September 2022

Longleaf Partners Global Fund Commentary

3Q22

Longleaf Partners Funds

Fund Characteristics

P/V Ratio	High-40s%
Cash	0.9%
# of Holdings	22

September 30, 2022			Annualized Total Return				
	3Q (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception *(%)
Global Fund	-14.35	-31.16	-29.10	-5.37	-4.39	N/A	2.17
MSCI World	-6.19	-25.42	-19.63	4.56	5.30	N/A	8.07
MSCI World Value	-7.25	-18.53	-12.67	1.76	2.21	N/A	5.92

*Inception date 12/27/2012

Longleaf Partners Global Fund declined 14.35% in the third quarter, while the MSCI World fell 6.19%. We saw a continuation of persistent macro headwinds in Europe and Asia in the quarter. The ongoing war in Ukraine, soaring energy costs, currency weakness versus the US dollar, rising inflation and fears of a recession have weighed heavily and indiscriminately on UK and European-listed businesses. Similarly in Asia, a slump in the property sector driven by higher interest rates, Chinese consumer weakness and the ongoing pressure of China's zero-COVID policy weighed broadly on markets, with the Hang Seng Index (HSI) falling 20%, an even larger decline than the 16% drawdown experienced in 1Q 2020 when COVID broke out in China.

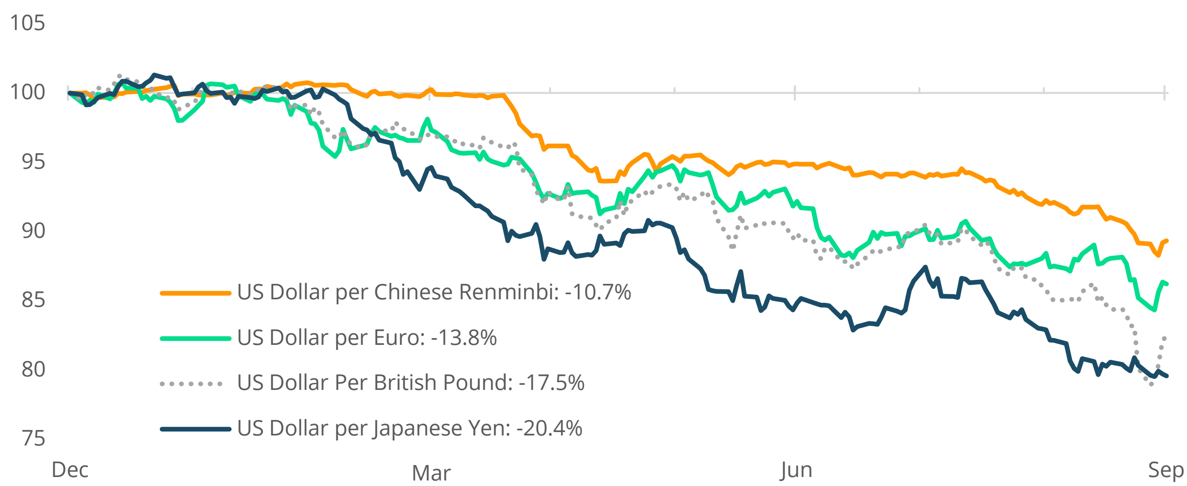
Returns reflect reinvested capital gains and dividends but not the deduction of taxes an investor would pay on distributions or share redemptions. Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment 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 1.31%. 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 1.15% of average net assets per year.

Globally, investors were surprised by the hawkish stance of the European Central Bank with its 0.75% hike in September and a commitment to keep hiking rates aggressively to curb inflation. In the US, Chairman Powell's comment post the Federal Open Market Committee meeting about "taking forceful and rapid steps to moderate demand so that it comes into better alignment with supply" pushed treasury bond yields to decade highs.

As inflation continued to surprise on the upside, global markets weakened as the expectation of more interest rate hikes increased amidst talk of "demand destruction," higher unemployment, and slower growth. With the US rate hikes, the widening yield differentials between the US and foreign yield curves put further pressure on foreign exchange rates. The real yield spread between the US dollar and European and Asian currencies has increased significantly this year, as shown in the chart below:

