

January 2026

Longleaf Partners Global Fund 2025 Annual Commentary

All data as of December 31, 2025

Longleaf/
Partners
Funds

Fund Characteristics

P/V Ratio	Low-60s%
Cash	4.4%
# of Holdings	26

	Annualized Total Return (%)					
	4Q	1 Year	3 Year	5 Year	10 Year	Since Inception
Global Fund	5.27	16.72	16.47	5.33	7.50	6.05
MSCI World	3.12	21.09	21.17	12.15	12.17	11.58
MSCI World Value	3.34	20.79	14.51	11.35	9.23	8.87

We had a solid year in the Global Fund marked by Southeastern's 50th anniversary and the 25th anniversary of our Global strategy. The portfolio had a mix of both larger winners and limited losers leading to a year that beat our absolute return hurdle of inflation plus 10%. While we trailed the index, the vast majority of our underperformance came from an underweight in Financials and choosing to hold cash, along with a lack of late-in-the-cycle Industrials (especially European defense companies getting a one-time bump earlier this year). We can live with that at this point in the market, as certain parts of the "value index" are now fully priced even if they might be at lower earnings per share (EPS) multiples than the overpriced broader market.

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.

Reflecting on Southeastern's strengths over the past five decades led to the [decision to merge](#) our International Fund into the Global Fund, which we were pleased to complete before the end of the year. This was a large vote with our own money on the Global strategy. It is important to point out the slightly elevated number of holdings we had at year end. We are not on our way to a 25-30+ stock portfolio, rather we thought it would be better for multiple reasons to trim certain lower weights after the start of the year. There are also some related holdings such as IAC/MGM Resorts, Rayonier/PotlatchDeltic and Exor/Philips. All to say that we continue to strive for the right 20-ish stock portfolio even if the year end number was higher.

In our last letter, we wrote about the concerning rise in circular financing at AI companies, which provides us encouragement that we are near the end of this market cycle. It is also worth discussing a broader circular theme that could additionally impact the economy when things change. There has been a uniquely S&P 500-driven wealth effect going on as highlighted in [this Economist article](#). We have gleaned from talks with both large, sophisticated investors and smaller retail investors that there is a meaningful segment of the market with a low tax basis in stocks that feel safe or maybe just feel like they cannot be sold to book a gain. In many cases, these shares will likely not be sold until it is too late. When that happens, it usually leads to an overshoot to the downside, as we saw at formerly "safe" (and previously owned by Longleaf at lower prices) stocks like UnitedHealth and Fiserv this year. We much prefer our carefully selected portfolio of stocks that might have more quarter-to-quarter volatility but therefore have lower bars to step over from here.

Since it has now been three years since we first wrote about the ["3 Rules" process improvements](#) we made in 2022, it is time for an update. A key lesson is how much these rules help us when going into a new name, and therefore how much better positioned we are now regarding subsequent buy or sale decisions on that name. Along these lines, the leverage rule remains the most important. Adherence to this rule has protected us from leverage pitfalls, but it should have been in place earlier so that we could better navigate situations on some of the more economically sensitive and leveraged stocks that delivered positive returns this year for the overall market, such as General Electric and Warner Bros. Discovery. The holding company rule also remains helpful for our process, and we do not have anything new to add on it.

On the other hand, it is unlikely we would have gotten all three rules exactly right three years ago, so we do have a change to the overweight rule. We are moving our limit from the initial 6.5% to 8% for a few reasons:

- 1) We have more data on the current research team's historical picks and do not see material differences in performance between 6% weights and 8% weights. Furthermore, there have not been any new materially detrimental overweights in the last three years with the current team.
- 2) We have had investment success with our unique style of engagement for decades and hope to be able to speak more on this as 2026 progresses; this change gives us more engagement heft going forward.
- 3) An 8% max will also help on tax efficiency, with fewer trims of performing stocks that are growing their value per share and getting recognized for it.

Southeastern performed well in 2000 (and 1987, but our data is not as clear back then), but less so in other downturn years. We will end this part of the letter with some important points about our portfolios now that make this moment more like 1999:

First, while we did not have a separate Global strategy yet in 1999, it was a time in the market much like today when we were able to find better priced, defensive growers like consumer staples and timberland companies. In fact, our current weighting in sectors like this combined with cash is approximately 45%, which is well above 2007 and 2021, when it was approximately 15% and we therefore had portfolios that were too risky at a time of elevated market valuations.

