July 2026

Longleaf Partners Global Fund 2Q26 Commentary

Longleaf Partners Funds

Fund Characteristics

P/V Ratio	Mid-50s%
Cash	9.0%
# of Holdings	20

All data as of June 30, 2026

				Annualized Total Return			
	2Q (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)
Global Fund	5.90	1.21	9.33	10.49	2.74	7.56	5.91
MSCI World	13.76	9.69	21.34	19.24	11.47	13.14	11.90
MSCI World Value	9.21	10.50	20.84	16.85	10.51	10.16	9.33

The 90 days since our first quarter letter distilled the last four quarters into an even more speculative period. We are grateful for patient clients like you who have stuck with us through the past year. Our investments are now more attractive on both P/V and P/FCF metrics, while the market winners have gone still higher beyond their fair values. We believe that our absolute and relative returns have been deferred, not foregone, with considerably less risk going forward. We will focus most of this letter on what we own, but we first need to talk about the overall market. It has gotten to the point where we are having to weather irrational, short-term impacts on the stock prices of some of our current holdings. As we said recently, now is not the time to chase what has worked, but rather it is the time to go on record that things have gotten crazy.

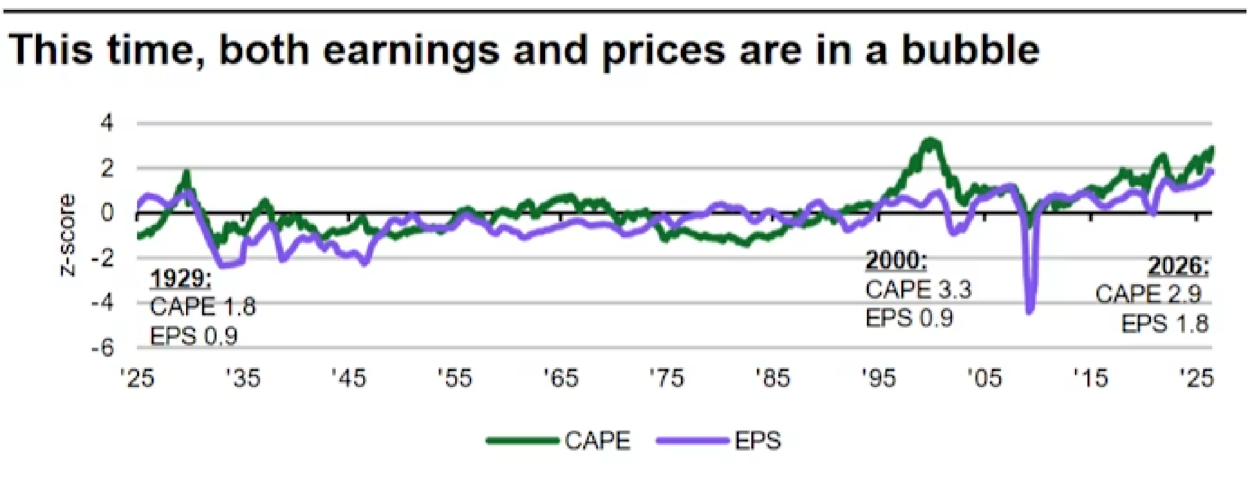
Inception date 12/27/2012. Returns reflect reinvested capital gains and dividends but not the deduction of taxes an investor would pay on distributions or share redemptions. Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return 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 1.29%. The Global 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 0.95% of average net assets per year. This agreement is in effect through at least May 1, 2027, and may not be terminated before that date without Board approval.

Over 100% of our relative underperformance in the quarter came from our underweight in Information Technology (IT). While harder to define, there were overvalued stocks in Industrials and other sectors that are perceived AI-winners that also pushed the MSCI World higher. As we wrote in our most recent Research Perspectives, even the value index has become increasingly driven by these trends. In short, multiples keep moving up while real earnings power struggles to keep up. "Hyperscaler" (also known as the Mag7+Oracle without the semiconductor companies) FCF is below 2019 levels on a next twelve months' basis. This year has seen some money flow out of these formerly unstoppable stocks into semiconductor and other "AI-enabler" stocks, but the whole, extended group remains unattractive to us. The market still believes in a perpetual motion machine with hyperscaler, venture capital and increasingly equity- and debt-raised money going in a loop and therefore "growing" revenue and highly-adjusted EBITDA. Here we should add that, since many have asked, we feel the same way about the SpaceX IPO and the potential Anthropic and OpenAI IPOs as we felt about the Fermi IPO when we felt the need to call it out last year. The focus will eventually shift back to actual FCF per share, as it always does over the long-term. Our stocks at the lowest multiples of real FCF, such as Albertsons and Exor, were punished the most in a relative way in the toughest parts of the quarter. This is another sign of the times that makes us feel good as contrarians in a "darkest before the dawn" way.

