Longleaf Partners Global Fund declined -2.84% in the third quarter, taking year-to-date (YTD) returns to 9.60%, in line with our absolute return goal of inflation + 10%. The MSCI World Index added 0.54% in the third quarter and gained 17.61% YTD. As the largest shareholder group in the Fund, we are disappointed in these results but confident in the future. We saw a continuation of the headwinds we have written about over the past several years in the third quarter – fears of a trade war and Hong Kong unrest, US dollar strength, concerns over US interest rates, the continued dominance of Growth stocks over Value stocks and US markets outperforming Non-US markets, alongside temporary, unrelated stock-specific issues. The primary pain in the quarter and YTD came from our US large cap holdings – both our relative underweight to the top-performing US market and our individual stock selection hurt short-term performance. However, the values of the companies we own have generally remained steady or grown, even as prices have declined, resulting in an attractively discounted portfolio with a price-to-value (P/V) ratio in the low-60s%.

Average Annual Total Returns (9/30/19): Longleaf Partners Global Fund: Since Inception (12/27/12): 5.71%, Ten Year: na, Five Year: 3.12%, One Year: -9.27%. MSCI World: Since (12/27/12): 9.66%, Ten Year: na, Five Year: 7.18%, One Year: 1.83%.

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. As reported in the Prospectus dated May 1, 2019, the total expense ratio for the Longleaf Partners Global Fund is 1.33% (gross) and 1.20% (net). The expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.20% of average annual net assets.
We continue to see overvaluation in large segments of the Index and believe that sticking to our long-term, fundamental value investment discipline will ultimately pay off. We saw a glimpse of how quickly market forces can revert in the 11-day period from August 27 through September 11, which saw one of the most dramatic value vs. momentum reversals in the last 25 years, comparable only to 1999-2000 when the tech bubble burst. Our portfolio added 9% in the period vs. the MSCI World’s 4.7% and the MSCI World Value’s 6.2%. As long-term investors, we do not hang our hats on two weeks’ performance, just as we do not believe the last year plus has been representative of what our strategy can deliver for clients over the long term. However, we believe the portfolio is well positioned for outperformance based on shifting market dynamics, individual company fundamentals, and management teams that can take advantage of opportunities to create value.

Our absolute return focus dictates that we need to 1) own undervalued, high quality investments and 2) avoid expensive speculation. 126 months into a US-led bull market, we believe the second part of the equation is both far more important than it has been and more widely overlooked, within US large cap markets in particular. At the last relative peak for value investing in May 2007, 16% of the S&P 500’s market cap came from stocks with price-to-earnings (PE) ratios over 20x - the same level seen in mid-to-late 2014, when the Fund’s performance began to meaningfully diverge from the Index. These were both evenly distributed valuation markets relative to history and other indexes. At the end of August 2019, the percentage of >20x PE stocks was all the way up to 49%. While that is not quite the once-in-a-lifetime 69% level seen briefly in early March 2000, we are confident that the market is far more tilted than it has been in recent history to overvalued market favorites that have driven the last decade’s returns.

We have limited or no exposure to the historically expensive low-volatility, “dividend aristocrat” stocks and/or growthier technology-related stocks. At this point in the cycle, we believe we have seen the majority of the pain for not holding these stocks and that we have the portfolio, the experienced team and the right approach in place to exploit what we expect will be “our kind of market” on a prospective basis.
Some might argue that low interest rates mean “this time is different”. Another form of “this time is different” is the argument that the level of bond yields justifies the current low level of earnings yields. As contrarians, we take comfort that most market participants have given up on interest rates ever moving higher. Even if interest rates stay low, our counter to this argument is that a discounted cash flow (DCF) model has both interest rates (r) and growth (g) in the denominator of the simple net present value (NPV) calculation: $\text{DCF} = \frac{\text{Free Cash Flow}}{(r-g)}$. The tradeoff between r and g within a DCF means that it is not as simple as a current snapshot of bond yields vs. earnings yields, any more than it makes sense to pay any low cap rate for a piece of real estate if you can secure a loan at an interest rate that low. The g looked a lot better in the past than it does today for the current market favorites. We have owned many low-volatility, dividend aristocrat stocks in the past, but today these companies are facing slower growth and more competition from retailer concentration/competition, the internet making it easier to start new brands direct to consumer and a much worse outlook for global expansion than existed 10-20 years ago. For the healthcare stocks that seem like steady dividend payers, we see trouble on the horizon ahead of an election year as the challenged US healthcare system spends significantly more yet does not make the US significantly healthier than other countries with similar gross domestic product (GDP) per capita levels. For the historically faster growers, we agree that favorites like Visa, Mastercard, Amazon, Microsoft, etc. are good — even great — businesses. However, we would argue that it is mathematically and regulatorily much harder to double or triple a mega-cap over the next five years, when it just spent the last five years tripling (Visa, Mastercard, Microsoft) or quintupling (Amazon). We compare these extreme market valuations to our portfolio, which trades at an adjusted price to free cash flow power of less than 9x.

Even more importantly, we believe that our portfolio is comprised of high-quality businesses with management teams that are taking action to close the gap between price and value and can deliver strong results. In last quarter’s letter, we discussed the potential catalysts that we expect to drive positive results across many of our holdings over the next few quarters. We saw initial positive progress at CNH Industrial, which announced plans to improve profits dramatically and split into two businesses: a pure-play Ag/Construction company and a commercial vehicle/powertrain company. Additionally, CNX reported a strong quarter that led to a 25% increase on the day and
strong growth in our appraisal. Please check out our recent podcast with CNX Chairman Will Thorndike if you would like to hear more on the company’s transformation during our ownership at https://southeasternasset.com/podcasts/will-thorndike-on-cnx-outsiders-and-private-equity/. CenturyLink was the top portfolio performer in the quarter based on steady FCF/share guidance, but we expect significant additional upside potential from multiple strategic levers that management can pull. We have a 13D filed and have made progress behind the scenes in discussions on strategic options for the business. Melco was another top performer after reporting strong results. Additionally, CEO Lawrence Ho announced plans for subsidiary Melco Resorts to buy a 20% stake in Australian Crown Resorts at a cheap price, while Melco returned capital to shareholders with an increased dividend in the quarter. The other businesses we outlined last quarter remain some of the most fertile ground for our corporate leaders to generate rewarding performance payoffs. While we have been too early in our most discounted businesses, they remain among our highest conviction holdings today. We expect to see continued progress over the next several months.

**Contributors/Detractors**

(Q3 Investment return; Q3 Fund contribution)

CenturyLink (8%, 0.65%), the fiber and telecom company, was the top contributor after reporting a relatively flat quarter in line with expectations and maintaining free cash flow guidance. We expect the sales force now being fully integrated after the Level 3 acquisition and faster pace of new installations to drive accelerated growth in the key Enterprise business in the coming quarters. CEO Jeff Storey and CFO Neel Dev continue to make progress in improving the cost structure, with a further $200-300 million per year of additional cost savings identified and a focus on increasing cash flow. CenturyLink’s management has intentionally run off non-core, unprofitable businesses, like low-speed consumer internet and voice, while intelligently investing to expand the network’s Enterprise fiber coverage and growing high-margin revenues over the long term. As CenturyLink’s Enterprise growth inflects to outweigh the legacy declines later this year and next, we expect both the company’s top line and consolidated EBITDA per share to grow. The company trades at a roughly 65% discount to our appraisal today and a multiple of 4-4.5x free-cash flow. We are
engaged with management to explore additional options to close the price-value gap, as there continues to be a healthy amount of M&A in the industry at multiples above where we appraise CenturyLink’s parts.

Melco International (8%, 0.52%), the Asian casino and resort holding company, was another top contributor for the quarter. Melco reported strong second quarter results with reported EBITDA up 24% year-over-year (yoy), driven by market share gains in both mass and VIP gaming and a better luck factor. Morpheus is ramping up well, according to management’s plan, and is delivering market share gains in both segments. Gross gaming revenue (GGR) for July and August was down by 6% yoy amid macro headwinds. GGR softness was driven by weakness in the VIP segment, while mass demand remains resilient. We expect the lower margin VIP business to remain under pressure from macro uncertainties, but the higher margin mass business should continue to grow, driven by infrastructure improvements in and around Macau. Recent Hong Kong turmoil has not had a significant impact on Macau visitation numbers. We remain confident in the long-term growth of mass gaming in Macau, backed by smart capital allocator Lawrence Ho. Melco Resorts, the subsidiary of Melco International, announced its plan to buy a 20% stake in Australian premium casino resorts operator Crown Resorts at a reasonable valuation. Melco International increased dividends by 6% in the second quarter and could be more aggressive on shareholder returns going forward.

General Electric (-15%, -1.11%), the aviation, healthcare and power company, was the largest detractor. In August, fraud investigator Harry Markopolos, working with a short seller, released a report alleging the company was concealing financial problems. The report focused mostly on the company’s long-term care insurance reserving and the accounting of the Baker Hughes GE (BHGE) stake. GE management responded firmly, pointing out that the work in the report was flawed in that it incorrectly compared insurance policies across the industry, and the BHGE accounting had already been properly footnoted. Our appraisal was not impacted, as there was no new information. We already factored in additional contributions to bolster GE Capital reserves due to lower interest rates as the year has gone on, and our sum of the parts appraisal already incorporated the loss on the BHGE investment. CEO Larry Culp and numerous other executives and directors bought several million dollars’ worth of shares as the
stock dropped on the back of these headlines. Later in the quarter, the company raised another $2.7 billion of cash by selling down the next portion of its Baker Hughes stake. Operationally, GE reported moderate revenue growth in aerospace, though the ongoing Boeing 737 problems will temporarily delay some of the segment's cash inflows over the coming months. GE Power revenues shrank 5%, but much more importantly Culp cut the unit’s cash burn as it approaches profitability. The share price has since rebounded 17% after the initial 15% decline in the aftermath of the report, but it remains overly discounted today. We highlighted GE and Larry Culp last quarter as an example of a management team that had already taken steps to turn around the business, and we expect to see additional value-accrative transactions in the future, as Culp remains focused on opportunities to monetize assets at fair prices.

FedEx (-11%, -0.66%), the transportation and logistics company, fell after non-US Express revenues missed expectations with lowered revenues and earnings guidance. FedEx Ground grew, but the segment’s margins contracted. Tariffs and trade uncertainties have thus far hurt Express more than any of the Fund's other portfolio companies, as increased integration costs at TNT have combined with a worse revenue outlook to produce current results well below the segment’s long-term earnings power. None of these disappointments have changed the business's competitive position or five-year outlook, but we lowered our appraisal in the quarter to reflect the lower-than-expected year-to-date results. Amazon's increasing competition has received much media attention, but FedEx has (unlike UPS) already taken the pain of dropping direct revenue from Amazon. Plus, there are many companies that compete with Amazon and will therefore choose to partner with FedEx instead. Despite a poor outlook through 2020, FedEx stock is trading at a low-double-digit multiple of forward earnings and priced at a substantial discount to our appraisal, its free cash flow power and its historical valuation range.

Portfolio Activity
We sold our position in Allergan after the company announced late last quarter that it had agreed to be acquired by AbbVie. We also trimmed Melco as price appreciated in the quarter. We added to our heavily discounted positions in CK Hutchison and MinebeaMitsumi but did not purchase any new businesses. The pipeline of prospective investments has steadily improved throughout the year after the market rebound in
Q1. We have met with and pre-qualified several interesting investment prospects across a range of industries that could come into the portfolio if we get a market pullback.

**Outlook**
The portfolio ended the quarter with a strongly discounted P/V in the low-60s% and 16.7% cash, which we can put to work quickly as new opportunities qualify. We expect to see continued progress in our individual holdings, as our management partners pursue catalysts that could drive significant near-term payoffs. We believe that our largest macro headwinds over the last five-to-ten years could soon become tailwinds. While we cannot predict the timing, we believe that trailing trends are longer in the tooth than they've ever been. We were encouraged by some broader market moves in our favor in September. We are grateful for your long-term partnership and will continue to endeavor to communicate with you as candidly as possible. We recently redesigned our website to enable better access to portfolio information and communication from your portfolio managers. We would encourage you to visit the new site at [www.southeasternasset.com](http://www.southeasternasset.com).

*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.

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.

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

Discounted cash flow (DCF) is a valuation method used to estimate the attractiveness of an investment opportunity. DCF analysis uses future free cash flow projections and discounts them to arrive at a present value estimate, which is used to evaluate the potential for investment.

Net present value (NPV) is the difference between the present value of cash inflows and the present value of cash outflows.

Dividend aristocrat stocks are a group of stocks in the S&P 500 that meet certain minimum size requirements and have 25 years of consecutive dividend increases.

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.
FCF Power is Southeastern's estimate of the amount of free cash flow per share that the company can produce on an annual basis once the business has achieved what we consider to be a normalized level of operations of its ongoing businesses.

A 13D filing is generally required for any beneficial owner of more than 5% of any class of registered equity securities, and who are not able to claim an exemption for more limited filings due to an intent to change or influence control of the issuer.

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

As of September 30, 2019, the top ten holdings for the Longleaf Partners Global Fund: CenturyLink, 9.2%; EXOR, 8.4%; Melco, 6.6%; GE, 6.1%; CK Hutchison, 5.7%; FedEx, 5.6%; LafargeHolcim, 4.9%; Fairfax Financial, 4.6%; CNX Resources, 4.4%; CK Asset, 4.2%. Fund 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.

Funds distributed by ALPS Distributors, Inc.
LLP000951
Expires 1/31/2020
Longleaf Partners Global Fund gained 0.16% in the second quarter, adding to the Fund's strong absolute return in the first three months of 2019. The Fund's 12.80% year-to-date (YTD) gain far exceeded our absolute annual goal of inflation plus 10%. The MSCI World Index added 4.00% in the second quarter and gained 16.98% YTD. As the Fund's manager and largest shareholder group, we are focused on delivering solid returns over three-year periods rather than three months. We believe the last three years' absolute return of 12.63% is more representative of the long-term compounding the Fund could deliver.

U.S.-based companies drove most of the Index's rise in the quarter. Information Technology, where the Fund had no exposure, and Financials were its two leading sectors. Within the Fund's portfolio, most companies made gains in the quarter. Broadly speaking, Longleaf Global’s European investments rose, while companies based in Hong Kong declined with worries about the trade war plus tighter credit in China, political friction and spiking interest rates. Meanwhile, U.S. holdings had mixed returns, with the primary performance detractors falling for unrelated, company-


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.

As reported in the Prospectus dated May 1, 2019, the total expense ratio for the Longleaf Partners Global Fund is 1.33% (gross) and 1.20% (net). The expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.20% of average annual net assets.
specific reasons that we do not believe impact the long-term cases for owning these businesses.

When stocks are at extreme discounts, shareholder-oriented corporate managements go on offense, which can lead to unanticipated quick payoffs independent of broader stock market moves. We are engaged with our corporate partners who are pursuing catalysts for value recognition that we believe could be months, not years, away. One announcement can create a quick shift to positive price momentum. The Fund’s positive performers in the quarter benefitted from management-led activity to close the gap between price and value.

