July 2025

Longleaf Partners Fund
2Q25 Commentary

All data as of June 30, 2025

Longleaf Partners Funds

Fund Characteristics

P/V Ratio	Low-60s%
Cash	18.2%
# of Holdings	19

				Annualized Total Return			
	2Q (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)
Partners Fund	5.33	-0.08	8.86	7.34	11.06	4.66	9.25
S&P 500	10.94	6.20	15.16	19.71	16.64	13.65	10.66
Russell 1000 Value	3.79	6.00	13.70	12.76	13.93	9.19	9.77

Inception date 4/8/1987.

The last time we wrote to you, we were analyzing numerous opportunities in the wake of "Liberation Day." If there had been a week or so of continued market declines after that letter, the portfolio would have been much closer to fully invested. However, we ended the quarter with elevated cash levels after a strong market rebound. You are now reading a slightly different version of the letter we were mentally drafting mid-February when markets were also hitting their highs. While we do not like trailing the market, doing so at a time like today could still prove prudent given the quality of what we own and the large discount at which it trades. We reinforced our confidence when we delivered relatively strong results during the more turbulent markets of mid-February through April.

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 0.97%. 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, 2026, and may not be terminated before that date without Board approval.

Short-term stock returns are largely driven by the perception of near-term earnings per share. In our opinion, the overall market is not evenly distributing the widespread earnings uncertainty on a proper stock by stock basis. In our most recent Research Perspectives note, we wrote about the intersection of indexing and "never let you down" stocks driving this phenomenon. As the quarter went on, we also saw a concerning amount of speculation in lower quality stocks. An early July headline in the Wall Street Journal said it well: "Meme Stocks and YOLO Bets Are Back and Fueling the Market's Rally." We continue to avoid popular favorites and tilt to where we believe near term emotions have led to mispricings in our favor. In a dislocated market like we have today, we can have an attractive price-to-value ratio (P/V) in the low-60s% and a price-to-free cash flow (P/FCF) multiple for the portfolio below 10x when the market trades at well above 20x.

The securities we own all have stock-specific reasons they are undervalued, and some are also driven by a few themes worth calling out before we discuss individual holdings. First, we continue to own multiple securities with some kind of potential tariff impact. We have been encouraged to see Mattel, PVH and FedEx on offense with tangible actions such as share repurchases, insider buying and even a pending spin-off in the case of FedEx. Second, all things healthcare remain under a cloud with policy shifts from the new administration. While this industry still has many tailwinds as the population ages, "RFK-care" has given us another period of uncertainty like those around Obamacare and Hillarycare. Our holdings in Regeneron and Bio-Rad have management teams on offense that are growing the value in ways they can control via intelligent moves like share repurchase, when the industry (one not known for great capital allocation) is often going in the other direction. We also began purchasing another complementary healthcare holding after quarter-end. Third, energy stocks experienced significant volatility in the quarter, driven by both the war in Iran and various US government actions. We remain pleased with the value-creating actions that CNX and HF Sinclair are taking from their positions of strength.

Ultimately, the performance of our individual holdings will be the primary driver of portfolio returns. Below are some of the more notable contributors and detractors from the past quarter.

Notable Contributors & Detractors

HF Sinclair – Energy infrastructure company HF Sinclair was a top contributor for the quarter. One of the primary drivers this quarter was the recent tension in the Middle East helping all things fossil fuels. More normalized refining spreads began to come into view, and HF Sinclair continued to grow its non-refining assets (which are over half of our appraisal). The company has also seen an unusually large and welcome amount of insider buying over the last year.

Undisclosed – A global entertainment and media company that was a new purchase in the quarter was also a contributor. We have successfully owned this company before and look forward to discussing the opportunity this time around in more detail in the future.

MGM Resorts – Hospitality and gaming company MGM Resorts was a contributor. The company continues to report strong quarterly results. This was recognized by the market this quarter, compared to other quarters when results went unappreciated. MGM is also one of our larger share repurchasers in the portfolio, with further simplification and value realization anticipated. We are confident that recession fears are overstated by the market as it overweights the anomaly of the 2008 financial crisis, especially considering MGM is in a better financial position today.

Kraft Heinz – Global food and beverage producer Kraft Heinz was a detractor for the quarter. Despite a sluggish food and beverage industry, the company's performance is underpinned by a quality mix shift towards premium offerings like Heinz, Philadelphia and Ore-Ida, among other power brands, that we believe the market is overlooking. There is also speculation that large shareholder Berkshire Hathway is considering decreasing its position, although we believe this situation is more nuanced. Further upside could materialize from the outcome of an ongoing strategic alternatives exploration.

Regeneron – Healthcare company Regeneron detracted in the quarter. While we have followed the company for a long time, Regeneron is a newer holding. The company has a net cash balance sheet and great owner-partners. Unlike most others in its industry, it has sworn off large M&A, and it recently began a share repurchase program. This quarter's performance was disappointing to the market due to a significant focus on Eylea, a retinal disease medication which constitutes less than 20% of the company's valuation. Later in the quarter, the company also had a negative clinical trial outcome for a potential new product. We took the opportunity to increase our position on the share price weakness when the stock price decline far outpaced the value per share impacts of these items.

FedEx – Global logistics company FedEx was a detractor for the quarter. Despite macro headwinds like continued tariff threats and weak demand for higher value shipping, the company demonstrated resilience. The impending Express and Freight separation is expected to unlock value by providing greater flexibility and accountability, addressing the market's undervaluation of Freight vs. peers and increasing capital discipline at Express. We were deeply saddened by the passing of Founder and Chairman Fred Smith. A legendary figure, he built FedEx into an industry giant through visionary leadership and brilliant strategic decisions. Beyond his immense business success, his quiet generosity and kindness, both globally and in our Memphis community, truly set him apart.

Portfolio Activity

During the quarter, we initiated two new positions. One is a leader in building products that we know well, while the other is the media and entertainment company noted above. We look forward to sharing more details about both holdings in the future. We exited our position in Affiliated Managers Group as markets hit highs, and our case had changed over the years. Since the quarter ended, we added new holdings to the portfolio and exited another position. We are actively seeking more opportunities to further enhance the portfolio's quality and margin of safety. Our pipeline of potential investments is expanding, and we plan to deploy our cash balance in a measured way.

Outlook

We are optimistic about the future. The companies in our portfolio are making solid operational strides and are well-positioned for growth, despite new challenges and uncertainties caused by geopolitical tensions. While the market continues to reach new all-time highs and doesn't strike us as particularly attractive, the Fund's price-to-value ratio is in the low-60s%, a compelling opportunity with considerable margin of safety embedded. We are on track for solid returns and are pleased with our start to 3Q. Thank you for your continued partnership.

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/TVT/543069108/P. 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 is unmanaged, does not reflect the deduction of fees or expenses, and 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 is unmanaged, does not reflect the deduction of fees or expenses, and 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.

Price / Earnings (P/E) is the ratio of a company's share price compared to its earnings per share.

PE multiple is a financial metric that frames a company's current stock price in terms of the company's earnings per share.

As of June 30, 2025, the top ten holdings for the Longleaf Partners Fund: IAC, 6.2%; CNX Resources, 6.1%; Mattel, 5.8%; PVH, 5.6%; EXOR, 5.5%; Kraft Heinz, 5.5%, FedEx, 5.1%; Regeneron, 5.0%; Fidelity National Information Services, 4.5% and Bio-Rad, 4.5%. 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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