A big picture question we have also been asked, as a version of the active/passive debate, is if mean reversion will no longer exist in both business and the stock market. Our answer remains no, but this has been a very long period that has tested us. Brief shocks in 2020 (COVID), 2022 (interest rates) and 2025/26 (Liberation Day/Iran War) have been overcome by free money in the early 2020s, then ChatGPT in late 2022 kicking off an AI boom, then Trump changes more recently. Thus, the market has climbed multiple walls of worry like it did before previous speculative peaks. Importantly, we have noticed more signs that recent market winners have entered a new phase when they are both looking for ways to get off this runaway train while implicitly acknowledging that they are running low on places to conquer. For example, Microsoft is showing signs of regret (also driven by self-interest) that it legitimized OpenAI when it had the chance to do the opposite, as this extraordinary outreach to the Wall St. Journal (WSJ) showed. Other mega caps and investors are choosing the Citigroup-in-2007 "as long as the music is playing, you've got to get up and dance" route to blasting money into AI, but this is only delaying the rush to a more crowded exit. For markets themselves, we saw another telling moment when secretive and highly profitable quant firm Jane Street decided to also proactively reach out to the

WSJ, which suggests to us that it is running out of places to keep growing profits. These factors and others combine for dangerous market structure dynamics. We and others have been early pointing out the bubbling instability that is lurking, which likely means that the pressure is building up further before something dramatic happens. Politicians and regulators will be late to this party as usual, but when they join it, government influence will be more restrictive going forward than the current laissez faire approach in the USA.

We have shared a version of the chart below before and do not like repeating ourselves, but it is worth presenting the data in a different and longer-term form to highlight again how dangerous markets have become:



Source: Panmure Liberum, Shiller Data, Bloomberg

The Cyclically Adjusted Price / Earnings (CAPE) multiple above is not perfect, and we acknowledge that earnings and prices are not necessarily normally distributed. However, this is the first time in history that both earnings and the multiple on them have gotten so far disconnected from their long run averages. For market participants who own broad indices and/or thematic ETFs and care most about market-weighted multiples, this has been a good thing. But they now have multiple ways to lose on both multiples and earnings going back to more sensible levels (much less long run averages). At Southeastern, we concentrate our portfolios and therefore care more about the median, unweighted multiples of broader parts of the market (which are more compelling than the above). This means that we can win from 1) FCF per share growth even if the broader economy turns down; 2) multiples that actually have room to increase; 3) strategic actions that realize our values.

In our last quarterly note, we talked about an unusually large gap between quarterly price and value performance for certain names that we own. It was good to see progress on that front this quarter. We also alluded to more engagement in our last letter and have seen results there as well. The main example we were able to call out then was Small Cap Fund holding Tripadvisor, where the new focus brought by the improved board led to an announced asset sale that puts the company on offense and +29% stock price performance since we last wrote to you. While we did not lead the charge on the recent positive changes at Fortune Brands (thank you Ed and Arkin at Garden Investments), we did engage behind the scenes in a way that was helpful to all involved as the company worked to get back on track and ended the quarter with a great new CEO hire. We also released a public letter to Mattel in the quarter after our initial engagement efforts did not yield enough results. Things have gone well with our engagement since then even if it has not shown up yet in the stock price. There remain ongoing efforts at other investees as well. Another positive trend is that our partners have been getting frustrated with their own low valuations and taking matters into their own hands (positive moves at People Inc./MGM and Small Cap Fund holding Empire State Realty Trust, among others) or having something done to them to realize value (the bidding war that burst out for Delivery Hero). All to say that we have multiple ways to win throughout the portfolio, and we are working alongside our management partners to accelerate these wins.

Notable Contributors & Detractors

Delivery Hero – Global food delivery platform Delivery Hero was a contributor for the quarter. As we mentioned in our recent letters, the company owns some of the best food delivery and quick commerce assets globally, yet the stock had traded well below its intrinsic value until recently due to short-term competitive pressures, portfolio complexity, lack of progress on a strategic review and an overhang from large holder Prosus. Recognizing this underlying business quality and steep undervaluation, Uber meaningfully increased its stake in Delivery Hero during the quarter to around 37% and approached the board with an indicative acquisition proposal. Multiple credible strategics including Doordash have also expressed interest in some of its key assets, adding to bid tension. Acknowledging potential anti-trust issues in multiple overlapping markets and a lot of excitement already in the price, we exited our investment as the stock reached our value during the quarter.