- **Allergan** had been among the recent quarter’s notable detractors, but days before quarter-end, the company announced that it had agreed to be acquired by AbbVie. The stock quickly rose over 25%, illustrating how unexpectedly payoffs can occur. The deal was structured to reduce risk while allowing for upside at the new company. Allergan CEO Brent Saunders had previously demonstrated a commitment to value recognition in 2016 with the opportune sale of the generics business to Teva and a negotiated sale of the company to Pfizer, which subsequently was scrapped when the U.S. changed its tax inversion policies. The AbbVie agreement illustrates the importance of a good partner serving shareholders.

- **Comcast**, which we bought last year when the company made a bid for Sky, subsequently highlighted CEO Brian Roberts’ value per share discipline by not outbidding Disney for all of Fox. The deal drama died down, and Comcast has delivered solid results. More recently, Comcast boosted value by negotiating with Disney to monetize its one-third stake in Hulu.

- **EXOR**, under CEO John Elkann, has simplified the structure of its holdings and driven value recognition through previous transactions, such as combining Fiat Industrial and CNH, separating Ferrari and Fiat Chrysler, selling SGS and acquiring PartnerRe at a discount. In the second quarter, he announced an agreement to combine Renault with FCA and create the third largest auto company in the world. The deal was sidelined because of potential opposition
from Renault’s partner Nissan, as well as the French government, but an eventual merger remains a possibility.

• **General Electric**, the Fund’s worst performer in 2018, reversed course after CEO Larry Culp, who had already shown his willingness to monetize assets at the right price, announced an attractive sale of GE’s Biopharma segment to Danaher, completed the improved spinout of the transportation business (Wabtec) and reported two quarters of no surprises at GE Capital. While up from extreme lows, we believe the stock price remains deeply discounted. Additional transactions could be forthcoming, as Culp remains focused on opportunities to monetize assets at fair prices.

• **LafargeHolcim** has sold several emerging market operations in the last six months, including Malaysia, Indonesia and the Philippines, as CEO Jan Jenisch has focused the company on maximizing profits in geographies where it has a long-term advantage. We expect to see more sales in non-core regions, such as the Middle East or Africa, that could be stock catalysts.

• **MinebeaMitsumi** has grown revenues over four-fold and earnings at over 35% per year in CEO Yoshihisa Kainuma’s 10-year tenure. His success has been from a combination of smart acquisitions at deep discounts, solid operating results and opportunistic share repurchases. This year the company initiated a new buyback plan and completed the previously announced tender offer of U-Shin, which doubles Minebea’s auto-related business.

• **OCI** announced the creation of a joint venture for its Middle East and North African nitrogen fertilizer assets. In previous years, CEO Nassef Sawaris redomiciled the company from Egypt to the Netherlands and negotiated a sale of the company that later was scrapped when the U.S. changed its tax inversion policies. This most recent transaction increases the appeal of the company’s remaining nitrogen assets and methanol operations to prospective buyers.

Many of our other corporate partners have a history of driving value recognition and currently are pursuing prospective near-term actions that could drive stock payoffs.
We are engaged with management teams. Sometimes this means filing 13Ds to suggest board members and talk to interested parties. In other cases, we work privately to ask our management partners tough questions and improve outcomes. The following list illustrates some of the levers available to our partners.

- **CenturyLink** (CTL) has grown value through improved operations and fiber acquisitions, including Qwest prior to CTL’s acquisition of Level 3 and Level 3’s previous purchases of Global Crossing and tw telecom. CEO Jeff Storey announced a strategic review of the Consumer business in May. Given recent fiber transaction multiples at 2-3X CTL’s current consolidated multiple, Storey’s options range from separating the Fiber and Consumer businesses to selling some or all of the company’s assets. We have a 13D filed to enable us to explore options with CTL and to suggest board members who would bring experienced perspectives on fiber’s value to different potential acquirers.

- **CK Asset** and **CK Hutchison**, led by Chairman Victor Li, previously consolidated Cheung Kong and Hutchison Whampoa and separated the real estate assets into CK Asset. A similar opportunity exists to separate the infrastructure assets held across the two companies. Additionally, CK Asset can continue to sell its Hong Kong properties at premium prices, and several of CK Hutchison’s segments, including the A.S. Watson’s retail business, might receive higher multiples as pure-play entities.

- **CNX Resources** successfully separated its coal business from the natural gas company and has sold gas assets at good prices. CEO Nick Deluliis and the board, which includes three members suggested by Southeastern, can continue to sell some or all the company’s gas reserves, as well as monetize its pipeline assets. Insider buying has been significant.

- **FedEx**, which Chairman Fred Smith built from scratch and transformed through acquisitions including Flying Tigers and RPS, should benefit as the company integrates its TNT acquisition in Europe. Earnings are troughing as this integration nears its end and the company’s value and earnings shift more to its higher-multiple Ground and Freight divisions.
• **Melco International**'s stock price swings with sentiment changes around the near-term Macau gaming outlook. CEO Lawrence Ho has masterfully used the negative sentiment to build Melco's value per share. Most recently, he purchased just under 20% of Australian casino company Crown and announced the sale of **Melco International**'s Cyprus properties to operating company Melco Resorts to provide more capital to the parent for beneficial repurchases and other opportunities.

Our confidence in the Fund's future results has much to do with our belief in the ability of our corporate leaders to deliver self-help that generates rewarding payoffs. Any one or two catalysts mentioned above could have a meaningful impact on the Fund's return, as could announcements from other Fund investments that we did not highlight. We are heavily engaged with our corporate partners to pursue opportunities to build and gain recognition of value, and we anticipate productive activity at the Fund's holdings that could drive solid results in the second half of 2019 and beyond.

**Contributors/Detractors**
(Q2 Investment return; Q2 Fund contribution)

EXOR (9%, 0.72%), the European holding company of the Agnelli family, made gains as Chairman and CEO John Elkann continued to apply an admirable approach to capital allocation and portfolio management in the quarter. The company extensively explored consolidation in the auto industry through Fiat Chrysler, in this instance through a proposed combination with Renault. We believe there is substantial strategic logic and potential shareholder value in such a move. The French state and Nissan, Renault's Japanese partner, were not immediately in favor of a combination, though the rest of Renault's board voted to proceed. There still may be potential for a constructive deal, but if there is no deal with Renault, there are other opportunities to explore. We are confident that management and the family owner-partners will evaluate every value-creating angle.

CNX (-33%, -1.57%), the Appalachian natural gas company, was the Fund's largest detractor after reporting an increase in capital expenditures and missing sell-side quarterly earnings before interest, taxes, depreciation, and amortization (EBITDA)
expectations by 10%. Lower natural gas prices and a few one-off factors were the primary reasons for the EBITDA miss. The capital expenditure change reflected a timing shift rather than a cost increase - CNX will invest more this year to begin production at three new wells but spend less in 2020 than previously planned. The business is on track to generate $500 million of free cash flow (FCF) in 2020, while the market value of the company is below $1.5 billion. Our appraisal of CNX moderately increased on solid results from CNX Midstream and the decision of the board and CEO Nick Deluliis to repurchase the extremely discounted shares at an 8% annualized pace. Multiple directors also bought the stock personally.

**Portfolio Activity**
The Fund’s holdings remained below our appraisal values, but we trimmed some of the stronger performers during the quarter to manage position sizes. We exited Yum China (YUMC), the operator of KFC and Pizza Hut restaurants in China, for the second time in the three years since its separation from YUM! Brands in the U.S. Under the leadership of CEO Joey Wat and CFO Jacky Lo, KFC grew same store sales, as did Pizza Hut for the first time since 2018. The company also opened new stores faster than anticipated. Management returned capital to shareholders through buybacks and dividends. The gap between the share price and our appraisal quickly closed, and the investment gained over 40% during our holding period of seven months.

**Outlook**
Corporate fundamentals performed better than the Fund’s price, and consensus earnings across the holdings grew. The price to value ratio (P/V) finished the quarter in the low-60s%, a discount well below the long-term average. The portfolio has 17% cash to deploy in new qualifiers. As the market sold off in May and with broader macro pressure outside the U.S., our research team built a more robust on-deck list of prospective opportunities.

The price pressure in the Fund primarily came from a combination of short-term CNX-specific issues and broader macro concerns over trade wars, global economic growth and geopolitical uncertainties. We believe outperformance can come from management-driven activity at individual holdings. The patterns for how stocks reach
intrinsic worth are unpredictable, but appreciation can happen quickly, as Allergan recently demonstrated. One of Southeastern’s competitive advantages is taking a multi-year perspective to stock ownership, as prices ultimately should migrate to growing values. In the near-term, we are highly engaged with CEOs and boards who are exploring transactions that could be catalysts for their stocks to more fully reflect intrinsic worth. Given the portfolio’s discount, positive business fundamentals and corporate partners pursuing catalysts, we believe significant payoffs could occur in 2019 and beyond.

*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 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.

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.

A 13D filing is generally required for any beneficial owner of more than 5% of any class of registered equity securities, and who are not able to claim an exemption for more limited filings due to an intent to change or influence control of the issuer.

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.

As of June 30, 2019, the top ten holdings for the Longleaf Partners Global Fund: EXOR, 8.2%; CenturyLink, 8.0%; GE, 6.7%; Melco, 6.1%; FedEx, 5.9%; CK Hutchison, 5.8%; Fairfax Financial, 4.7%; LafargeHolcim, 4.6%; CK Asset, 4.5%; CNX Resources, 4.2%. Fund 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.

Funds distributed by ALPS Distributors, Inc.

LLP000915
Expires 10/31/2019
Longleaf Partners Global Fund Commentary 1Q19

Longleaf Partners Global Fund gained 12.62% surpassing our annual goal of inflation plus 10% in the first quarter and outperforming the MSCI World Index’s 12.48% return. The market’s rebound, following a double-digit fourth quarter decline in 2018, provided a tailwind. Almost all the stocks in the portfolio made gains, with the majority rising over 10% in just three months.

When stocks become as deeply discounted as we saw in December, it is not uncommon to have a big turnaround. The businesses that were primary drivers of performance had little in common beyond delivering solid results. As is normally the case in our concentrated, high active share portfolio, each company had its own idiosyncratic outcome - from strengthening the balance sheet, to returning capital to owners to rumored asset sales, to reasserting growth projections.

Even as the issues of global economic slowdown, tariff and trade disruptions, and geopolitical unrest remained unresolved, investor concern that dominated late 2018 appeared to dissipate. We have little insight into how macro questions about trade, China and U.S. economic growth, Brexit’s eventual outcome, and inverted yield curves

Average Annual Total Returns (3/31/19): Longleaf Partners Global Fund: Since Inception (12/27/12): 6.64%, Ten Year: na, Five Year: 2.54%, One Year: -4.36%. MSCI World: Since 12/27/12: 9.69%, Ten Year: na, Five Year: 6.78%, One Year: 4.01%.

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 total expense ratio for the Longleaf Partners Global Fund is 1.48% (gross) and 1.20% (net). The expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.20% of average annual net assets.
and trillions in negative yielding debt will be answered, but we are confident these uncertainties will continue to provide opportunities to disciplined, long-term business owners like ourselves. Indeed, we are finding plenty to do in Asia, the U.K. and Europe.

Information Technology (IT) stocks were the Index’s strongest sector and largest contributor to performance by a wide margin. Despite the Fund’s lack of IT exposure, the Fund outperformed. Strong returns at our holdings also overcame the strong U.S. dollar versus the Euro that impacted the Fund more than the Index, which had a much larger weight in U.S. and U.K. stocks.

We started the year actively assessing numerous new qualifiers, and despite the market’s rally, still have an attractive on-deck list, with the largest number of opportunities outside of the U.S. We did not buy any new investments during the quarter, and we sold one position. Even with the double-digit return, we believe substantial upside remains in the portfolio, with few holdings selling at over an 80% price to value (P/V).

**Contributors/Detractors**
(Q1 Investment return; Q1 Fund contribution)

General Electric (37%, 2.13%), the aviation, healthcare and power company, was the largest contributor. CEO Larry Culp began fulfilling his promise to simplify operations and strengthen the balance sheet. Since becoming CEO in September, Culp and his team have funded GE Capital’s mortgage liabilities and long-term care reserves, improved accounting across the board and sold numerous non-core assets for good prices. Deals for transportation, distributed power, lighting, Baker Hughes GE shares and biopharmaceuticals have closed or are scheduled to bring in cash by the end of the year. The biopharmaceuticals sale alone realized $21 billion plus a pension liability assumption at high multiples of revenues and EBITDA (earnings before interest, taxes, depreciation and amortization). GE Capital, historically the most difficult segment to appraise due to its complexity and leverage, is simpler and less leveraged than it has been for decades, and Culp still has assets to sell. Aviation announced strong quarterly results and increased annual guidance due to the success of the efficient LEAP engine. Beyond selling assets for full prices, Culp’s operational priority is turning around the
underperforming power segment. Returning to profitability in this segment will not happen this year, but the company will benefit over the long run from a healthy high-margin gas-turbine service business. After rallying almost 40% in three months, the stock still trades at a substantial discount to our value.

EXOR (19%, 1.54%), one of Europe’s leading investment holding companies and the Fund’s largest position, was a contributor. The main component pieces of our EXOR appraisal are FCA, PartnerRe, CNHI and Ferrari. In late 2018, FCA declared a special dividend after selling Magnetti Marelli and announced a new recurring dividend, doubling EXOR’s annual corporate free cash flow (FCF). FCA’s balance sheet started 2019 with €1.9 billion of net cash after the company generated €4.3 billion of FCF allowing the board to make these dividend commitments. EXOR CEO John Elkann is an owner-operator who has grown corporate value and seen the stock compound at nearly 20% per year since we invested in 2012. Notably, value has compounded just as quickly such that EXOR remains heavily discounted on our conservative appraisal. We have an overweight position in this collection of high-quality businesses and assets that have ample transformation value and are selling at a deep discount to the sum-of-the-parts and at lower multiples than peers.

OCI (35%, 1.38%), a leading producer of nitrogen fertilizers and methanol, was a strong contributor. OCI grew FCF 210% year-over-year and EBITDA over 100%. Strong cash generation should continue to help the company rapidly deleverage - net debt declined $327 million, and Net Debt/Operating Cash Flow fell from 7x to 4.4x over the last year. Volumes stepped up 16%, with U.S. assets increasing production up to 115% of nameplate, as OCI grew into its new capacities. Multiple strategic options are available to the company, which sells well below the replacement cost of its assets, and rumors of Saudi interest in the methanol plants helped the stock. CEO Nassef Sawiris is an owner operator who remains focused on value creation and recognition.

Melco International (15%, 1.07%), the Asian casino and resort holding company, rose after its operating business, Melco Resorts, reported strong Q4 results that beat forecasts. EBITDA gained 25% year-over-year, up 44% quarter-over-quarter. The new Morpheus Hotel within City of Dreams has ramped up well. Melco plans to build new non-gaming attractions at Studio City in 2019 to drive mass traffic and gross gaming
revenue. The company has secured 98% ownership in the tender offer for its Philippines business. With more infrastructure built in the region, Macau’s overall visitation, particularly of Melco’s more important non-VIP business, should grow well longer term.

CK Asset (21%, 1.00%), the Hong Kong and China real estate company, reported solid results for 2018, with dividends increasing 12% year-over-year and book value per share growing 11%. In 2018, CK Asset sold the Center at below a 2.5% cap rate. CK Asset’s hotel portfolio increased profits 22% with improvements in room rates and occupancy. Two hotels will open in 2019 and add around 15,000 rooms and serviced suites. Given relatively high land prices in Hong Kong, we expect Managing Director Victor Li to continue to deploy cash flow into global projects that offer attractive returns.