Foreign Currency Weak vs. US Dollar

1/1/2022 to 9/30/2022



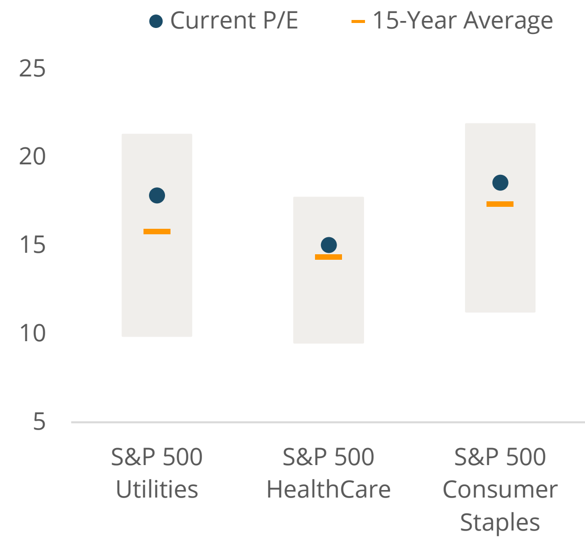
Source: FactSet

This disconnect is creating compelling investment opportunities. We believe the US dollar is extremely overvalued relative to global currencies and could provide a multi-year tailwind to Asian and European currencies if conditions reverse.

In a volatile year for markets globally, we have put the Fund's cash to work in high-quality businesses that we are confident will come out of the current environment stronger than before that are currently trading at incredible bargains. We do not own consensus defensive stocks – simplistically defined as American-listed, consumer staples, health care and utilities. All three of these sectors in the S&P 500 currently trade well above their 15-year average price-to-earnings (P/E) ratios and, in our view, are trading at 100% or higher of valuation. In Warren Buffett's terms, the market is "paying a high price for a cheery consensus."

P/E Ratios for Defensive Sectors

Next Twelve-Month P/E (Monthly)



Source: FactSet

By comparison, the Fund is trading at a price-to-value (P/V) range in the high-40s%, a level only seen once in the Fund's short history (just under 10 years) and three times in our longer-tenured Longleaf Funds history – during the dotcom bubble in 2000, in the global financial crisis in 2008-09 and briefly during COVID in March 2020. The performance rebound for the Fund coming out of this historically low level has been significant and, for the longer-lived Funds, extended well beyond a one-year rebound.*

If our portfolio companies were privately owned, any objective view on progress made in the year and expected over the next twelve months – in book value per share, free cash flow per share and/or earnings per share growth – would be overwhelmingly positive. However, the positive development in a challenging environment is not yet being reflected in public stock price performance. Our companies are in strong financial positions, and management teams are going on offense with self-help measures, such as spinning or selling assets, buying back heavily discounted shares and/or considering mergers and acquisitions for whole businesses. Additionally, insiders are investing personally at an elevated level, indicating a high level of management confidence. The benefit of owning public equities is that we can take advantage of overblown price discounts in businesses whose management teams are actively taking steps to close the valuation gap in the coming months.

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

3Q Top Five

Company Name	Total Return (%)	Contribution to Return (%)	Portfolio Weight (%) (9/30/22)
EXOR	3	0.27	9.9
Glanbia	7	0.23	5.0
Melco International	4	0.17	3.8
Hyatt	10	0.16	2.9
MGM Resorts	3	0.03	4.2

3Q Bottom Five

Company Name	Total Return (%)	Contribution to Return (%)	Portfolio Weight (%) (9/30/22)
Lumen	-32	-3.89	10.0
FedEx	-34	-2.31	5.4
IAC	-27	-1.31	4.4
Prosus	-19	-0.97	4.9
Millicom	-20	-0.96	4.6

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

- Lumen – Global fiber company Lumen was the top detractor in the quarter. In September, the company announced a new CEO, Kate Johnson, would take over for Jeff Storey. Johnson has a strong track record of delivering organic revenue growth, the primary area where Lumen has struggled. Johnson held previous roles at GE and Microsoft, where she most recently served as head of Microsoft US and doubled her division’s revenue in only four years. Multiple checks through our network vouch for her and suggest this leadership change is a positive upgrade that will bring the discipline and focus on sales that Lumen has been missing. The market reacted negatively with concern over the potential for another dividend cut or strategy change. We are confident the stock price reaction is highly overblown versus any impact that a potential dividend cut would have on value per share. The stock now trades at 4.5x EBITDA, and we believe the best value accretive capital allocation move today is share repurchase. Shortly after quarter end, Lumen closed on the sale of part of its consumer business to Apollo, further improving its balance sheet and business mix.

- FedEx – Global logistics company FedEx was another top detractor in the quarter after a large earnings miss, driven by its overseas express business. The decline in Asia was primarily macro driven, while the European miss was a combination of macro and service quality issues related to the TNT integration. Management is cutting costs and taking steps to address the service issues. To the positive, the US Ground and Freight businesses reported solid earnings growth. These domestic businesses alone are generating almost $15 per share in free cash flow power and are worth $240, significantly more than FedEx's share price today. In early October, the company announced an acceleration of its previously announced share repurchase program, a strong vote of confidence from management.