Canal+ – French pay-TV operator Canal+ contributed positively in the quarter. Shares recovered from the post-results weakness seen in March, when we took the opportunity to add to our position. The market grew more comfortable with management's decision to absorb a year of heavier investment in 2026 in order to support a strong FCF growth trajectory thereafter. Sentiment also improved as investors continued to digest the significance of the MultiChoice acquisition, whose strategic logic, synergy opportunity and increased exposure to faster-growing, less-penetrated pay-TV markets remain underappreciated. Even after the rebound, shares continue to trade at a level that does not reflect the €0.50 per share of earnings power of a business with scaled premium content and distribution capabilities.

Fortune Brands (FBIN) – Building products company Fortune Brands contributed for the quarter. While the company reported relatively underwhelming results, these were ultimately overshadowed by two factors. First, the company announced it was exploring strategic alternatives for its Fiberon business, which we think is a wise move. Second and later in the quarter, the company, led by new board member Ed Garden and Chair Susan Kilsby, successfully recruited Jesse Singh, former AZEK CEO, to lead Fortune Brands. Singh's tenure at AZEK resulted in strong organic growth, improved margins, share repurchases and ultimately a sale to James Hardie at 20x EBITDA. Fortune Brands has also retained Dave Berry (interim CEO) as COO. Dave has served as both CFO and in operational roles at FBIN, and his continuity and partnership with Jesse should produce a very capable team.

Glanbia – Irish nutrition, ingredients and dairy company Glanbia contributed strongly in the quarter, with shares moving higher after the company reported robust Q1 results and indicated that it now expects 2026 earnings growth at the upper end of its prior guidance range. The market has been encouraged by the combination of double-digit growth in Performance Nutrition, continued momentum in Health & Nutrition and evidence that the simplified overall business is emerging from the drag of previously dilutive non-core brands. As we have noted previously, strategic optionality with Dairy Nutrition remains an additional support to the investment case. We are keeping a close eye on valuation, which is still attractive relative to the improved quality of the business, though the narrowing P/V margin of safety led us to reduce our position during the quarter as the market recognizes the value in the shares.

Magnum – Global ice cream company Magnum was a contributor in the quarter. The company had struggled to find its footing as a public company after its spinout from Unilever late last year and an overlong, confusing first quarterly call as a public company in February that also included annual guidance that was not taken well by the market. Magnum reported better results in May, and the market began to wake up to the fact that this unique company can achieve its goals of strong 3-5% revenue growth and improving margins along the way to over €1.50 per share of FCF power in two years. There was also reporting in the quarter that private equity could be interested in acquiring Magnum, which makes sense as Froneri, the #2 player in the industry, has already been a successful PE investment.

People Inc. (formerly IAC Inc.) and MGM Resorts – The related group of digital and print publisher People Inc. and hospitality and entertainment company MGM Resorts both contributed positively during the quarter. The main piece of news was the announcement of People Inc.'s bid for control of MGM. We believe that this can be a good way to grow and realize value per share at both companies, but of course the details will matter. MGM appreciated to the offer price and has fluctuated as the board evaluates the bid. Earlier in the quarter, People Inc. announced their decision to streamline the holding company to only focus on the People Inc. digital publishing business and MGM. This will lead to a decrease in corporate costs and ultimately a monetization of their other assets. MGM reported a good quarter where Las Vegas revenues grew for the first time in almost two years due to a strong convention calendar. Inferior peer Caesars announced it was going private, which can be another positive for MGM on multiple levels.

IDP Education – Leading international student placement agency and high stakes English testing service provider IDP Education was a detractor for the quarter. The company upgraded its FY26 guidance for cost reduction, reaffirmed EBIT in the target range and announced a meaningful share buyback plan driven by strong cash conversion, an improving leverage ratio and an attractive valuation. Despite this, the stock underperformed for two key reasons. First, policy headwinds have worsened in recent months in IDP's key destination markets of Australia and the UK. Second, IDP was removed from the ASX 200 index leading to technical selling by funds tracking the index. In an uncertain policy environment when universities are subject to much stricter compliance standards, they need high quality students (whose primary aim is education, rather than immigration) and hence rely even more on high-quality agencies like IDP. We expect IDP to gain share and emerge stronger from this slowdown. IDP has multiple levers it can pull including increased pricing, further cost reduction and China English testing market entry to offset some of the impact of reduced volumes. We added to our investment in the quarter as the stock price pulled back to highly attractive levels.