Yum China (34%, 0.98%), the operator of KFC and Pizza Hut restaurants in China, was a contributor to performance. Yum China (YUMC) reported good fourth quarter results with KFC recording same store sales growth of +3% on top of high comparables last year. Pizza Hut reported positive store traffic growth. These positive trends continued into the first two months of 2019, and YUMC’s disciplined expense control mitigated margin pressure from promotions and cost inflation. The company remains committed to opening new stores, with the plan of adding 600-650 in 2019 and a total stores target of 10,000 by 2021. In addition to delivering solid operating results, CEO Joey Wat and CFO Jacky Lo returned $191 million to shareholders in the fourth quarter, primarily via share repurchases, and are committed to returning $1.5 billion over three years.

LafargeHolcim (20%, 0.96%), the world’s largest global cement, aggregates, and ready-mix concrete producer, was another contributor to the Fund’s return. After eighteen months as CEO, Jan Jenisch is delivering both operating efficiencies and value-accretive asset sales. Recent results showed efficiency gains and pricing that offset cost inflation. Cost savings were ahead of target, with Aggregates and Ready-Mix EBITDA margins improving considerably. The company also eliminated CHF400 million in central corporate expenditures. These cost initiatives combined with more favorable markets should meaningfully grow LafargeHolcim’s earnings power. The company has pushed
through pricing in its North American business. Latin America and Middle East & Africa are showing signs of stabilizing in 2019. Europe should experience modest growth this year. The company closed the sale of its Indonesian assets at an attractive price, and management plans to accelerate divestments in other regions over the next two years, providing meaningful cash proceeds to reinvest.

CenturyLink (-19%, -1.37%), the fiber and teleco company, was the primary detractor to first quarter returns after a dividend cut. We were disappointed by that decision and filed a 13-D to enable us to become more active in the investment through seeking to improve the board, encouraging opportunistic asset sales and exploring creating tracking stocks for the company’s two segments. Private-market transactions of assets comparable to some of CenturyLink’s (CTL) fiber assets have been over 15X EBITDA, far above CTL’s depressed 5X EBITDA stock price. In addition to monetizing some of this fiber, separating the enterprise and consumer segments into distinct tracking stocks could help highlight the values and different opportunity sets for both. We believe that adding board members with experience in fiber and financial transactions can bring additional capital allocation discipline to drive value recognition. We maintain our support for Jeff Storey and his team operationally even while disagreeing about some capital allocation items. Storey bought $1 million in shares personally in the quarter, and CFO Neel Dev, as well as multiple directors, also increased their ownership of the stock.

Portfolio Activity
We examined several prospective investments but did not purchase any new companies in the quarter. We exited Westinghouse Air Brake Technology, GE’s transportation business that was spun out and traded at our appraisal. We also trimmed several of the Fund’s stronger recent performers as their P/Vs rose to reallocate to other investment opportunities.

Team Update
We welcomed Taieun Moon as a junior analyst in our Singapore office in the quarter. Taieun interned for Southeastern last summer and joins us full time following his graduation from The University of Hong Kong. We also concluded our search for a
junior analyst in London. Alicia Cardale will join Southeastern in May. She has interned at several investment firms and most recently worked at a U.K. real estate company. Alicia has a Master’s degree in Real Estate from the University of Reading. We look forward to the broad depth that Taieun and Alicia will add to our research team.

In March, we shut down the concentrated Europe Fund ("SCV"). Although SCV had a strong performance record over its four years, in the last fifteen months the Fund's cash balance grew to more than three-quarters of NAV. Over the same period, the International Fund's cash declined from 22% to less than 3%, as we were finding opportunities, including several European qualifiers. SCV's idea generation was no longer benefitting Southeastern’s broader client base, and our investment partners could own the most compelling European engagement opportunities via the more flexible and less costly International and Global Funds. Consequently, we returned the capital to our partners, much of which was internal to Southeastern and will be re-deployed into the Longleaf Funds. Because Scott Cobb was solely focused on managing SCV, he will depart from Southeastern upon its closing. We thank Scott for his years of service to Southeastern and our clients.

**Outlook**

The Fund began the year at a rare discount, with the P/V below 60%. The double-digit rally is not surprising from such depressed prices. More encouraging is that rebounds from 50s% P/V's historically continued over several years in our longer-lived Funds*. At a mid-60s% P/V today with 5% cash, we believe the Fund has substantial upside. We are finding a number of new opportunities that meet our criteria primarily in Asia and Europe. Beyond the P/V math, we are seeing value growth at our companies, which should drive further opportunity. Additionally, our partners are taking proactive steps to drive value recognition at many of our holdings.

*See following page for important disclosures.*
Quarter-ends since 1993 were identified where the Longleaf Partners Fund’s “price-to-value ratio” (P/V) was less than 60%. From each quarter 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 and the 3 and 5 year returns were annualized. The results were: 18.46% for 1 year, 13.43% for 3 year, and 12.98% for 5 year for the Partners Fund and 7.39%, 8.29%, and 10.84% for the S&P 500. In addition, quarter-ends since 1998 were identified where the Longleaf Partners International Fund’s “price-to-value ratio” (P/V) was less than 60%. From each quarter end identified, the 1, 3, and 5 year cumulative returns for the Fund and the MSCI EAFE were calculated. Those returns were then averaged and the 3 and 5 year returns were annualized. The results were: 17.00% for 1 year, 10.49% for 3 year, and 11.28% for 5 year for the International Fund and 6.95%, 6.25% and 9.08% for the EAFE.

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 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.

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.

Active share measures how much an equity portfolio’s holdings differ from those of the benchmark index.
A 13D filing is generally required for any beneficial owner of more than 5% of any class of registered equity securities, and who are not able to claim an exemption for more limited filings due to an intent to change or influence control of the issuer.

Brexit (“British exit”) refers to the June 23, 2016 referendum by British voters to leave the European Union.

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.

Aggregates are materials such as sand or gravel that are ingredients in concrete.

Cap rate (capitalization rate) is the rate of return on a real estate investment property based on expected income.

Book Value is the value of an asset as carried on a company’s balance sheet.

As of March 31, 2019, the top ten holdings for the Longleaf Partners Global Fund: EXOR, 8.5%; Melco, 7.4%; GE, 6.9%; CK Hutchison, 6.8%; CenturyLink, 6.1%; FedEx, 6.1%; CK Asset, 5.1%; OCI, 4.9%; Alphabet, 4.7%; LafargeHolcim, 4.6%. Fund 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.

Funds distributed by ALPS Distributors, Inc.

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Longleaf Partners Global Fund declined -17.22% in the fourth quarter, taking its 2018 return to -16.16%. The MSCI World Index fell -13.42% in the final three months and ended the year down -8.71%. Four primary challenges impacted the Fund’s absolute and relative returns in 2018. First, the Fund held an average 41% in U.S. stocks, while the Index had 59%. The strong dollar was a headwind, and U.S. stocks outperformed those based elsewhere, despite the large fourth quarter U.S. decline. Second, we were too early investing in General Electric (GE), which we averaged into but is trading below our cost. Third, we owned eight companies externally categorized in the Industrials sector, including the Fund’s biggest positive performer Vestas. Although these are diverse businesses with very different factors driving results, they collectively impacted the Fund’s return as the Industrials sector was among the worst performing areas of the market. Fourth, the strong investor preference for momentum-driven growth stocks, where we have limited exposure, continued to negatively impact undervalued businesses’ prices.

We periodically experience a year where either our geographic or sector exposure penalizes returns, our newer investments hit bottom after initial purchase or our

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**Average Annual Total Returns (12/31/18):** Longleaf Global Fund: Since Inception (12/27/12): 4.83%, Ten Year: na, Five Year: 0.68%, One Year: -16.16%. MSCI World: Since 12/27/12: 7.98%, Ten Year: na, Five Year: 4.56%, One Year: -8.71%.

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 total expense ratio for the Longleaf Partners Global Fund is 1.48% (gross) and 1.20% (net). The expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.20% of average annual net assets.
approach is out of favor. In 2018, we suffered from all of these. Companies that missed short-term expectations generated the largest declines, with the market severely punishing those that disappointed in the fourth quarter. Additionally, stocks of businesses that had meaningful economic exposure in emerging markets (EMs), including China, suffered. Emerging markets declined as the Federal Reserve began increasing interest rates and later as fear of a U.S.-China trade war developed.

We believe stock prices largely ignored the positive progress that our companies and management partners made. In our view, stronger CEOs were secured at CenturyLink, GE and CNHI. Businesses sold assets for attractive prices, including Allergan, Fairfax, CK Asset, LafargeHolcim, United Technologies and GE. United Technologies and GE announced company breakup / simplification plans. Importantly, the primary business segments at most of our core holdings grew – Enterprise at CenturyLink, Cable at Comcast, Search and YouTube at Alphabet, Aesthetics (Botox) at Allergan, Ground at FedEx, Agriculture at CNHI, North American Cement at LafargeHolcim, Aviation and Healthcare at GE, Partner Re at EXOR, Retail at CK Hutchison, North American Fertilizer at OCI, Bearings at MinebeaMitsumi and Mass Gaming at Melco.

2018 results did not reflect the progress in the portfolio. During the year, we sold seven investments, added four new qualifiers and increased the Fund’s stake in seven others. Cash started the year at 13% but was below 2% by the end of December. Portfolio repositioning and value growth amid stock price declines helped the price-to-value (P/V) ratio move from the mid-70s% into the high-50s%, a somewhat rare level that has historically preceded strong absolute and relative returns in our longer-lived Funds*.

Choppy markets and the economic uncertainty that feeds them could last for a while. To manage investment risk, we incorporate conservative-to-skeptical assumptions about the future, invest in a limited number of companies, have a broad and deep research network and engage with managements. We believe that the Fund’s compelling P/V, combined with the underlying strength of the businesses we own and the management teams leading them, may generate strong absolute and relative results going forward and that the payoff for 2018 company-level and portfolio-level progress is deferred but not lost.
Contributors/Detractors
(2018 Investment return; 2018 Fund contribution; Q4 Investment return; Q4 Fund contribution)

Vestas (7%, 0.58%, 12%, 0.61%), a global leader in onshore wind equipment and a provider of aftermarket services to the wind industry, rose double-digits in the fourth quarter and was the primary positive contributor for both the quarter and the year. The stock, which we bought in the first quarter, gained even more in local currency. The company reported three consecutive quarters of per megawatt pricing stabilization after eighteen months of negative pricing. Vestas continued to add new orders, particularly excelling against second-tier players. In the past, rapid market evolution, low barriers to entry and government subsidies characterized industry economics. However, the levelized cost of energy for new onshore wind (at good locations) has reached parity with traditional power providers and reduced the reliance on subsidies, making the industry more attractive. Vestas’s competitive advantages include economies of scale, accumulated know-how and a global service network. Since coming aboard in 2013, our corporate partners have fixed the balance sheet and transformed the company into a stable, net cash, dividend paying, share repurchasing company. Value has grown since our purchase, and the stock remains attractively discounted.

General Electric (-54%, -3.12%, -32%, -1.88%), the aviation, healthcare and power company, fell throughout the year, making it the Fund’s largest detractor. GE’s former leadership and business model are dramatically different from what is in place today. The management team is new, plus the board has been reduced in size and upgraded in quality. The “business” and “price” parts of our investment case boil down to three main assumptions:

1) The best-in-class Aviation and Healthcare businesses continue to deliver strong profit growth, could be severed from the rest of GE and, we believe, are worth a combined $16+/share.

2) GE’s holdings in transportation and industrial services businesses Wabtec and Baker Hughes GE are solid, liquid and have self-help ability to grow earnings. Other smaller business like Renewables have demonstrably positive value. This group of assets is worth more than the net industrial debt/share of GE.
3) We believe the currently struggling Power business will recover over several years as the company and the industry rightsize capacity and headwinds abate. GE Capital’s issues will continue to be addressed aggressively and will be smaller in the years to come. Even a negative value for GE Capital gets to an appraisal for the company that is over 2X the current stock price.

We slowly initiated our position in GE in late 2017 and bought most shares in the first seven months of 2018, after the unexpected increase in reserves for long-term care insurance at GE Capital. Nonetheless, we were too early, with an average cost basis in the low teens. Our adjusted appraisal approaches three times the current stock price, leaving ample margin of safety for a solid return even if some of our investment case assumptions above are wrong. Larry Culp, a legend given his record at Danaher, took the GE CEO job in September after doing deep diligence into the company’s challenges and prospects as a new board member earlier in 2018. GE stock must return to the high teens within four years for half of Culp’s long-term incentive shares to vest and generate the kind of CEO-level pay he could have easily secured elsewhere, and he receives additional shares only if the stock reaches $31 in that period. This degree of out-of-the-money alignment is both extremely rare and highly encouraging.

FedEx (-35%, -1.96%, -33%, -1.91%), the transportation and logistics company, fell in the fourth quarter and for the year. Express revenues missed expectations after weakness in all the major Euro economies and what CEO Fred Smith called “bad political choices” weighed down international trade. These headwinds caused the company to lower earnings per share (EPS) guidance by 8%. The stock’s sharp decline ignored that the Ground segment, the largest part of our appraisal, reported strong high-teens earnings growth. FedEx’s Freight segment also performed very well with EBITDA (earnings before interest, taxes, depreciation, and amortization) up over 20% in 2018. If the weakness in international trade persists, Ground should still grow revenues and margins. Because Amazon, another perceived risk to FedEx, constitutes less than 5% of company revenue, Amazon’s internal delivery development will have minimal effect on results. The company has a solid balance sheet and the potential to go on offense with share repurchase at these prices.

Melco (-30%, -1.30%, 2%, 0.31%), the Macau-based gaming company, declined for the year over concerns about decelerating growth with ongoing U.S.-China trade war issues, a slower Chinese economy and weakening Renminbi. The decline in China’s A-share markets and slow-down in neighboring province Guangdong (export hub of China) are likely to impact gross gaming revenues, but we believe most of the impact
will be on the lower-margin VIP business. Increased profits from growing, higher-margin Mass visitors should compensate for any VIP decline over time, as infrastructure improvements (HK-Zhuhai-Macau bridge, high speed rail, etc.) and additional hotel room supply make Macau more accessible. Despite the stock’s decline, during 2018, our appraisal grew as reported earnings doubled. CEO Lawrence Ho created value for shareholders via buying out minorities at Melco Resorts Philippines at attractive multiples, IPOing Studio City to create opportunity for an ownership increase in 2019 and repurchasing discounted shares.

CK Hutchison (-21%, -1.18%, -17%, -1.04%), a Hong Kong based conglomerate of telecommunications, health & beauty, infrastructure, global ports and energy, fell during the final quarter and the year. While a trade war between China and the U.S. will pressure less than 5% of its Ports business, concerns of this trade tension generated broad negative sentiment around Asian stocks. In Italy, the company’s Telecommunications business struggled as a tough macro environment and increased competition from a new entrant pressured prices. In the second half of the year, declining oil prices impacted Husky Energy, the Canadian energy associate of CK Hutchison. These short-term headwinds negatively impacted sentiment, but the overall company’s cash flow, as well as management’s capital allocation decisions, helped our appraisal grow in the mid-single digits for the year. Chairman Victor Li sold CK Hutchison’s interests in several infrastructure projects at 12X EBITDA and redeployed the proceeds to acquire the Italian telecom joint venture at 5x EBITDA. The company also repurchased its discounted shares for the first time in almost two years.