- IAC – Digital holding company IAC was also a detractor in the quarter. The company is viewed as a complex consumer internet company with a reliance on slowing advertising revenues. This reaction ignores IAC's strong balance sheet, as well as stability and growth at certain underlying holdings, such as MGM, which is benefitting from a strong COVID comeback. Additionally, privately held Turo, which is essentially an Airbnb for cars, has performed well and could be taken public when the time is right. Dotdash Meredith is a combination of online web brands, and the market is not giving credit for the potential merger synergies for the recently acquired Meredith business in this tougher environment. Angi, an online market for housing services, suffered as housing demand flipped dramatically in the year. While this is a long-term positive for the supply-demand dynamics of this platform, it has created uncertainty and price volatility in the short term. After quarter end, it was announced that IAC CEO Joey Levin has taken on the CEO role at Angi in what should be a positive move to accelerate its shift to profitability. The company also monetized yet another asset by merging its Bluecrew staffing business into a larger entity for stock and cash. Levin and Chairman Barry Diller have a history of creating value per shares and are well positioned to go on offense in the current environment.

Portfolio Activity

Market volatility has expanded our universe of compelling opportunities. We purchased one new company that we have followed for years through ownership of its direct competitors. We had a rare opportunity to buy this high-quality business that has historically traded above our appraisal value at a temporary discount. We are still building the position and look forward to discussing in more detail. We trimmed Melco on the back of relative share price strength towards the end of the quarter and exited our small position in adidas when it was announced that Kasper Rorsted would step down as CEO in 2022. We still regard the business highly but expect it could be a longer process and had more immediate highest and best use of capital in the portfolio.

Outlook

The Global Fund is fully invested with approximately 1% cash, and our on-deck list is growing longer and broader amid market volatility. The portfolio ended the quarter at a near-all-time low P/V ratio in the high-40s%, a level from which the Fund has historically rebounded in a meaningful fashion. Our businesses have pricing power in the face of inflation, strong balance sheets with the ability to put cash to work in a distressed environment and clear paths to organic growth. Our management partners are actively pursuing catalysts that could drive significant performance payoffs.

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://southeasternasset.com/account-resources. 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-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.

The MSCI World Value Index captures large and mid-cap securities exhibiting overall value style characteristics across 23 Developed Markets countries. 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 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.

The Hang Seng Index (HSI) records and monitors the daily changes in stock prices of the 50 largest Hong Kong stock market 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.

The S&P 500 Utilities comprises those companies included in the S&P 500 Index that are classified as members of the GICS utilities sector.

The S&P 500 Health Care comprises those companies included in the S&P 500 Index that are classified as members of the GICS Health Care sector.

The S&P 500 Consumer Staples comprises those companies included in the S&P 500 Index that are classified as members of the GICS Consumer Staples sector.

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

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.

Book value per share compares a company's per-share total assets less total liabilities to the total number of outstanding shares.

Earnings per share (EPS) is the portion of a company's net income allocated to each share of common stock.

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

As of September 30, 2022, the top ten holdings for the Longleaf Partners Global Fund: Lumen, 10%; EXOR, 9.9%; FedEx, 5.4%; Glanbia, 5%; CNX Resources, 5%; Prosus, 4.9%; Affiliated Managers Group, 4.9%; General Electric, 4.9%; Millicom, 4.6% and Warner Bros Discovery, 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.

**Month ends since 1993 were identified where the Longleaf Partners Fund's "price- to value ratio" (P/V) was less than 50%. These month ends were 2/29/2000, 10/31/2008, 11/30/2008, 12/31/2008, 1/31/2009, 2/28/2009, 3/31/2009, 4/30/2009 and 3/31/2020. From each month end identified, the 1,3, and 5 year cumulative returns for the Fund and the S&P 500 were calculated. Those returns were then averaged. The results were: 56.10%% for 1 year, 80.56% for 3 year, and 159.49% for 5 year for the Partners Fund and 31.67%, 53.20%, and 121.73% for the S&P 500. In addition, month ends since 1998 were identified where the Longleaf Partners International Fund's "price-to-value ratio" (P/V) was less than 51%. These month ends were 10/31/1998, 11/30/1998, 12/31/1998, 1/31/1999, 2/28/1999, 3/31/1999, 2/28/2000, 3/31/2000, 5/31/2000, 8/31/2002, 9/30/2002, 10/31/2002, 2/28/2003, 3/31/2003, 4/30/2003, 9/30/2008, 11/30/2008, 12/31/2008, 1/31/2009, 2/28/2009, 3/31/2009, 4/30/2009, and 3/31/2020. From each month end identified, the 1,3, and 5 year cumulative returns for the Fund and the MSCI EAFE were calculated. Those returns were then averaged. The results were: 35.83% for 1 year, 54.63% for 3 year, and 107.56% for 5 year for the International Fund and 26.26%, 33.30% and 79.05% for the MSCI EAFE. Current circumstances may not be comparable.*

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LLP001370
Expires 1/31/2023