Global Fund Management Discussion

Longleaf Partners Global Fund declined 7.6% in the quarter, taking year-to-date (YTD) results to a 2.8% decline and trailing the MSCI World Index's returns of -2.2% and 3.9% in the same periods. This short-term decline negatively impacted the Fund's returns over its 21 month history. We believe the portfolio is well positioned for strong future performance.

Cumulative Returns at September 30, 2014

	Since Inception	One Year	YTD	3Q
Global Fund (Inception 12/27/12)	**24.80%**	**6.12%**	**-2.80%**	**-7.62%**
MSCI World Index	31.83	12.20	3.89	-2.16

Average Annual Returns at September 30, 2014

	Since Inception	One Year
Global Fund (Inception 12/27/12)	**13.42%**	**6.12%**
MSCI World Index	17.04	12.20

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 December 31, 2013 total expense ratio for the Global Fund is 1.73% before limitation. The Longleaf Partners Global Fund total expense ratio per the 6/30/14 semi-annual report is 1.58% The Fund's expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.65% of average annual net assets.

Fiber and networking company Level 3 Communications' 4% gain in the quarter took YTD return to 38%, making the company the largest contributor for both periods. Level 3 had a strong quarter, with EBITDA (earnings before interest, taxes, depreciation, and amortization) up over 20%, organic revenues up 7%, and positive free cash flow. The company's purchase of tw telecom, announced in the second quarter, remains on track to close in the fourth quarter. Even after its gain, the stock sells for a deep discount to our appraisal and is an overweight position.

Vopak, the global leader in independent oil and chemical tank storage, added 10% in the period, making it one of the largest contributors in the quarter. This Netherlands-based company rebounded after reporting results in line with expectations and providing higher EBITDA guidance. One reason we were able to buy Vopak at a discount last year was that crude oil had been in an unusual period of backwardation, meaning the front end of the futures price curve was higher than the back end. In this environment, traders exit the market, and oil storage declines. In August, the oil futures price curve returned to an upward slope or "contango," meaning the longer dated price is again higher than the front end price. Vopak benefitted from an uptick in traders storing oil for future profit.

Bank of New York Mellon (BK) gained 3% in the quarter and 11% YTD. Low market volatility and low rates this year have hampered revenue growth in asset services, but the asset management business grew steadily along with the markets. The company emphasized the substantial earnings power that modest interest rate increases will create as money market fee waivers will end and net interest margins will expand. During the quarter, BK repurchased almost 1% of outstanding shares, approximately one-third of the total buyback approved by the Federal Reserve.

The majority of holdings declined in the quarter, as prices decoupled sharply from long-term business values amid global macro fears, including lower energy prices, a weak European economy, slower growth in China, and heightened geopolitical turmoil in Russia, Ukraine, the Middle East, and very recently, Hong Kong. While we have limited direct exposure to companies based in emerging markets, top line exposure to developing regions impacted a number of our names. Our companies with exposure to China demand, whether directly as with Macau gaming or indirectly as with natural resources, came under more pressure with the Chinese government crackdown on corruption, civil unrest in Hong Kong, and more pervasive concerns about slowing economic growth. General instability in the Middle East and slower Latin American growth also negatively impacted segments at some of our holdings. Another factor that negatively impacted short-term performance was the U.S. Dollar (USD) strengthening. Most currencies moved meaningfully lower against the USD, causing the translation of the stock returns of our international names from local currencies into USD to negatively impact most of our foreign holdings and accounting for approximately 40% of the Fund's decline. These short-term movements did not reflect the underlying operating performance of our businesses and did not impact our long-term appraisals. *(The stock return figures cited in this report are shown in USD; local returns were higher.)*

Macau gaming company Melco International fell alongside all Macau gaming stocks and was the largest detractor for the quarter and YTD, declining 22% and 36% respectively. There has been a meaningful drop in VIP revenues. The causes include China's crackdown on corruption causing wealthier people to keep a lower profile away from Macau, slower Chinese economic growth hurting property sales that boosted gambler credit, and liquidity challenges faced by junket operators who organize VIP visits and extend credit to them. Other pressures impacting the stocks are difficult to quantify, such as tighter transit visa requirements, wage inflation and labor unrest, UnionPay credit card restrictions, and a smoking ban starting in October. We met with all of Macau's casino operators in September. Our confidence in Macau's long term attractiveness, and particularly Melco, remains high in spite of the negative news flow. Our appraisal already incorporated lower growth in both VIP and mass revenues than most sell-side analysts had previously assumed for the year. Over 80% of Melco's EBITDA comes from the mass, non-VIP segment that is still growing gross gaming revenue at 15%. This important mass market has margins several times higher than the margins on VIPs whose revenues are split with junket operators. 100% hotel occupancy also has limited growth this year, but new hotel inventory, projected to increase over 50% in the next three years, should expand visitation, as should the new Hong Kong–Macau bridge that will allow passengers at the Hong Kong airport to arrive in Macau in half an hour. Melco has a near-term supply advantage with its Studio City casino and hotel opening in 3Q 2015. Despite analyst downgrades on Macau gaming stocks, Melco is estimated to have high EBITDA growth in 2015 and 2016. The company began repurchasing shares in Melco Crown in September, and our partner, CEO Lawrence Ho, has bought more stock personally in the last five months.