LafargeHolcim (-25%, -1.13%, -17%, -0.72%), the largest global cement, aggregates and ready-mix concrete producer, was a 2018 detractor after a notable decline in the fourth quarter. Weaker cement demand in Latin America, the Middle East and Africa, as well as higher energy and transportation costs, globally impacted profits. With two thirds of consolidated revenues (but a smaller % of the net value) tied to emerging markets, broader EM concerns heavily contributed to the stock price weakness. CEO Jan Jenisch believes efficiency gains and pricing will offset cost inflation. The cost savings program is ahead of target, and Aggregates and Ready-Mix margins are improving. The company’s North American business, which represents over one quarter of our appraisal, grew profits during the year. The company announced the sale of its Indonesian assets at an attractive price, and management plans for additional divestments over the next two years, providing meaningful cash proceeds to reinvest.
CNHI (-32%, -1.10%, -25%, -0.80%), the maker of Case and New Holland agriculture equipment (AG) and Iveco trucks (CV), was a detractor in the quarter and for the year. The U.S.-China trade tension threatened tariffs that would impact AG purchases by U.S. farmers. Tariffs remain uncertain and if imposed, may have less impact than anticipated because of offsetting subsidies and current equipment demand from less discretionary replacement needs after a several year downturn. CNHI is in a solid position to withstand the potential challenge with an investment grade balance sheet, balanced channel inventory and positive pricing and product mix trends. New CEO Hubertus M. Mühlhäuser sees opportunities to improve margins. The company returned excess capital to shareholders in the form of dividends and buybacks. The company also has upside from streamlining its disparate non-AG assets via either sales or spin-offs.

CNX (-22%, -1.05%, -20%, -1%), the Appalachian natural gas company, detracted for the year. The stock declined after reporting an 8.5% increase in capital expenditure guidance during the second quarter. Additionally, nearly all energy stocks had a sharp selloff following the fourth quarter's commodity price volatility. CEO Nick Deluliis took advantage of the dislocation by repurchasing over 16% of CNX's outstanding shares in the 12 months ended in October. Our appraisal increased with the company's growth in cash flow. In June, CNX sold its Ohio Utica acreage for a good price. The company has other non-core assets to monetize in coming years. Most production is hedged several years out, helping to insulate the business's value from declines in the gas strip. The stock trades at below half of our appraisal.

EXOR (-10%, -1.04%, -19%, -1.44%), one of Europe's leading investment holding companies, fell in the fourth quarter and became a detractor for the year. Italy’s economic uncertainty and EXOR's conglomerate structure impacted the stock, which is listed in Italy but has less than 5% of its value based there. Additionally, the general breakdown of global trade and frictionless borders pressured the stock since this could affect Fiat Chrysler Automobiles (FCA) brands in China and indirectly impact CNHI's AG sales. The main component pieces of our appraisal are FCA (35%), PartnerRe (24%), CNHI (19%), and Ferrari (17%). EXOR reported much good news in 2018. FCA sold Magnetti Marelli for significantly more than our appraisal with much of the proceeds to be paid out as a special dividend, giving EXOR the capital for its announced share buyback. FCA announced a new recurring dividend, doubling EXOR's free cash flow (FCF). Crown jewel Ferrari continued to perform well. CEO John Elkann is an owner-operator who has grown corporate value and seen the stock compound at nearly 20% per year since we invested in 2012, despite the 2018 return. We have an
overweight position in this collection of high quality businesses and assets that have ample transformation value and are selling at a deep discount to the sum-of-the-parts value in the hands of a proven and aligned partner.

CenturyLink (2%, -0.31%, -26%, -2.71%), the telecommunications company, was a fourth quarter detractor, but ended slightly up for the year after substantial gains earlier in 2018. The stock declined after third-quarter revenues came in below expectations, but our appraisal rose with 7% yearly EBITDA growth as higher margin revenue within the Enterprise segment increased and consolidated FCF nearly doubled year-over-year. CenturyLink's FCF is more than $3.00 per share and growing, yet the stock trades around $15. Revenues declined in part because the company wisely exited unprofitable business lines, prioritizing capital efficiency and deleveraging over top line growth. The dividend moved back up to a mid-teens yield with minimal chance of any cut. (Update at 19 Feb 2019: CTL did cut the dividend to use the cash instead to strengthen the balance sheet. We believe a better way to address the balance sheet is to explore asset sales given the multiples being paid in fiber transactions, and/or to issue tracking stocks for the separate Fiber and Consumer segments to highlight their values and offer the potential to raise capital. Southeastern filed a 13-D to talk to interested buyers and nominate appropriately experienced directors to the board. The dividend cut did not alter our appraisal of the company or its earnings power.) We expect consolidated EBITDA to grow by a low-single digits percentage next year, but within that number we believe high-value Enterprise fiber revenues and cash flows will grow above that, making up for the low-quality legacy landline run off. CenturyLink remains an overweight position given its deep discount and the quality of both its management team, led by CEO Jeff Storey, and its fiber assets, which we believe are of high strategic value to numerous infrastructure investors.

**Portfolio Activity**

Swings in stock prices generated portfolio activity in 2018, ultimately driving cash from 13% to 2%. We sold seven investments – Wynn, Chesapeake and Yum China in the first quarter, CONSOL Energy and Genting in the third and Ferrovial and Hopewell in the fourth. The Fund had previously held Ferrovial, the Spanish transport infrastructure company that owns toll roads in Europe and North America, airports in Europe, including London Heathrow, and infrastructure construction and servicing businesses. The company's Spanish and British businesses faced increasing headwinds, including Catalonia and Brexit uncertainty. Given less certain prospective value growth and the rising interest rate environment, we sold the position. During our two-year investment, we earned over 20% as traffic and pricing increased on the company's toll roads and at
Heathrow, even as European headwinds mounted. We also sold Hopewell Holdings, the Hong Kong-listed property company. The stock rose during the year with the special cash dividend in April from the sale of the company’s ownership in Hopewell Highway Infrastructure toll road company for 20% above our appraisal. We sold the stock, which gained 31% over four years, in order to redeploy the capital into available investments with much more attractive value growth.

We bought two new investments in the first quarter, Comcast and top performing Vestas, Yum China in the third, and MinebeaMitsui in the fourth. Comcast and Yum China are “recycles” that we successfully invested in previously, and MinebeaMitsui, while new to the Global Fund, has been a holding in our Asia Pacific strategy for over a year. Recycles tend to have fewer surprises since we have closely followed the business as owners and have already deeply engaged with our management partners.

**Outlook**

We are neither pleased nor complacent about 2018 returns. As your largest co-investors in the Fund, we believe it is a compelling time to add to Longleaf Global. First, a P/V at this level is rare, and we think portends an exceptional next few years. Second, the Fund’s cash position is below 2%, and our on-deck list of prospective qualifiers is robust. Third, numerous companies in the portfolio either have corporate transactions in process or are good candidates for prospective activity over the next few years, with capable management partners who can control their own destiny in terms of value realization. We are working with boards and leaders at certain holdings to accelerate this realization.

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Current circumstances may not be comparable.

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Brexit ("British exit") refers to the June 23, 2016 referendum by British voters to leave the European Union.

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

Capital Expenditure (capex) is the amount spent to acquire or upgrade productive assets in order to increase the capacity or efficiency of a company for more than one accounting period.

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.

As of December 31, 2018, the top ten holdings for the Longleaf Partners Global Fund: CenturyLink, 8.6%; EXOR, 7.9%; Melco, 7.3%; Vestas, 6.9%; CK Hutchison, 6.9%; GE, 5.8%; FedEx, 5.4%; Fairfax, 4.9%; Alphabet, 4.8%; LafargeHolcim, 4.8%. Fund 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.

Funds distributed by ALPS Distributors, Inc.
LLP000874
Expires 4/30/2019
Longleaf Partners Global Fund gained 1.61% in the third quarter, short of our absolute goal of inflation plus 10%, as well as the MSCI World Index's 4.98% return. Year-to-date (YTD) the Fund gained 1.27%, while the Index rose 5.43%. The Fund compounded at 3.95% over the last 12 months, while the Index delivered 11.24%. The Fund's relative results in the third quarter and the last year have been primarily about what has gone right for the Index, rather than poor results at the companies we own. Over the last 3 years, the Fund has delivered superior performance, resulting in a 17.79% per year return versus 13.54% for the Index.

Our ability to compound at a real double-digit rate does not depend on what happens to the Index. With around twenty holdings, performance in any given year usually comes from just a few stocks. Company-specific events and management-led outcomes drive the Fund's investment results, which generally have little to do with what drives the broader index. Stock prices often move up in a short number of days as sentiment quickly changes. For example, CenturyLink was the Fund's largest contributor for the quarter and YTD, as management delivered results that many had doubted, and the stock gained 26% over just 3 days in 2018. CNH rose 18% in less than two weeks after raising guidance, having its debt upgraded, and appointing a new CEO. OCI had several meaningful step-ups in its price over the last year, as its new plants ramped up production and nitrogen fertilizer prices rose.

Living patiently with idiosyncratic payoff patterns can be difficult but is necessary. More often investors make decisions based on stock price performance without regard to the direction of a company's underlying business value. Chasing performance puts capital at risk, with the

**Average Annual Total Returns (9/30/18): Since Inception (12/27/12): 8.55%, Ten Year: na, Five Year: 6.41%, One Year: 3.95%.

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 total expense ratio for the Longleaf Partners Global Fund is 1.48% (gross) and 1.20% (net). The expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.20% of average annual net assets.
danger usually realized too late. We usually do not know when payoffs among our portfolio companies will occur, but most values are appreciating, and many current holdings offer significant upside potential with our management partners pursuing restructuring, substantial repurchases at deep discounts and sales of assets or entire businesses.

Additionally, although U.S. prospective investments are somewhat limited, we have a robust on-deck list outside the U.S., including stocks declining in the broad Asian correction and companies trading at a discount because of geopolitical concerns in countries, such as the U.K. and Italy. Conglomerates are a current common source of undervaluation. Companies such as EXOR, CK Hutchison, GE and United Technologies trade for substantial discounts to our sum-of-the-parts appraisals.

**Contributors/Detractors**
(Q3 Investment return; Q3 Fund contribution)
CenturyLink (17%, 1.43%), the global fiber infrastructure company, was the Fund's largest contributor in the quarter and for YTD. Quarterly EBITDA grew 5% year-over-year (Y.O.Y) on nearly 300 basis points of margin improvement. The company's Business segment revenues showed a slight decline due to management's appropriate decision to eliminate unprofitable customers. Looking ahead, the company is improving customer service while reducing network, billing and inventory expenses. With free cash flow (FCF) ($3+/share) easily covering the dividend ($2.16/share), CenturyLink is reducing debt and expanding in select areas of enterprise and consumer broadband. Late in the quarter, CFO Sunit Patel announced his departure to oversee the merger integration at Sprint and T-Mobile. Patel has been a valued partner during our investment with Level 3 and CenturyLink. Although the stock pulled back upon the announcement, Patel's departure does not impact our appraisal of the company. Interim CFO Neel Dev is a well prepared 14-year company veteran who has worked directly under Patel for the last 6 years and overseen much of the successful merger integration.

OCI (18%, 0.91%), a leading producer of nitrogen fertilizers and natural gas-based chemicals, was a strong contributor this quarter, as new projects continued to ramp up, and commodity price strength came through. The methanol market should remain strong for the coming 4 to 5 years due to lack of supply and increasing demand. In the quarter, OCI completed its tender for the remaining shares of OCI Partners, the master limited partnership (MLP) primarily made up of a single integrated methanol and ammonia facility on the U.S. Gulf coast. The price paid is already looking good, as methanol's price has continued to increase since the deal was announced. CEO Nassef Sawiris delivered value growth through this transaction, as well as the successful completion and ramp up of major plants in Iowa and Texas in the last few years. With large capital expenditure (capex) projects complete, FCF should grow meaningfully.
Allergan (15%, 0.79%), the pharmaceutical company, added to the Fund's results in the quarter. Allergan's Medical Aesthetics portfolio, consisting of Botox, Juvederm and Coolsculpting, grew revenues 12%. Despite the stock's recent performance, the price ascribes little-to-no value for Allergan's promising late-stage mental health, migraine and macular degeneration research and development pipeline projects. During the quarter, CEO Brent Saunders sold the company's dermatology drug portfolio to Almirall for a good price and increased the share repurchase program by $2billion. The stock trades at a low-double-digit multiple of next year’s FCF, despite Botox's growing consumer franchise, insulation from systemic healthcare cost pressures and large non-earning assets in the pipeline.

CK Hutchison (10%, 0.58%), a conglomerate of telecommunications, health & beauty, infrastructure, global ports and energy, was a contributor in the quarter. CK Hutchison reported strong first half results, with YOY revenue and EBITDA up +16% and +19%, respectively. Interim dividend per share grew by 11.5%, the first double-digit increase in the past decade. The company highlighted the strength of its Retail segment, which is the largest health and beauty retailer in the world with over 14,000 stores, 12 brands and 130 million loyalty members that contribute over 62% of sales. Oil price recovery added to Husky results. In the first half, revenue increased by 37% YOY and EBITDA by 47%. In the quarter, CK Hutchison announced the sale of its interests in several infrastructure projects at a 12X earnings and redeployed the proceeds to acquire an Italian telecom joint venture at 5x earnings. Management also repurchased the company's discounted shares in the quarter for the first time in almost 2 years.

Melco (-34%, -2.17%), the Macau based gaming company, was the largest detractor in the quarter. Investor sentiment soured on Macau due to concerns that growth will decelerate with ongoing U.S.-China trade war issues, a slower Chinese economy and weakening Renminbi. Following analyst downgrades, stock prices for most Macau peers were down 40-50% in the last few months. While we agree that the decline in A-share markets and the slow-down in neighboring province Guangdong (export hub of China) will impact gross gaming revenues, we believe most of the impact will be on the lower-margin VIP business. Increased profits from the growth in the higher-margin Mass business should compensate for any VIP decline over time, as ongoing improvements in infrastructure (HK-Zhuhai-Macau bridge, high speed rail, etc.) and additional supply of hotel rooms make Macau more accessible. Melco is facing additional pressure, as the company looks to take its Studio City joint venture public in this tough market to fund phase two of this property. On a more positive note, Melco's new Morpheus hotel tower near its City of Dreams casino opened in June this year and is ramping up in line with expectations.

CNX Resources (-19%, -0.96%), the Appalachian natural gas exploration and production (E&P) company, declined after being a notable positive contributor in the second quarter. The company disappointed the market on a few metrics – some that the company can do better on
itself, some outside of its control – that did not impact our long-term appraisal. To the positive, the company closed the sale of a Utica joint venture for $400 million. Additionally, former partner Noble finally sold the last of its ownership of CNX’s midstream master limited partnership (MLP), removing an overhang and enabling CNX to operate the business more flexibly. CEO Nick Delulio and CFO Don Rush continued repurchasing discounted shares at an annualized double-digit pace, which is very rare in the E&P world.