Second, we are confident that our individual investments are much less leveraged now than they were in 2007 and 2021. Since 2022, we have been tracking the bond and debt yields of our portfolios on a weighted average basis. We are able to apply the same methodology to our portfolios from 2007 and 2021 (data before then is more limited). The difference is material, as spreads to the US 10-year treasury for our holdings today are roughly half the levels they were in 2007 and 2021. This is a strong sign that the bond market, which can often be better than the stock market at detecting early downside risk, validates the resilience of our portfolio today.

Third, and hardest to quantify, is the high quality of management partners at our holdings. We will detail this confidence as we now turn to our notable contributors and detractors.

Notable Contributors & Detractors

Canal+ – French pay-TV operator Canal+ was a contributor for the year. The company continued to make strong operational and strategic progress across both its legacy footprint and its newly enlarged African platform after the closure of the MultiChoice merger. In Europe, the renewal of exclusive UEFA Champions League rights for the 2027–2031 cycle at economics materially better than feared reinforces the quality and durability of the company's core subscriber base and the discipline of Canal+'s management team. At the same time, the company achieved a further positive outcome just before year end in its tax discussions with the French authorities, removing an overhang and further enhancing visibility on future FCF. Despite FCF heading in the right direction and substantial value creation to come, the share price still fails to reflect the underlying progress partly due to the fact that Canal+ remains an underfollowed French media company newly listed on the London Stock exchange.

Glanbia – Irish nutrition, ingredients and dairy company Glanbia contributed for the year. After a tough start in 2025, momentum in its core Performance Nutrition business improved from low single-digit growth rates. Management also delivered tangible progress on portfolio rationalization and capital allocation. The company added to its ongoing buyback program by opportunistically repurchasing an additional approximately 3% of its own shares at a discount in connection with Tirlán's October 2025 placement, helping reduce the long-standing overhang from its largest shareholder (today an 18% holder, down from 24% earlier this year and higher levels before). At the same time, Glanbia's management team advanced its simplification agenda by executing on the announced sale of margin-dilutive SlimFast and Body&Fit assets, sharpening focus on the higher-quality Performance Nutrition branded franchises. We have been engaged with the company and believe that additional strategic steps can be taken in the near term.

Millicom – Latin American telecommunications operator Millicom was a contributor for the year. The company extended its strong 2024 performance through 2025, with the share price tracking operational delivery and the visible inflection in equity FCF we flagged in prior letters. This was driven by a focused new management team and an aligned majority shareholder partner in Iliad Group (Atlas). The business exceeded its already twice-raised 2024 FCF guidance and guided to material further growth in 2025, while reaching its 2.5x leverage target and increasing dividends and buybacks. The discount to our appraisal narrowed with this positive performance and solid Colombian M&A news. What was an attractive outlier at a double-digit dividend yield earlier in the year has now aligned with peers at mid-single-digit levels. With the value

gap largely closed and limited upside remaining on a risk-adjusted basis, portfolio discipline dictated our exit in the third quarter.

IAC, MGM Resorts and Angi – The related group of IAC, MGM Resorts and Angi contributed strongly in aggregate this year. Digital holding company IAC has signaled its plans to dispose of all assets besides People Inc. and an approximate 25% stake in MGM. Chairman Barry Diller is focused on closing the valuation disconnect as no value has been ascribed by the markets to IAC's assets beyond MGM for too long. Share repurchase and increasing the stake in MGM are the main capital allocation options, and the company is already acting on both. One specific simplification move IAC made this year was the spinoff of Angi, the home services marketplace. We purchased more Angi shares post-spin at a depressed price and then sold our position as evidence of their multi-year turnaround heading down the right path caused the stock to reach our appraisal. Casino operator MGM Resorts had a relatively weaker 2025 in Las Vegas due to difficult comparisons after multiple years of strength. A significant turnaround at BetMGM plus strong performances at non-Las Vegas "regional" properties and Macau helped steady the consolidated business throughout the year. The general market narrative for most of the year has been that Las Vegas has peaked for various reasons. We, and IAC, believe Vegas cannot be replicated anywhere in the world, and MGM has a great position as the market leader. Management has corrected some pricing mistakes while making moves to narrow their focus. A recent sale of one of their lower-quality properties for a higher multiple than where the consolidated business trades, as well as withdrawing their New York City casino bid, freed up more capital for a management team who has repurchased over 40% of their shares at extremely attractive prices over the past five years.