The energy sector fell 9.5% in the MSCI World Index as oil declined 13% and U.S. natural gas dropped 7%. Our appraisals of our energy-related holdings did not fall in spite of large stock declines, because our models already incorporated lower commodity prices based on the futures curve pricing and the marginal cost of production in our various plays. Chesapeake fell 21% in the quarter. Well costs declined, capex remained on plan, and the company moved production estimates up slightly. During the two year tenure of the new board, balance sheet leverage has been reduced by $6 billion, primarily from noncore asset sales. CEO Doug Lawler is driving value recognition in ways he can control - selling non-core assets at reasonable prices, reducing debt, and increasing operating efficiencies in both corporate and production activity. He is building additional upside with the $2–3 billion of annual discretionary capital spending that management projects should deliver strong returns on capital, even without higher commodity prices. The company's 4.8 million net developed acres and 7.5 million undeveloped acres of oil and gas fields cannot be replicated.

Global fertilizer and chemical producer OCI declined 21% in the third quarter and 32% for the year. Natural gas is the primary component in nitrogen fertilizer production, and during the quarter, gas supply interruptions impacted OCI's two Egyptian plants, weighing on stock price in the short term. Management anticipates that plant utilization will improve over the next year with several factors increasing gas supply: Egypt has begun to import liquid natural gas for the power sector, the cement industry is switching from natural gas to petroleum coke, and the major producers have begun to return to Egypt to ramp up exploration in the wake of a more stabilized government. We assume a continued low utilization rate of 50% in our appraisal, but even at this rate, the plants are cash flow positive. OCI's other plants around the world are operating at or near full capacity and benefitting from low cost gas and higher prices for Ammonia and Urea, two primary outputs. The long-term case for OCI remains compelling as the company is a low cost industry leader in nitrogen fertilizer, essential for world food production. In the next 12-18 months the company will have higer production and lower capex with the opening of a greenfield plant in Iowa and the completion of the Beaumont, Texas extension. The company is also building the largest methanol plant in the country in texas. CEO Nassef Sawiris has built and monetized substantial value historically; specifically, he added enormous value for our partners in the Global Fund through his work at Lafarge. Most recently, he announced that in early 2015 OCI will separate its fertilizer and construction businesses to remove the conglomerate discount in the stock price.

The Hong Kong property company K. Wah International declined 19% in the quarter and for the YTD. The Macau gaming concerns that affected Melco also negatively impacted K. Wah because of its 3.9% stake in Galaxy Entertainment, one of the six operators licensed in Macau. Slower sales of K. Wah's luxury China properties driven by the government-imposed slowdown were somewhat offset by mass market property sales in Hong Kong. Management opportunistically bought attractively priced land in urban Hong Kong at a discount to subsequent land auctions in the same area.

Mineral Resources (MIN AU), an Australian based mining services company, declined 16% in the last three months and 24% since we initiated the position in the second quarter. MIN AU declined alongside the price of iron ore, which plummeted in response to increased supply from major industry players and lower demand from China. Although MIN AU does own some mines, its core business of iron ore crushing and services depends on volume rather than the commodity price. We believe that MIN AU's crushing business will grow as large Australian miners ramp up low cost production at the expense of higher cost competitors. MIN AU's advantage lies in providing crushing services at substantially lower operating and capital costs than miners can achieve themselves. The strength of MIN AU's business is evident in its 20% return on equity (ROE) and its pricing power — the company has not lowered prices for services in 20 years.

In the quarter we bought several new positions including adidas, Vivendi, and Lafarge, taking the total number of new positions for the year to nine. German-based adidas is among the top global sportswear and sports equipment brands. Short-term currency moves, concerns over its business in Russia, and management's postponing 2015 margin targets gave us the opportunity to buy this world class brand at a discount. Management recently announced plans to repurchase up to €1.5 billion — over 10% of shares — and to return capital via a dividend. French company Vivendi consists of two key businesses — Universal Music Group, the world's largest record label, and Canal+ Group, France's biggest pay-TV operator. The recent sale of Vivendi's Brazilian broadband business, GVT (Global Village Telecom), highlights Chairman and 5% owner Vincent Bolloré's focus on creating value for shareholders. Southeastern has invested in Vivendi successfully twice before, and the company's focus, asset quality, and management team has grown even stronger. Lafarge, the French cement company with global operations, fell with currency and emerging market pressures. The company plans to merge with Holcim in 2015, creating the world's largest cement producer. Chairman Nassef Sawiris (also CEO at OCI) and CEO Bruno Lafont have created substantial value for shareholders.

We exited a number of small positions that we could not add to as the Fund grew because their prices had risen beyond our required discount. Additionally, our sales of Bank of New York Mellon and Guinness Peat Group highlight our long-held investment discipline of selling more fully valued and/or lesser quality names to position the portfolio in businesses with a larger margin of safety and higher expected value growth.

The Fund ended the quarter with a price-to-value ratio (P/V) in the low-70s% and cash below 3%. Overall, prices remain more compelling outside of the U.S. due to more disruptions and broader uncertainty. This geographic discrepancy is evident in our on-deck list, our new purchases, and our lower-than-normal U.S. weight in the portfolio. We will continue to opportunistically take advantage of short term market volatility around the world. As the Fund's largest shareholders, we feel the discomfort of our recent performance. However, our competitively positioned businesses, strong balance sheets, and capable management partners give us confidence in the longer-term prospects for the portfolio.

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 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 invest 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 Funds may be more volatile than those of larger companies. Investing in non-U.S. 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.

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.

As of September 30, 2014, the holdings discussed represented the following percentages of the Longleaf Partners Global Fund: Level 3, 10.5%; Vopak, 3.3%; Bank of New York Mellon, 0.0%; Melco International, 6.4%; Chesapeake, 4.4%; OCI, 4.3%; K Wah, 3.8%; Mineral Resrouces, 3.9%; adidas, 4.3%; Vodafone, 4.8%; Vivendi, 4.4%; and Lafarge, 4.3%. 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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