General Electric (-1.6%, -0.93%), the reorganizing aviation, healthcare and power company, declined after announcing a technical problem with an H-series gas turbine blade. Based on management’s assessment, we view this as a temporary issue that should not impact the Power segment’s long-term value – much like United Technology’s geared turbofan issues during our first 1-2 years of owning it. The extreme negative sentiment around the company, however, caused the stock price to overcompensate for any disappointing news. More importantly, GE Aviation and Healthcare, which constitute a large majority of our appraisal, grew on strong orders and revenues. Over the last year, GE sold nearly $18 billion of businesses for higher prices than we carried them. On October 1, the company announced that board member Larry Culp, former CEO of Danaher, would become CEO and Chairman, replacing John Flannery. We were excited when Culp joined the board in April, given his success at Danaher, and we believe he can accelerate GE’s turnaround that Flannery initiated. In the next year, it is possible that GE’s Healthcare segment could be spun off or sold to one of several suitors willing to pay a fair price. Energy (Baker Hughes) also is a candidate for monetizing. Transportation is slated to be a separate entity by this time next year. We believe that, as the company’s structure simplifies and divestitures further strengthen the balance sheet, the stock should more properly reflect the values of these strong assets, which we believe to be worth more than $20/share.

**Portfolio Activity**

During the quarter, we began purchasing one new business, which we have previously owned and remains undisclosed, while we work to build the position. We sold CONSOL Energy, the coal business that spun off from gas company CNX Resources in November of 2017. Since separating, the stock gained 79%, as strong production led to increased earnings guidance. We exited Genting Berhad as more attractive investments became available and Genting’s own value stagnated.

**Outlook**

The Global Fund is fully invested in strong businesses with capable management partners who are focused on growing value for shareholders and pursuing value recognition. The Fund’s low-70% price-to-value ratio (P/V) is based on our discounted FCF appraisals, which are growing and potentially understated, especially to the extent that our management partners are
successful in their pursuit of value recognition. Many companies we own are in whole or have parts that are more valuable to others, and acquisition multiples are notably higher than our long-hand appraisal math. We have CEOs with a history of monetizing assets and selling companies at fair prices, including Jeff Storey at CenturyLink, John Elkan at EXOR, Victor Li at CK Hutchison and CK Asset, Nassef Sawiris at OCI, Prem Watsa at Fairfax, Brent Saunders at Allergan, Nick Delulio at CNX, Greg Hayes at United Technologies and Inigo Meiras at Ferrovial. Transactions offer upside optionality not imbedded in the stock price or our appraisal.

As important, our appraisals should grow, as our management partners focus on the competitive strengths of their companies, drive higher margins and reinvest FCF prudently, including into discounted shares. Whether by internally-driven operations or externally-focused capital allocation, rising values ultimately pull stock prices higher. The timing is usually unpredictable, and big performance spikes occur regardless of the broader stock market's direction. We are confident that our CEOs can create more idiosyncratic, large payoffs to drive successful long-term results.

The outlook for what we own is compelling. The Fund is fully invested, and we are finding additional qualifiers. As we swap some of our higher P/V investees for qualifying on-deck opportunities, the Fund will become even more discounted. As the managers and largest collective investor in the Global Fund, we believe it is an attractive time to add to the Global Fund.

See following page for important disclosures.
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EBITDA is a company’s earnings before interest, taxes, depreciation and amortization.

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

Capital Expenditure (capex) is the amount spent to acquire or upgrade productive assets in order to increase the capacity or efficiency of a company for more than one accounting period.

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.
As of September 30, 2018, the top ten holdings for the Longleaf Partners Global Fund: CenturyLink, 9.7%; EXOR, 7.7%; CK Hutchison, 6.5%; OCI, 6.1%; FedEx, 5.5%; Comcast, 5.3%; GE, 5.1%; Fairfax, 4.9%; Allergan, 4.8%; Vestas Wind Systems, 4.8%. Fund 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.

Funds distributed by ALPS Distributors, Inc.
LLP000806
Expires 1/31/2019
Longleaf Partners Global Fund Commentary

2Q18

Longleaf Partners Global Fund gained 0.95% in the quarter, behind the MSCI World Index’s 1.73%. Though positive, the Fund and Index both trailed inflation plus 10%. Year-to-date (YTD) returns were -0.34% and 0.43% respectively. The Global Fund had a handful of companies with double-digit gains over the last three months, but the aggregate impact of few small detractors and a strong U.S. dollar offset much of the positive contributors. Currency translation cost approximately -2%, reflecting foreign exchange fluctuations rather than challenges to our companies’ underlying operations or quality.

Information Technology (18% of the MSCI World) remained the main driver of the Index, gaining 6%. Consumer Discretionary (13% of the MSCI World), where Amazon and Netflix reside, was the other major Index contributor. Energy was the only sector with double-digit gains, as oil prices reached their highest level since 2014. “Growth” once again significantly outperformed “Value,” with a 4% difference in just the last three months. We manage the portfolio without regard to index weights or top-down style categories. Our investment criteria require both “growth” and “value” - quality businesses that will grow purchased at material discounts to what they are worth.

Average Annual Total Returns (6/30/18): Since Inception (12/27/12): 8.64%, Ten Year: na, Five Year: 8.94%, One Year: 5.38%.

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.

As reported in the Prospectus dated May 1, 2018, the total expense ratio for the Longleaf Partners Global Fund is 1.48% (gross) and 1.20% (net). The expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.20% of average annual net assets.
Fund’s long-term returns will depend on the outcomes of the limited number of companies we own, not on broader market trends. For example, Telecommunications (Telco) was among the Index’s worst performing sectors, declining almost 3%, but the Fund’s investment in CenturyLink, which gained 17%, made Telco the best performing sector and biggest contributor to performance by far.

Companies with large emerging market (EM) and trade related exposure were the largest collective pressure on those stocks that declined, including CK Hutchison, CNH, FedEx, EXOR, LafargeHolcim, Vestas Wind Systems and United Technologies. The EM Index fell almost 8% as rising U.S. bond yields, heightened geo-political tensions, weaker EM currencies and increased prospects of a trade war all conspired to create the sell-off in EM equities. It is too early to know how tariffs will settle out, but, in most cases, even where segments of our companies could be negatively impacted, other parts of the business seem largely immune or have catalysts that could help insulate them. Higher oil prices also created a headwind for LafargeHolcim, FedEx, and EXOR’s investment in Fiat Chrysler.

Stock price volatility and increasing return dispersion produced a growing on-deck list of prospective investments. The list increasingly includes U.S. companies, given how much the market drivers narrowed over the last year, but the trade war fears and U.S. dollar strength made other markets even more discounted. We are currently debating how best to deploy the Fund’s remaining cash. We did not buy any new companies, nor did we exit any investments.

**Contributors/Detractors**
(Q2 Investment return; Q2 Fund contribution)

CenturyLink (+17%, +1.27%), the global fiber telecommunications company that is the Fund’s largest position, made notable gains in the quarter and was the largest contributor in 2018, although the stock still sells for less than half of our appraisal. The merger integration with Level 3 progressed, with synergies realized as planned, cost cutting initiatives at the legacy segments, and a focused reduction in capital spending. Earnings results confirmed management’s confidence in maintaining the substantial dividend. CenturyLink (CTL) is viewed more as a traditional landline business akin to overleveraged, lower-quality peers Frontier Communications and Windstream Holdings, but CTL’s declining legacy landline business is becoming less relevant to the
company’s total value, as the mix shifts to the growing Enterprise services fiber segment. For decades, Southeastern has found opportunities in this kind of “good segment / bad segment” situation. CEO Jeff Storey and CFO Sunit Patel are focused on maximizing value in both parts of the business to benefit shareholders.

OCI (+17%, +0.70%), a leading producer of nitrogen fertilizers and natural gas-based chemicals in the U.S., Europe and the Middle East, made gains. The company refinanced its debt, pushing out maturities and lowering cost. OCI has reached a deleveraging phase, as free cash flow will ramp up materially with the methanol plant now online, the completion of major capital expenditure projects, and a positive pricing environment. The Iowa plant benefited from fertilizer pricing’s “Midwest premium” to New Orleans (NOLA), which CEO Nassef Sawiris indicated is likely to increase, given the logistics of getting product to the Corn Belt. Methanol’s 2Q contract prices were strong at $490 (vs. mid-$300s last year). Global demand for both nitrogen and methanol is increasing. The pricing outlook is strong for the foreseeable future with no new capacity coming online in the next 4-5 years and Chinese exports down 80% with the possibility of going away completely, given their cost disadvantage to U.S. natural gas and the Chinese government’s shutdown of higher polluting coal plants. In the quarter, OCI tendered for the remaining shares of OCI Partners, the master limited partnership that is majority owned by OCI, primarily made up of a single integrated methanol and ammonia facility on the U.S. Gulf coast. OCI sells for well below the replacement cost of its assets. Sawiris is an owner-operator focused on value creation and recognition, as well as optimizing the capital structure and generating significant free cash flow.

CNX (+15%, +0.59%), the Appalachian natural gas company, rose again in the second quarter following its notable first quarter gain. At 36% year-over-year growth, production came in ahead of expectations. With the majority hedged over the next four years, the stock’s outperformance does not require higher natural gas strip pricing. Due to CNX’s consolidated accounting following the intelligent purchase of its pipeline’s General Partner stake, the company’s net debt per share appears higher than the effective debt burden, and many ignore the value of that pipeline stake. Chairman Will Thorndike and CEO Nick Deluliis continued to improve operations and de-risk CNX’s balance sheet and production, growing the value of this pure-play gas business.
Fairfax Financial Holdings (+10%, +0.54%), the global insurance company, was also a positive contributor. Fairfax underwrote a solid 96% combined ratio, while growing premiums. CEO Prem Watsa repurchased the company’s discounted shares, and picked up Canadian Toys “R” Us stores and Carillion’s Canadian operations out of bankruptcy. His liquid investment portfolio positions the company to go on offense in these more volatile markets and to take advantage of higher interest rates in the fixed income portion of the portfolio.

The Fund had no significant detractors. As mentioned above, most stocks that declined had some mix of currency translation, trade war fear and higher energy cost pressure.

**Portfolio Activity**
Trading was relatively quiet during the quarter with no new or exited positions. We trimmed several holdings that have performed well in the last six months to manage position sizes relative to those stocks’ discounts. We added to General Electric near its low for the quarter, before the welcome news of the company’s plan to separate and/or sell its Healthcare and Energy businesses. We also added to Comcast during the quarter, as the bidding for Twenty-First Century Fox heated up. We expect Comcast’s growing, profitable residential and small enterprise broadband to drive value growth at the company, whatever the conclusion to the Fox drama. The shrinking residential video customers are a minimal part of the value and do not impact the formidable broadband and NBCUniversal entertainment assets.

**Outlook**
The Global Fund has the potential to deliver above average long-term returns with less risk because the Fund owns good businesses that sell materially below their values. The price-to-value ratio in the high-60s% offers excess return opportunity. Successful acquisition integration should help produce higher earnings at CTL, LafargeHolcim, FedEx, Fairfax and United Technologies. Furthermore, at CTL, CNX, Fairfax, Allergan, Alphabet, OCI, Ferrovial, Hopewell, Melco and United Technologies, we expect under-earning or non-earning assets to contribute substantial additional earnings. The values of the wonderful businesses at CTL, Comcast, Ferrovial, GE and Melco are dwarfing their poorer segments that created the misperceptions for us to invest. As the Fund’s largest owner, we are encouraged by having a large on-deck list for the Fund’s limited liquidity. We are confident that our companies’ increased earnings generation over the
next couple of years in combination with the market's more appropriate weighing of our investees' values can yield important excess returns.

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As of June 30, 2018, the top ten holdings for the Longleaf Partners Global Fund: CenturyLink, 8.7%; EXOR, 6.8%; Comcast, 5.9%; Allergan, 5.5%; Fairfax, 5.2%; OCI, 5.2%; General Electric, 5.2%; Ferrovial, 4.7%; CNX Resources, 4.6%. Fund 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.

Funds distributed by ALPS Distributors, Inc.
LLP000779
Expires 10/31/18
April 12, 2018

Longleaf Partners Global Fund Commentary
1Q18

Longleaf Partners Global Fund declined 1.27%, slightly beating the MSCI World Index's 1.28% loss. During the quarter, global markets fell for various reasons, including the threat of global trade wars in response to U.S. tariffs, anticipation of where Brexit negotiations will lead and concerns around the impact of U.S. inflation on higher interest rates and a weaker U.S. dollar. None of the stocks in the portfolio posted particularly noteworthy gains or losses. Cash was a positive in the market’s decline, but the Fund's limited investment in technology stocks prevented further outperformance. Information Technology was one of only two positive index sectors in the quarter, even after technology stocks lost steam in the last weeks of March. The other, Consumer Discretionary, would have been negative without online companies Netflix and Amazon. Related to Info Tech strength, growth stocks continued to far outpace value stocks. Even with a slight decline thus far in 2018, over the last 12 months the Global Fund’s 14.75% return substantially outpaced our absolute goal of inflation plus 10%, as well as the index.

We have patiently adhered to our Business/People/Price criteria, holding more cash than we prefer and knowing that qualifiers would emerge with or without a market

Average Annual Total Returns (3/31/18): Since Inception (12/27/12): 8.88%, Ten Year: na, Five Year: 8.52%, One Year: 14.75%.

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.

As reported in the Prospectus dated May 1, 2017, the total expense ratio for the Longleaf Partners Global Fund is 1.52%. The expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.65% of average annual net assets. Effective May 1, 2016, Southeastern agreed to voluntarily reduce the expense limit to 1.20%. This voluntary fee waiver for the Global Fund may be discontinued at any time.
The first quarter illustrated that increased volatility and only a minor market pullback could create enough dislocations for us to be productive. We purchased two companies and increased our stakes in several businesses we started buying in the latter part of 2017. These transactions reduced the Fund’s cash position, even after three exits in January. Our on-deck list of prospective qualifiers also grew. We are hopeful that additional volatility will generate more opportunities to own discounted, dominant businesses with strong corporate leaders.

**Contributors/Detractors**

(Q1 Investment return; Q1 Fund contribution)

EXOR (+16%, +0.75%), one of Europe’s leading investment holding companies, was the Fund’s second largest position and most substantial contributor in the quarter. The main component pieces of our appraisal are Fiat Chrysler Automobiles (FCA) (35%), PartnerRe (24%), CNH Industrial (19%) and Ferrari (17%). FCA’s profits increased, and takeover speculation also pushed its stock up. PartnerRe’s value was affirmed by two acquisitions of reinsurers, XL and Validus, at around 1.5X book value, well above both what EXOR paid for PartnerRe and our appraisal multiple. EXOR trades at a large discount to the market values of its component pieces. We believe the discount is unwarranted, as CEO John Elkann and his management team can produce additional double-digit value growth organically and via transactions, such as the planned spin out of Magneti Morelli from FCA later this year.

General Electric (-21%, -0.67%), the industrial conglomerate that we purchased in late 2017, detracted from first quarter performance after disappointing results in the Power segment and an unexpectedly large long-term care insurance write down at GE Capital. Most important to our investment case, however, Aviation orders grew 11%, and the segment’s margins increased. In Healthcare, earnings before interest and taxes increased 13% with solid contributions from GE’s Imaging and Life Sciences divisions. The Aviation and Healthcare businesses are global leaders that, along with sustainable corporate cost cuts - $1.7B in 2017 and another $2B this year, comprise the appealing long-term opportunity that is substantially discounted for understandable short-term reasons. Since becoming CEO six months ago, John Flannery has worked to restore transparency and taken positive steps, including transforming the board into a smaller size with qualified, independent new members,
restructuring management incentives and selling noncore assets to focus on Aviation, Healthcare, Power and a cleaner balance sheet.