Bio-Rad and Avantor – Life-sciences companies Bio-Rad and Avantor combined to detract from our performance this year. We entered the year owning only Bio-Rad. The company got off to a rough start with a disappointing set of results compounded by large industry headwinds as a result of US government-driven research spending cutbacks. The good news on Bio-Rad was that it repurchased shares at a strong pace in the first half of the year and avoided large, value-destructive M&A. The company also showed operational improvement and should be in a better position to grow FCF in 2026 and beyond. We added a partial position of Avantor to the portfolio in the second half of the year after (and then while) the company had some self-inflicted ups and downs. It is probable that the worst is in the past for Avantor after a leadership change and guidance reset, but we felt it best to exit and book a loss before year end.

Exor – European holding company Exor had a disappointing stock market performance in the quarter and year, with the share price correcting in 2025. This is despite a series of capital allocation and portfolio moves that fundamentally enhanced intrinsic value per share and continue to give us confidence in the leadership of CEO John Elkann. Exor executed a partial sale of Ferrari early in the year at all-time highs, roughly 40% above year end levels, and redeployed the proceeds into Exor's own shares at a sizable holding company discount, via an efficient one-time Dutch auction. Alongside that move, Exor increased its stake in Philips at good prices to roughly a 19% stake from 15% earlier in the year and supported the complex sale of CNH's spinoff Iveco Group's two separate businesses. Yet the market's cooling toward Ferrari and a weak stock market year for both Stellantis and CNH (despite value per share at both not moving much) have weighed on Exor's quoted price. With expectations around Ferrari reset after the company held its lukewarmly received November 2025 Capital Markets Day, and multiple self-help levers progressing across Exor's other major holdings, we see 2026 offering us a compelling opportunity for the holding company discount to narrow meaningfully from today's elevated levels.

Kraft Heinz – Global food and beverage producer Kraft was a detractor for 2025. The market is overly focused on the lack of near term growth in North America and not focusing enough on the value-creating potential of the company's upcoming split into two businesses: the higher-growth Global Taste Elevation Co. which contains the Heinz brand and should garner a teens EBITDA multiple, and the stable remaining company comprised largely of North American grocery products, which can trade at the same multiple total Kraft currently trades today. This would result in a combined stock price over \$40 per share. We are also extremely pleased with Steve Cahillane being named CEO. We got to know Steve during our successful investment in Kellanova / Kellogg's, and we believe Steve is the perfect operator to lead Global Taste Elevation and help decide who should lead North American Grocery.

Portfolio Activity

The aforementioned Fund merger led to more activity in the Fund than usual this year and in the fourth quarter. At the end of the year, we owned certain positions that have already been exited as we write to you. We were also excited to "merge in" long-time International Fund holdings such as Gruma and Jollibee that we are now able to own in our Global strategy because there is more liquidity availability post-merger.

Additionally, we still own certain partial positions that we either started in the fourth quarter but have yet to finish or were also "merged-in" but are not yet to fuller-position

status. We look forward to discussing all of this in more detail in our next letter but do not think it's best to broadcast more at this moment.

Outlook

On the communications side of Southeastern, we have been pleased with the feedback on our Research Perspectives notes. Expect these to continue in 2026 and beyond. Our P/V Podcasts are not going away, but we only had one last year for a few company specific reasons. Expect more (but continuing our focus on quality over quantity) of these going forward along with some external podcast appearances, one of which has already been recorded this month.

2025 had many positive signs for Southeastern. The best remains the February through April volatility around Liberation Day when we kept your money safe and materially outperformed the market. We want to stress that we are not simply building a portfolio for bad times only, but there will be virtue in all markets from owning real companies on offense in a time when excessive speculation is widespread. Understandable, durable, FCF generating assets run by great partners should win when the tide goes out and today's fads like prediction markets, weird forms of crypto, and overhyped IPOs inevitably disappoint.

Thank you for your partnership. Here's to the next 50 years.

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.

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 December 31, 2025, the top ten holdings for the Longleaf Partners Global Fund: Canal+, 7.2%; IAC, 6.9%; Exor, 5.9%; CNX Resources, 5.7%; Delivery Hero, 5.7%; Regeneron, 5.1%; Undisclosed, 4.9%; Mattel, 4.8%; Glanbia, 4.1% and Koninklijke Philips, 4.1%. 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.

Funds distributed by ALPS Distributors, Inc.

LLP001620 expires 5/15/2026