Regeneron – Healthcare company Regeneron was a detractor in the quarter after disappointing trial results for one of its pipeline drugs. When we first invested in the company last year, the keys to the case were continued strength at Dupixent, Eylea stabilization, pipeline success and intelligent capital allocation. Dupixent (over 50% of the value) has outgrown our expectations and Eylea (less than 15% of the value) has stabilized after some initial hiccups. There were three key pipeline readouts coming over the next 18 months when we invested, and Regeneron has now basically gone one out of three, when we thought two out of three was more likely. We trimmed some of our holding when the market was running hotter on Regeneron's pipeline prospects earlier this year. The market is now focused on that weaker near-term batting average and ignoring the company's strong long-term record. We have been encouraged to see the company lean into share repurchase when it has been most undervalued and continue to avoid large, value-destructive M&A.

Albertsons – Supermarket operator Albertsons was a detractor in the quarter. While current comparable store sales are a percentage point or so below where they should and could be, the company still has more levers to pull to improve FCF per share at this very defensive business. The market focused more on how close peer Kroger reported mildly disappointing results, and the competitive environment remains intense with Walmart executing well and Aldi committing to more growth. We also recognize that a boring company like Albertsons is the opposite of what the stock market wants at a time like this. After quarter-end, Kroger bought inferior peer Giant Eagle in a transaction that more than affirmed our Albertsons appraisal.

Jollibee Group – Global quick-service restaurant chain Jollibee was among the top detractors in the quarter. The weakness in the share price reflected a combination of fundamental and technical pressures: a sharp squeeze in margins in its key Philippines market from input cost inflation, followed by the stock's deletion from the MSCI Index. Management has a plan to restore Philippines margins toward the 18% range. At the same time, the International segment continues to undergo restructuring, which we believe is obscuring the underlying progress of several businesses. Jollibee remains on track for a potential spin-off of its International business by late 2027. As of mid-2026, the company is actively evaluating alternative listing venues outside the U.S. We believe such a transaction could unlock value by allowing the market to separately value Jollibee's stable, cash-generative Philippines business and its higher-growth International platform. In our view, the recent share price weakness does not change the long-term opportunity, and we added to our position in the quarter.

CNX Resources – After contributing in the first quarter, natural gas company CNX Resources detracted in the second quarter. The company reported another solid quarter and continues to focus on steadily growing FCF per share and value per share. While it was mildly disappointing that CNX did not get a fuller runup earlier in the year like some of its less conservatively financed energy stock peers yet still traded off this quarter, we take comfort knowing that the company has been one of our best share repurchasers over the last several years. This means that stock pullbacks are buying opportunities for the company and for us. We had trimmed our position when energy stocks were riding highest in the wake of the Iran War, but we added back to CNX at better prices recently.

Portfolio Activity

During the quarter, we purchased one new position in the portfolio. The new position is a healthcare company we know well and have made money owning previously. We look forward to discussing our case in more detail later. We exited our positions in Delivery Hero, as discussed above, and Menicon, which was a smaller position that had approached fair value. We also sold the small position in FedEx Freight that we received, as its price was above our appraisal.

Outlook

We hope you can sense how our level of disappointment with our trailing 12-month relative performance is outweighed by our conviction in our portfolio going forward. We remain consistent with our disciplined Business, People, Price approach rather than chasing overpriced speculation. We thank you again for your partnership through both favorable and challenging environments.

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://regdocs.blugiant.com/longleaf/#. Please read the Prospectus and Summary Prospectus carefully before investing.

RISKS

The Longleaf Partners Global 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. Investing in non-US 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.

The MSCI World Index captures large and mid-cap representation across 23 Developed Markets (DM) countries. With 1,320 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The MSCI World Value Index captures large and mid cap securities exhibiting overall value style characteristics across 23 DM countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the UK and the US. 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 US equities and is meant to reflect the risk/return characteristics of the large cap universe. Indexes are unmanaged, do 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 holding 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.

A Basis Point is one hundredth of one percent.

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

Mergers and Acquisitions (M&A) are business transactions in which the ownership of a company, business organization, or one of their operating units is transferred to or consolidated with another entity.

As of June 30, 2026, the top ten holdings for the Longleaf Partners Global Fund: Rayonier, Inc. 7.7%; People, In. 7.2%; EXOR N.V. 7.1%; Canal+ S.A. 6.9%; Magnum Ice Cream Company N.V. (The) 6.2%; CNX Resources Corporation 6.0%; Mattel, Inc. 5.7%; Regeneron Pharmaceuticals, Inc. 4.8%; Albertsons Companies, Inc. 4.7% and IDP Education Ltd. 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.