**Portfolio Activity**

We purchased Vestas, a global leader in onshore wind equipment and a provider of aftermarket services to the wind industry. Historically, rapid market evolution, low barriers to entry and government subsidies characterized industry economics. We have no competence in evaluating such a situation. However, we began investigating this business as the levelized cost of energy for new onshore wind (at good locations) reached parity with traditional power providers, reducing the reliance on subsidies and moving the industry more towards traditional industrial company characteristics that we can understand. Competitive advantages from economies of scale, accumulated know-how and a global service network should drive future success. The market’s pullback, along with lower-than-expected results at the company provided enough of a discount for us to purchase. Since coming aboard in 2013, our corporate partners have fixed the balance sheet and transformed the company into a stable, net cash, dividend-paying, share-repurchasing company.

We also bought Comcast, the leading U.S. cable company, which became discounted on the announcement of its bid for Sky plc. Southeastern owned the company in the mid-2000’s, and our engagement with CEO Brian Roberts, a substantial owner, gave us insight into his approach to capital allocation, which has earned superior returns for shareholders over time. While many analysts have compared Sky to Dish Networks to argue that Comcast is overpaying, our global investment team’s unique first-hand knowledge of the quality and value of Sky gave us an advantage in determining that Sky is significantly different and a far superior business to Dish. Sky owns the rights to top sports and original shows (approximately 40% of viewing comes from exclusive content versus less than 1% at DISH), and has a European subscriber base of 23 million. Most of our Comcast appraisal comes from the company’s existing 29 million U.S. customers. NBC’s network, cable channels, film franchises, theme parks, hockey team and one-third of online video platform Hulu make up the rest of our sum-of-the-parts appraisal. We are pleased with the long-term prospects at Comcast, whether or not Sky ultimately becomes part of the company.
We exited three positions, including Yum China (YUMC), the operator of KFC and Pizza Hut restaurants in China. YUMC was spun off from YUM Brands! in November 2016. The timing coincided with Asian markets being rocked by Donald Trump’s election. Because YUMC was not in an index and did not pay dividends, we were able to buy this franchise at a significant discount. Under the leadership of Micky Pant, YUMC delivered strong results in 2017. Total revenue rose 8% year-over-year and operating profits gained 23%. Same store sales recovered to +4% after three years of decline. On the capital allocation front, YUMC initiated a cash dividend, repurchased stock and expanded its buyback program. The gap between share price and our appraisal of the business quickly closed. In our 14 month holding period, Yum China generated a substantial 59% return.

We sold Wynn Resorts. After a large return over the last two years, we had begun trimming in late 2017, as the price moved closer to our appraisal. In January, we sold the Fund’s remaining shares when no margin of safety was left. Our timing was lucky. Days after our exit, revelations about Steve Wynn’s alleged sexual harassment history and his subsequent resignation occurred. We bought Wynn Resorts in early 2015, following the Chinese anti-corruption campaign that drastically reduced Wynn Macau’s VIP business. Our appraisal incorporated a longer view, emphasizing the company’s growing mass gaming earnings in Macau, successful Vegas resort and significant non-earning assets: properties under construction in Cotai (Macau) and Boston, as well as rare open acreage on the Las Vegas strip. Similar to some of our current newer investments, the stock price fell after our initial purchase as sentiment turned from bad to worse, and we increased the position at even more discounted prices, when Steve Wynn purchased cheap shares alongside us. As earnings rebounded with the growth of mass visitors and the Palace opening in Cotai in late 2016, the stock rose sharply. Our 270% gain over the Fund’s 2.5 year holding period is an example of how our longer time horizon can drive investment opportunity when a stock is priced for temporary short-term disruptions.

We sold our remaining shares of Chesapeake Energy Despite our mistakes in Chesapeake, which resulted in a 57% loss over our holding period, we sincerely appreciate the company’s current leadership team, led by Doug Lawler and Chairman Brad Martin, for doing terrific work from a tough position to improve the company’s balance sheet and operational efficiency. They grew value per share where they could
control it, but the present and future impact of Permian associated gas production on the long-term natural gas futures price swamped their great efforts. Management’s work enabled us to recover a meaningful portion of our losses, as we bought bonds and preferred shares for cents on the dollar during the maximum pessimism of the oil panic from 2015 to early 2016.

Outlook
The first quarter return did not reflect the progress that the Global Fund made over the last three months. Cash declined to 8%, as we traded a company whose value quickly became recognized (YUMC), a fully priced, successful investment (Wynn) and a levered company with limited value growth (Chesapeake) for more discounted opportunities, including the largest U.S. cable provider with a plethora of quality content (Comcast), the leading wind power company with unique advantages in a transforming industry (Vestas) and bigger stakes in dominant businesses (Allergan’s aesthetics franchise, GE’s Aviation and Healthcare and Ferrovial’s toll roads). Our companies and management partners grew stronger. For example, CNX made important steps in growing the value of its superior pipeline business and increasing Free Cash Flow per share. CK Hutchison and CK Asset formalized the succession of Victor Li, an already proven partner, for his retiring legendary father. We applauded the announcement that Jeff Storey would take over as CEO of CenturyLink six months ahead of plan. While inflationary pressures and tariff talk generated market concerns, broadly speaking we believe most of our businesses have the qualitative strength and pricing power to help mitigate higher costs, particularly versus peers. These types of external risks are one of the reasons that we insist on a large margin of safety in the price we pay for a stock.

Most markets remain elevated in our opinion, with some industries particularly richly priced. The Fund, however, is attractively priced at a high-60%s price to value (P/V). We believe the Fund can continue to outpace the index because of the rigor of our Business/People/Price discipline and the flexibility to invest opportunistically, rather than based on momentum-weighted country or sector allocations. Our contacts and local presence around the world help us find attractive investments. As the Fund’s largest shareholders, we welcome the increased volatility and new investment opportunities it can bring.

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 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.

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.

Book Value is the value of an asset as carried on a company’s balance sheet.

As of March 31, 2018, the top ten holdings for the Longleaf Partners Global Fund: CenturyLink, 7.7%; EXOR, 7.3%; Allergan, 5.6%; FedEx, 5.6%; Fairfax, 5.3%; LafargeHolcim, 5.2%; CK Hutchison, 5.1%; Ferrovial, 4.8%; Comcast, 4.6%; GE, 4.6%. Fund 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.

Funds distributed by ALPS Distributors, Inc.

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Longleaf Partners Global Fund delivered a substantial 26.33% return in 2017, meaningfully exceeding our annual absolute goal of inflation plus 10% and the MSCI World Index, up 22.40%, for the second consecutive year. The Fund outperformed even after falling short in the fourth quarter with a 2.64% gain versus 5.51% for the index. The Fund’s 2017 results were particularly laudable given double-digit cash, lower exposure to the industries and countries that drove MSCI World’s return and a market bias for momentum.

Most companies positively contributed to the Fund’s substantial 2017 results, and all of those posted double-digit gains. Investments that our management partners made in the last few years began to deliver returns. We have written previously about the market’s tendency to discount non-earning assets (NEAs) until cash is flowing. Several companies benefitted from NEAs beginning to generate cash including Melco’s Studio City and Wynn’s Palace resorts in Macau, new Ground distribution facilities at FedEx, EXOR’s purchase of PartnerRe, OCI’s newly producing Iowa nitrogen plant, Fairfax’s investments in Asia and Pratt and Whitney’s geared turbofan engines within United Technologies. Multi-year cost cutting programs also yielded results, moving margins up at CNH and FedEx’s Express unit. LafargeHolcim cut substantial costs but still has plenty of potential to optimize further under new CEO, Jan Jenisch. Our management partners pursued transactions to further entrench their competitive positions, focus on their core businesses or capture value recognition. Fairfax completed its acquisition of Allied World and monetized its stake in First Capital; United Technologies announced a plan to buy Rockwell Collins in September; and in the fourth quarter, CK Asset sold The Center, Hong Kong’s fifth tallest office building for an almost 2% capitalization rate – well above our carrying value, while CONSOL Energy completed the split of its coal and gas businesses.

The absence of many detractors added to the Fund’s performance for the year and the fourth quarter. Chesapeake declined along with other Exploration and Production companies as natural gas prices fell. Level 3, now CenturyLink (CTL), spent most of the year under price pressure with uncertainty over the deal’s outcome and skepticism over CTL’s dividend sustainability, but following the merger’s close and management’s renewed commitment to the dividend, the stock rebounded over 22% from its November low.

The Fund’s strong return came in spite of both holding over 10% cash in a rising market and having limited help from much of what drove the index. Our investment discipline requires a business with sustainable competitive advantage as well as a material margin of safety between the stock price and intrinsic worth. This discipline resulted in cash but also in the Fund’s high 98% Active Share that made performance all the more noteworthy. Information Technology (IT) drove much of the index results. The sector far surpassed all others with a 38% gain and was the largest contributor by far to performance. IT momentum chasing contributed to stocks that others define as “growth” far surpassing those categorized as “value,” 28% versus 17%. The Fund had one-third less exposure to the U.S., the index’s largest country contributor, and none to the second largest, Japan. In the fourth quarter, the prospect of higher global interest rates and U.S. tax reform meant that the Fund’s lower U.S. weight and lack of bank stocks impacted relative results. The broad index moved on trends and cycles that are unlikely to be durable over the long term, while the Fund’s strong performance in 2017 was primarily a function of company-specific performance driven by the quality businesses we own, the work of their managements and the discount to a growing intrinsic value.

As is typical after several years of strong returns, our investment cases worked out, and a number of stocks moved closer to our appraisals. We sold three investments including one in the fourth quarter. More surprisingly, we bought three new companies – two in the fourth quarter, as prospective investments increased even as the market appreciated. With IT dominating and fewer companies participating in the market’s highs, greater dispersion helped our on-deck list of qualifiers grow.

Contributors/Detractors
(2017 Investment return; 2017 Fund contribution; Q4 Investment return; Q4 Fund contribution)

Melco International (+116%, +5.23%,+2%, +0.09%), the Macau gaming company, was the top contributor for the year and performed well in the fourth quarter as the industry gross gaming revenues (GGR) accelerated in the second half of 2017. November year-to-date GGR growth of 19.5% was substantially higher than Melco’s mid-to-high single-digit full year GGR growth expectation. With major infrastructure projects moving closer to completion, mass visits and spending increasing, and

Average Annual Total Returns (12/31/17): Since Inception (12/27/12): 9.61%, Ten Year: na, Five Year: 9.63%, One Year: 26.33%

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.

As reported in the Prospectus dated May 1, 2017, the total expense ratio for the Longleaf Partners Global Fund is 1.52%. The expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.65% of average annual net assets. Effective May 1, 2016, Southeastern agreed to voluntarily reduce the expense limit to 1.20%. This voluntary fee waiver for the Global Fund may be discontinued at any time.
VIPs returning, concerns about potential over-supply from significant capacity additions in Macau turned into confidence that additional hotel and gaming properties will be well absorbed by the market. Melco Resorts is on schedule to open phase 3 (Morpheus) of City of Dreams (COD) in the first half of 2018, which will almost double the number of five star hotel rooms at COD. Upon the completion of Morpheus, we expect free cash flow (FCF) —and distributions to shareholders —to increase significantly with growth in industry GRR and the completion of significant growth capital expenditures (capex). Melco’s price remained below our appraisal, but we reduced the Fund’s exposure as the discount shrank after the stock more than tripled in the last 18 months.

Wynn Resorts (+98%, +4.11%, +14%, +0.42%), the U.S. and Macau gaming company, also contributed to the Fund’s 2017 and fourth quarter performance with strong earnings growth in Macau and Las Vegas. The same positive Macau dynamics described above helped Wynn. Steve Wynn continued to create future value with the Boston resort expected to open in 2019, new development around the Las Vegas golf course, and the chance to pursue casino development in Japan. After the stock more than tripled from its lows two years ago and moved closer to our assessment of the company’s value, we reduced the Fund’s position.

Yum China (+54%, +2.69%, 0%, +0.02%), the operator of KFC and Pizza Hut restaurants in China, was a significant contributor to performance during the year and continued to rise in the fourth quarter. Since its November 2016 spin out from Yum Brands!, YUM China (YUMC) has delivered strong results including KFC’s 7% same store sales growth year-over-year in Q3 2017. The company returned much of its growing FCF to shareholders, initiating a cash dividend of $0.10/share, buying back stock, and expanding its buyback program from $300m to $500m. The announcement that COO Joey Wat will become CEO and current CEO Micky Pant will become Vice-Chairman in March 2018 created additional optimism. Wat has been instrumental in KFC’s success, and we believe she will continue to create significant value. With the stock’s rapid appreciation more closely reflecting the company’s worth, we reduced the portfolio weight of YUMC.

FedEx (+35%, +2.33%, +11%, +0.68%), the world-leading transportation and logistics company, added to the Fund’s fourth quarter and 2017 results. Express margins jumped to the company’s long-held goal of double-digit levels due to strong pricing and utilization of lower cost passenger plane space. Ground yield and volumes were strong, and margins seem to have finally bottomed after recent years of rapid expansion and investment. FedEx moved quickly to integrate acquired TNT into its global network as it deftly handled the effects of a significant TNT cyberattack. CEO Fred Smith continued to think far ahead and prioritize the business’s long-term competitive position, reinvesting most earnings into high return expansions and improvements.

EXOR (+43%, +2.14%, -3%, -0.19%), one of Europe’s leading investment holding companies, was another strong performer in 2017. The component pieces of our appraisal are Fiat Chrysler Automobiles (FCA) (32%), PartnerRe (26%), CNH Industrial (21%), and Ferrari (16%). FCA’s profits increased substantially, and takeover speculation also pushed its stock up. CNH rose during the year as its agricultural equipment sales and margins grew, and the company received an investment grade rating. Ferrari’s stock reflected its stellar year operationally, if still not living up to hopes on the Formula 1 Circuit. In spite of EXOR’s appreciation, at year end the stock traded at a near 40% discount to the market value of its component pieces. European holding companies that are generally held up as EXOR peers tend to cluster around a 10% NAV discount, whereas some North American ones with substantial track records of value creation trade at net asset value (NAV) or even a premium. We believe EXOR’s extreme discount is unwarranted as CEO John Elkann and his management team can produce additional double-digit value growth on top of the significant value creation over the last decade. Attractive upside optionality remains in the underlying pieces of EXOR.

CONSOL Energy (+8%, +0.93% ,+16%, +0.86%), the former natural gas and coal company based in Appalachia, was a largest contributor to the Fund’s fourth quarter results. The company completed the long-awaited spin-off of its coal assets from its natural gas reserves, undrilled acreage, and pipelines - a move we had encouraged to enable others to fully appreciate the values of each business. The gas company now trades as CNX Resources Corporation, while the coal pure-play business retained the CONSOL Energy name. Our CNX appraisal assumes gas prices at today’s depressed strip, yet the stock price implies much less value for its undrilled resources and midstream assets than comparable peers receive. The company reduced commodity risk by hedging the majority of next year’s production above $3/mcf. CONSOL’s Pennsylvania Mining Complex is the low-cost coal producer in the eastern U.S. Both companies announced large buybacks to address their undervalued post-spin prices. We believe our management partners will continue to take action to gain value recognition at both companies. We increased our stake in CNX after the spin-off. In spite of rampant coal divestment by institutional investors, CONSOL’s stock jumped 84% after becoming a pure-play coal business.

