 5.4%; IAC, 5.3%; General Electric, 5.1%; Fairfax Financial, 5%; Affiliated Managers Group, 5%; CK Hutchison, 4.9% and Warner Bros Discovery, 4.7%. 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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