Chesapeake Energy (-44%, -1.8%, -8%, -0.13%), one of the largest U.S. producers of natural gas and oil, was one of the Fund’s few detractors in 2017 during a tough market for closing energy asset sales. Overshadowing strong operational performance by CEO Doug Lawler and his management team, domestic gas oversupply weighed down strip prices. Chesapeake made progress delineating some of its newer plays, but the market continued to underestimate the company’s ability to sell meaningful assets, as it has done multiple times in the past. We reduced the position to reflect the broad range of outcomes dependent on commodity prices.

CenturyLink (formerly Level 3) (-12%, -1.27%, -7%, -0.5%), the global fiber and integrated communications network company, was the Fund’s largest holding and declined during the year and fourth quarter, even though the stock rallied
over 22% from its November low after CTL’s purchase of Level 3 closed. Throughout, our investment case grew more compelling. The merger of Level 3’s fiber network with Qwest’s assets that CTL had previously acquired created a uniquely competitive global fiber network that has particular strengths in the higher margin, growing Enterprise segment. Level 3’s CEO Jeff Storey becoming President and COO and eventual CEO of CTL and Sunit Patel maintaining the CFO position in the combined company were critical to our support for the deal. Their leadership makes us confident that CTL management will be able to drive mid single-digit Enterprise revenue growth at high contribution margins, cut costs substantially and deliver the projected $1 billion in deal synergies, much of which will be created by moving traffic onto the company’s combined network from third parties. Despite CTL’s stronger positioning, the stock price fell, in part because Level 3 customers delayed new purchases until it was clear who would lead the combined company. But, the primary price pressure was due to fears that CTL would not be able to sustain its double-digit dividend yield (a valid concern without the Level 3 acquisition). This worry heightened after the stocks of two mostly unrelated and massively overleveraged regional operators which were more closely aligned with CTL’s legacy landline business than the fiber business, saw their stocks collapse after dividend cuts. Storey and Patel confirm that the dividend is safe based on the combined EBITDA of the Level 3 and CTL fiber networks, the synergies from the deal, and the use of Level 3’s net operating losses (NOLs) to reduce taxes. By our estimates, once the synergies are realized, the company should deliver over $3/share of FCF after capex, which will amply cover the $2.16 dividend. We see material additional upside not built into our appraisal based on Patel’s record of cost cutting after mergers and the multiple players that would benefit from owning this network. When the stock price dramatically disregarded the positive fundamentals and our assessment of CTL’s intrinsic value, we bought more during the year, including in the fourth quarter. Management and the board appeared to share our enthusiasm as demonstrated by significant December insider purchases as soon as the blackout period that prohibited purchases was lifted.

Portfolio Activity
It may seem odd that we made purchases given new market highs. We do not require a market correction to find qualifiers, just individual business value mispricing. And while the overall market had strikingly low volatility, a few good businesses’ stocks declined enough to enable us to buy three new investments — Fairfax in the first half and two undisclosed businesses in the fourth quarter. One new position was a time horizon arbitrage opportunity where past mismanagement and a dividend cut obscured the longer term value and prospects for industry-leading businesses. The other was an example of how complexity often leads Southeastern to investments. A more traditionally associated segment of the company was under pressure industry-wide, taking the stock to a multiple similar to peers within that segment. In the case of this company, however, its most valuable segment consists of leading, protected brands that are growing in strength and demand.

We sold three businesses during the year and trimmed some of the Fund’s stronger performers whose discounts had diminished. Genting Singapore reached our appraisal; we sold K Wah with Hong Kong real estate’s strength after our view of management changed; and in the fourth quarter, we sold investment firm T. Rowe Price as the stock approached our appraisal. Despite near daily headlines on the death of active funds, T. Rowe grew assets under management and maintained its strong position in Target Date retirement funds. The stock gained 70% during our short 13 month holding period. We are grateful to CEO Bill Stromberg and Chairman Brian Rogers for driving strong performance during a challenging time for the industry.

Outlook
The Fund’s last two years’ 52% cumulative return outperformed the index and substantially beat our absolute goal of real double-digit returns. We believe we can continue to provide solid absolute and relative performance over the next 5+ years. First, as was true in 2017, what we own – not what drives the index – will produce our returns going forward, and the Fund’s portfolio contains discounted strong businesses with growing values selling at an average P/V in the mid-70s% — a striking contrast to what we believe is an overvalued index increasingly driven by momentum in a narrower group of companies. We expect our differentiation from the index to be a source of strength. Second, with lower equity market correlations and the prospect of more volatility among stocks, we expect undervaluation opportunities will increase, as they did in late 2017, providing us additional investments that will drive future compounding. Third, through our 42 years at Southeastern and in studying market history, we know that most broad trends come in cycles that can either turn quietly or with unexpected force. Most of our businesses remain in the out of favor bucket. We believe the recent dominance of momentum investing, which reflects speculation at elevated prices, will likely turn back to a favorable environment for undervalued stocks.

It is our strong view that with most asset classes selling at full prices and many areas within the stock market trading at high multiples, the inflated index is more vulnerable to downside surprises than likely to continue double-digit gains. Ben Graham’s definition of an investment from Security Analysis written in 1934 has never been more relevant: “An investment operation is one which, upon thorough analysis, promises safety of principal and a satisfactory return.” As the largest shareholder group in the Fund, we aim to preserve capital and compound at a real double-digit rate of return by owning a limited number of undervalued, high quality, competitively advantaged businesses where we are engaged with capable and aligned management partners. We have no doubt that we can deliver good performance because of our understanding of the drivers of each company’s value growth versus the associated risks, our ongoing dialogue with management, and our discipline to hold cash when businesses do not meet our stringent criteria.

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RISKS

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Active Share measures how much an equity portfolio’s holdings differ from those of the benchmark index.

“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

As of December 31, 2017, the top ten holdings for the Longleaf Partners Global Fund: CenturyLink, 7.8%; FedEx, 6.9%; Fairfax, 5.5%; EXOR, 5.5%; LafargeHolcim, 5.3%; CK Hutchison, 5.3%; OCI, 4.9%; CK Asset, 4.3%; Alphabet, 4.3%; United Technologies, 4.1%. Fund 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.

Funds distributed by ALPS Distributors, Inc.
Longleaf Partners Global Fund gained 3.01% in the third quarter. This return exceeded our annual absolute goal of inflation plus 10% in spite of the Fund's high cash level, which accounted for a meaningful amount of the performance shortfall versus the 4.84% rise of the MSCI World Index. The Fund’s substantial year-to-date (YTD) performance of 23.08% and 1 year return of 25.05% surpassed both our absolute goal and the index’s 16.01% and 18.17% for the same respective periods. Most of the businesses we own had positive returns in the quarter with five stocks posting double-digit gains. Contributors were located in different parts of the world and had company-specific drivers. A common thread was management partners who are pursuing transactions aimed at building value per share.

The Fund had limited activity over the last three months. We bought no new companies and added to three of our more discounted investments. We trimmed three Asian gaming related companies and sold one after their strong price appreciation over the last 18 months.

The higher cash and limited purchases do not properly reflect the activity level of our analyst team or the opportunity set we are seeing. In spite of strong broad market performance, our on-deck list of companies that meet our qualitative criteria and are within 10-15% of our required discount grew over the quarter as we saw more performance dispersion amid our universe. Our team has assessed numerous companies whose stocks reflect uncertainty, including a variety of businesses that may be impacted by Amazon’s retail model, the development of ride sharing and electric vehicles, continued low energy prices, the future of healthcare, and the multitude of viewing options for media content. Additionally, investors’ manic search for yield and dividend stability has created opportunities where companies have cut or are at risk of cutting their dividends.

The Fund’s long-term potential to outperform will be due largely to our concentrated, bottom up approach that makes the portfolio dramatically different from the index (as evidenced by the 95+ active share). We believe the Global Fund is currently more attractively positioned than the MSCI World, which sells at a record high level. Our price discipline has created a relatively low 34% weight in the overvalued U.S. market as compared to the index’s 59%. Information Technology and Financials, two areas where the sustainability of any competitive advantages is generally difficult to assess, constitute one-third of the index and were two of its main return drivers in the quarter. Because of our higher hurdle for companies in these sectors and their elevated valuations, the Fund has about half as much exposure to IT and Financials (most of which is through 2 P&C insurers/reinsurers). The Fund’s flexibility to own companies outside of the index (currently almost half of holdings) provides opportunity distinct from the benchmark. The Fund’s cash is also an advantage, providing liquidity when we find new qualifiers, but also acting as a buffer in the event that the 9+ year bull market reverses course.

Contributors/Detractors

(3Q portfolio return; 3Q Fund contribution)

Fairfax Financial Holdings (+20%, +0.93%), the Canadian based property and casualty (P&C) insurer and reinsurer, was the largest performance contributor in the third quarter. As one of two new holdings in 2017, Fairfax illustrates that “recycled names,” businesses that we previously have owned directly or as part of another company, are a good source of new investments. Our level of conviction in recycled names is usually higher because we know the businesses and management teams more intimately after being owners. Fairfax’s quick appreciation occurred when several material corporate actions helped bring clarity to pieces of hidden value that CEO Prem Watsa had built. In India, Fairfax sold a portion of its stake in ICICI Lombard through an initial public offering (IPO) and a private market transaction, producing a combined $950 million gain. In Singapore, Fairfax sold its subsidiary, First Capital, to Mitsui Sumitomo, one of Japan’s largest insurers, at a price more than three times book value. This multiple, which was much higher than traditional U.S. P&C companies receive, highlighted the inherent value in some of Fairfax’s international insurance subsidiaries. The First Capital transaction not only generated a $900 million after-tax gain, but also provided Fairfax with a continuing 25% quota share in First Capital’s underwriting and with the potential to participate in the difficult to access Japanese reinsurance market through Mitsui Sumitomo. The proceeds from these transactions will help fund Fairfax’s newly announced share repurchase program and will also replenish capital from recent hurricane losses, putting Fairfax in an excellent capital position to take advantage of a potentially hardening P&C market after these multiple catastrophes.

Average Annual Total Returns (9/30/17): Since Inception (12/27/12): 9.54%, Ten Year: na%, Five Year: na%, One Year: 25.05%

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.

As reported in the Prospectus dated May 1, 2017, the total expense ratio for the Longleaf Partners Global Fund is 1.52%. The expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.65% of average annual net assets. Effective May 1, 2016, Southeastern agreed to voluntarily reduce the expense limit to 1.20%. This voluntary fee waiver for the Global Fund may be discontinued at any time.
EXOR (+17%, +0.86%), one of Europe’s leading investment holding companies, was the Fund’s other primary contributor to third quarter performance. EXOR owns over 30% of Fiat Chrysler Automobiles (FCA) whose share price rose 64%. FCA announced that profits increased over 200% year-over-year (YOY) driven by strength in its Maserati brand and in South America and Europe. Additionally, takeout speculation persisted with rumors surrounding potential Asian buyers. Our partners at EXOR, Chairman and CEO John Elkann, a member of the founding Agnelli family, and Vice Chairman Sergio Marchionne (also CEO of FCA) first drew us to EXOR and have demonstrated superior capital allocation judgement. In the quarter, they announced plans to separate Magneti Marelli, FCA’s low margin component parts business. Over our five year holding period, the work of our partners has enabled our base EXOR appraisal to grow at an impressive 14% per annum. The company’s composition has changed, most notably with the acquisition of PartnerRe last year. The component pieces of our appraisal today are FCA (32%), PartnerRe (28%), CNH Industrial (19%), Ferrari (16%). The substantial value growth at EXOR has enabled the stock to remain attractively discounted, even following strong returns. We believe management can continue to produce double-digit value growth and that attractive upside optionality remains in the underlying pieces of EXOR, particularly in the investing opportunity at PartnerRe and the margin leverage at CNH as demand for agricultural equipment rebounds.

Level 3 Communications (-10%, -0.87%), the global fiber and integrated communications network company, was the only notable detractor from the Fund’s return in the quarter. The size of the position magnified the impact of the stock’s decline. We maintained a 10% weight and added in the quarter in anticipation of the close of CenturyLink’s (CTL) purchase of the company. Because we will receive approximately half of the transaction in cash, the combined company will become a more normal 5% position. In the quarter, Level 3’s price reflected concerns about final deal approvals and a potential CTL dividend cut post-deal (as inferior competitors have cut dividends this year). On the first day of the fourth quarter, the Department of Justice gave a key approval to the merger. The prospective cash flow from the combination with Level 3 should easily cover CTL’s current dividend which was otherwise in question given its declining legacy land line business. The dividend is irrelevant to the company’s underlying value and has taken on undue importance in this environment of intense yield chasing. We anticipate that the deal will close and believe the new CTL will be the preeminent global fiber network solutions company with an extraordinarily capable management team, including Level 3 CEO Jeff Storey.

Portfolio Activity
Cash grew during the quarter as sales exceeded purchases. Our Asian gaming related investments, the largest contributors to YTD performance, showed significant strength in the last 18 months after being among the Fund’s worst performers in 2015 and early 2016. We exited one, Galaxy Entertainment, which we owned via K. Wah, and trimmed three, Wynn (which controls Wynn Macau), Melco, and Genting. Asian gaming, particularly in Macau, exemplifies how Southeastern uses our time horizon of 3-5+ years as an advantage when short-term fears dominate a stock’s price. In early 2016, prices reflected the substantial drop in VIP revenue following China’s anticorruption campaign, but they ignored the longer term increase in much more profitable mass gamblers and the growth in visitors that new properties and infrastructure under construction would bring. Less than two years later, newly opened casinos and hotels have drawn more visitors and mass gaming revenue has grown double digits. VIP visitors also have increased from their low levels. The stocks have soared but remain below our appraisals because of the value growth. None of these positives yet reflects the impact of the new bridge to Hong Kong, expected to open in 2018, or other longer term infrastructure improvements.

K. Wah benefitted from strength in its China and Hong Kong residential real estate business as well as Galaxy’s rebound. Because we had some reservations about management’s allocation of capital towards the company’s expensive land bank in Hong Kong and China, we sold K. Wah to reduce our overall exposure to Macau given higher P/V levels. As mentioned above, we made no new purchases. In addition to adding to Level 3, we increased the Fund’s stake in Ferrovial and C K Hutchison. Ferrovial was one of three new investments over the last year (along with Yum China and Fairfax) that came from “recycled names,” businesses that we previously have owned directly or as part of another company. Our level of conviction in recycled names is usually higher because we know the businesses and management teams more intimately after being owners.

Outlook
The Fund’s flexibility to look different from the index and our bottom up, valuation driven discipline should allow the Global Fund to continue to earn strong absolute returns that we believe can outperform the index over the long term. The companies we currently own offer additional attractive upside given their P/V in the high-70%s and the value growth that our management partners are capable of delivering. The 16% cash position does not anticipate a market correction, nor do we require a downturn to find qualifiers. Our edge comes in identifying the best stock-specific opportunities rather than in investing in broadly discounted markets. Our growing on-deck list contains a number of prospective investments simply waiting on prices to move in our favor, which could happen if individual companies disappoint investors, dispersion within the market leaves areas of undervaluation, or a broad pullback occurs. Our liquidity will be an advantage when opportunity strikes, and we believe each new investment will provide the Fund additional foundation for successful future compounding.

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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.

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.

Active Share measures how much an equity portfolio’s holdings differ from those of the benchmark index.

As of September 30, 2017, the top ten holdings for the Longleaf Partners Global Fund: Level 3, 9.7%, FedEx, 6.4%, EXOR, 5.8%, LafargeHolcim, 5.6%, CK Hutchison, 5.5%, Fairfax, 5.5%, OCI, 4.6%, Wynn Resorts, 4.2%, CK Asset, 4.1%, Yum China, 4.1%. Fund 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.

Funds distributed by ALPS Distributors, Inc.
Longleaf Partners Global Fund returned 9.92% for the quarter, meaningfully outperforming the MSCI World Index’s 4.03% return as well as our annualized absolute goal of inflation plus 10%. The Fund’s year-to-date (YTD) results were a substantial 19.48% versus 10.66% for the index. Most stocks in the portfolio posted gains with strength in our Asian holdings, particularly those with exposure to gaming, driving a large portion of the Fund’s outperformance. The Fund’s energy exposure provided the only notable headwind.

The Fund’s outperformance came with minimal help from what drove the index — a reminder that successful stock selection in a concentrated portfolio with high Active Share can be a winning formula. Health Care and Information Technology were the largest contributors to the index YTD, though Financials and Health Care were the top contributors in the second quarter after Information Technology retreated at the end of the period. The Fund had limited exposure to Information Technology and none to Health Care, and is underweight Financials relative to the index, with no direct exposure to banks. We feel that the vast majority of companies in Information Technology and Health Care, which make up over 25% of the MSCI World Index, are exhibiting dangerous signs of overvaluation.

The Fund’s geographic differentiation from the index also demonstrated that owning individual companies, rather than benchmark exposures, aided our substantial outperformance. Almost 60% of the index was invested in U.S. stocks which generated 40% of its second quarter return. By comparison, 20% of the Fund’s return came from the U.S. where only about one-third of the portfolio was invested — a relatively small exposure that is not surprising given that we view this as the most overpriced region after over eight years of a bull market. As noted above, our Asian holdings, which were 23% of the portfolio, were the primary source of performance, generating over 60% of the Fund’s return. Asia made up only 10% of the index (9% in Japan where we had no investments), and accounted for approximately 14% of its return. We have discussed this region’s relative undervaluation for quite some time, and although it remained the most discounted area on a broad basis, valuations were notably higher than at the start of the year. Europe, where both the Fund and the benchmark had about one quarter of assets, drove almost half of the index’s return but only 20% of the Fund’s. Stocks in Europe rallied to new twelve month highs following the election of moderate candidate Emmanuel Macron in France, the region’s second largest economy.

The market strength around the world over the last three months led to more portfolio sales than purchases in a challenging environment in which to deploy capital, and our cash position ended higher-than-normal. We added to two positions and bought no new investments. We trimmed five stronger performers and exited one. One of the improvements that we have made to our process in recent years is being slower to part with longer term holdings that have performed well and qualify at a superior level on business and people. We will always maintain our discipline by trimming position weights of investments that have approached our conservative appraisal value. However, we do not want to overlook the ability of qualitatively superior companies with discernable but hard to quantify upside like Melco, Yum China, Wynn Resorts, FedEx, Alphabet, and Level 3, to grow their values in ways that do not necessarily fit easily into a spreadsheet.

Our on-deck list of potential investments contains an ample number of companies around the world that meet our qualitative criteria and are not far from qualifying on price. A temporary setback or disappointment at any of these could put their stocks in buying range. Likewise, a more widespread moderate market correction could see cash quickly put to work. Despite elevated market levels, dispersion remains broad, and we are finding numerous prospective investments to investigate, including analyzing multiple avenues for taking advantage of the sell-off in all things retail related.

**Contributors/Detractors**

(2Q portfolio return; 2Q Fund contribution)

**Melco International** (+52%, +2.77%), the Asian casino and resort holding company, was a primary contributor to performance as investors were encouraged by the accelerating recovery pace of industry gross gaming revenue (GGR) in Macau. GGR rose 17% in the first six months with May up 24% and June up 26%. Melco International’s substantial holding company discount to the market value of its 51% stake in Melco Resorts, which operates the casinos, shrank considerably this year, as Melco International consolidated its control over Melco Resorts. The consolidation is an example of the solid stewardship of our partner, CEO Lawrence Ho. Although the stock price remains discounted, we trimmed our stake to

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**Average Annual Total Returns (6/30/17): Since Inception (12/27/12): 9.38%, Ten Year: na%, Five Year: na%, One Year: 42.89%**

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 longleaffpartners.com.

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maintain a more normal portfolio weight

Yum China (+45%; +2.25%), the operator of KFC and Pizza Hut restaurants in China, also helped drive Fund performance. The company reported its first full quarter as a newly spun off independent company, and significantly exceeded expectations for operating margins. In addition to helping current results, this margin strength has ramifications for the future value of stores to be developed. Both the reported results and YUM China’s acquisition of online food delivery service Daojia, helped investors begin to realize that the enormous amount of meal delivery in China could end up being an additive weapon instead of a competitive threat for the company’s store base. With the stock’s significant gain, we reduced YUM China’s portfolio weight, but we believe management will continue to drive attractive value growth.

Wynn Resorts (+17%; +1.00%), the luxury gaming and hotel operator with prime properties in Las Vegas, Macau, and Boston, continued its strong gains from the first quarter. As Macau’s GGR rebound accelerated, Wynn’s Palace property continued to ramp up strongly without cannibalizing the company’s legacy Peninsula property nearly as much as the market previously feared. Wynn reported a solid quarter in Las Vegas and announced that phase one of its golf course redevelopment will be a much more prudent project than some had anticipated, once again illustrating the great partner CEO Steve Wynn has been since we invested. Construction is on track for the Boston property to open in 2019. Our appraisal grew in the quarter, but we trimmed the stock to a more normal weight as the gap between price and value narrowed.

FedEx (+12%; +0.76%), one of the world’s largest package delivery networks, contributed in the quarter. The company continued its excellent earnings momentum, driven currently by revenue strength and margin gains in the Express segment. The Ground segment revenues stayed incredibly strong, although margins were down as the company invested heavily in growth. We believe that the company is close to a point where Ground margins turn around and begin to grow as the large scale investment in new hubs slows. The company also communicated that the integration of its TNT acquisition from last year is going well, providing future earnings upside even though for now, TNT results are dilutive. Some of the investor panic around Amazon hurting FedEx as a competitor has also begun to subside, for logical reasons related to FedEx’s physical scale and last mile density. FedEx is heavily weighted as the Fund’s second largest position, reflecting our confidence in CEO Fred Smith and his team, as well as in FedEx’s competitive strength and long-term value growth.

Cheung Kong Property (+19%; +0.74%), the Hong Kong and China real estate company, was another notable contributor. The company achieved strong volumes of residential property sales in both countries. In the first half of 2017, Cheung Kong Property was the largest seller of residential property in Hong Kong. Additionally, the value of Cheung Kong Property’s commercial Hong Kong properties was highlighted with the sale by the government of the comparable Murray Road property across from Cheung Kong Property’s Hutchison House. The transaction fetched a land premium that implied a price of HK$50k per square foot (psf) on a gross floor area (GFA) basis and a cap rate of less than 3%. Our appraisal of Hutchison House is around HK$16k psf, which reflects the 5% cap rate we use to appraise Cheung Kong Property’s office properties in Central, Hong Kong. Cheung Kong Property will begin redevelopment of Hutchison House which will allow the company to substantially increase the plot ratio from the current 22 story building to 38 floors. Managing Director Victor Li built value on two fronts by selling residential properties into a high price/high demand market and aggressively buying in Cheung Kong Property’s undervalued stock. YTD, Cheung Kong Property paid HK$6.9 billion to repurchase ~3.3% of outstanding shares at a substantial discount to our appraisal. In May the company closed its acquisition of Duet in Australia. In the same month, Cheung Kong Property took advantage of the low interest rate environment and issued US$1.5 billion 4.6% guaranteed senior perpetual capital securities, which are being used to repurchase additional shares.

Level 3 Communications (+4%, +0.28%), the multinational telecommunications and Internet service provider, did not have a significant impact on the Fund’s performance but made a major announcement during the quarter. CEO Jeff Storey was named the successor to CEO Glen Post at CenturyLink, whose acquisition of Level 3 should close in a few months. With this announcement, we are thrilled that Storey’s stellar team, who created 182% in shareholder return since he took over in 2013, will be running operations at the new CenturyLink - a powerful combination of Level 3 with CenturyLink’s fiber network, most of which came through its 2011 acquisition of Qwest. Level 3 is the Fund’s largest position but will become a more normal weight after the merger because at the current CenturyLink price, around 45% of the deal will be paid in cash.

Chesapeake Energy (-16% -0.55%), one of the largest U.S. producers of natural gas, oil, and natural gas liquids, was the Fund’s primary detractor. Weak commodity prices impacted the oil and gas group overall, but what was most striking about Chesapeake was the stock price’s extremely high correlation to oil prices instead of natural gas prices this quarter. Although Chesapeake’s production is primarily weighted to gas, a meaningful percentage of the company’s current earnings before interest, taxes, depreciation and amortization (EBITDA) comes from oil. Additionally, oil’s importance to Chesapeake going forward has increased with much of current drilling focused on oil, especially in the Powder River Basin and Eagle Ford Shale. CEO Doug Lawler and his team will make prudent asset sales when the price and time are right, as they have done in the past, but the lack of such reported sales this quarter also weighed on the stock price.

Portfolio Activity
We increased the Fund’s position in Fairfax Financial, a Canadian based insurance and reinsurance operator that we began buying in the first quarter. Southeastern previously owned the company for over a decade, and both the Longleaf International and Small-Cap Funds had positions. CEO
and Founder Prem Watsa has continued to increase Fairfax’s value since we sold three years ago, and the company has outgrown the small cap universe. Fairfax is underwriting more successfully than when we previously owned it, is about to complete a value-accretive merger with Allied World, and still has the investing prowess of Watsa and his team. Because the merger is on the come and Watsa is holding a large amount of cash that is not producing significant income, near-term reported earnings per share are well below the company’s long run earnings power. We are excited to partner with Watsa at Fairfax again.

We sold our stake in Genting Singapore, the casino company with a duopoly in Singapore and controlled by Genting Berhad. The stock reached our appraisal as the company reported a strong quarter. Hold-adjusted EBITDA rose around 45% year-over-year (YOY), beating market expectations by a wide margin. The company gained mass market share. Write-downs on VIP receivables fell over 80% YOY, and management’s statements regarding the balance sheet implied a lower level of bad debt provisions going forward. The company also announced its intention to redeem S$2.3 billion perpetual securities which would save almost S$120 million in interest costs. In our 19 month holding period, Genting Singapore generated a 58% return.

Outlook
The P/V in the high-70s% is higher than usual, as is the 14% cash position. In spite of a more challenging market for investing in undervalued securities, we are confident that the businesses we own have the financial and competitive strength to produce solid results. Our management partners are building values through strong operations as well as prudent capital allocation. In addition, our productive research has built an attractive list of high quality prospective investments that we are positioned to buy as the market provides inevitable opportunities. We believe in the Fund’s ability to generate long-term outperformance based on what we own and what we will own as a result of Southeastern’s time-tested value discipline and deep global research team.

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Active Share measures how much an equity portfolio's holdings differ from those of the benchmark index.

Cap rate (capitalization rate) is the rate of return on a real estate investment property based on expected income.

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

As of June 30, 2017, the holdings discussed represented the following percentages of the Longleaf Partners Global Fund: Melco, 4.1%; Yum China, 4.4%; Wynn, 5.0%; FedEx, 6.7%; Alphabet, 4.1%; Cheung Kong, 4.2%; Chesapeake, 2.6%; Level 3, 9.1%; Fairfax, 5.0%; Genting Berhad, 0.8%; Genting Singapore, 0.0%. Fund 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.

Funds distributed by ALPS Distributors, Inc.
Longleaf Partners Global Fund returned 8.70% in the first quarter, outperforming the MSCI World Index’s 6.38% and meaningfully exceeding our absolute annual return goal of inflation plus 10%. This performance extended 2016’s strong absolute results and almost 1300 basis points of benchmark outperformance.

A large portion of our return was attributable to our gaming resort investments, particularly in Macau, where industry gross gaming revenue accelerated above consensus estimates in the last two months to approximately 18% growth year-over-year. Businesses based outside the U.S., along with Wynn Resorts, which has approximately half of its value in Macau, were by far the larger contributors to our strong performance. Very few stocks in the portfolio declined, and their impact was slight. The largest collective detractor, our two energy investments — while lower weighted than in recent years — declined due to commodity price fluctuations, even though our management and board partners continued to make the right moves for the long term.

Since the U.S. election in November, global markets have levitated. Full valuations in parts of the world have become more extended, with the U.S. market being the most extreme. Europe appears fairly to slightly overvalued, while the Asia Pacific region is more attractive. The chart below illustrates the relative valuations of major stock markets. Our portfolio reflects the regional opportunity set with U.S. holdings only 38% of assets in spite of being over 50% of the global index’s market cap. The remainder of our companies are based 30% in Asia, 24% in Europe, and 3% elsewhere. Cash is 5%.

Overall market levels constitute a challenge for the value oriented investor, but tight capital market correlations of the last eight years have started to break down. The central bank inspired lock-step elevation of risk assets started in the early days of the U.S. Subprime Crisis. Passive investing in index funds and exchange-traded funds rose in popularity as the lack of price dispersion reduced the opportunity for active managers to outperform. We believe this has changed. As the graph below indicates, correlations across global asset classes have dropped back to 2006 levels. Our strong performance in 2016 and through the first quarter of 2017 when correlations were declining from high levels is an indicator of how active management can deliver.

With increased dispersion, our on-deck list has expanded even as broader markets have risen. Although our U.S. prospects are fewer than usual, we are finding additional potential qualifiers in other parts of the world. In the quarter we bought one new security and reduced the weight of two of our larger contributors as their prices moved closer to our appraisals.

Global Asset Correlations

Historical Six month correlations at 3/31/17

With increased dispersion, our on-deck list has expanded even as broader markets have risen. Although our U.S. prospects are fewer than usual, we are finding additional potential qualifiers in other parts of the world. In the quarter we bought one new security and reduced the weight of two of our larger contributors as their prices moved closer to our appraisals.

Contributors/Detractors

(1Q portfolio return: 1Q Fund contribution)

Three of our largest contributors were related to Macau casino operators. We therefore start with a discussion of the area’s overall positive results. Investor sentiment toward Macau has improved since August 2016 when industry gaming revenues

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**Global Valuations**

At 3/31/17

**Average Annual Total Returns (3/31/17): Since Inception (12/27/12): 7.54%, Ten Year: na%, Five Year: na%, One Year: 29.22%**

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.

As reported in the Prospectus dated May 1, 2016, the total expense ratio for the Longleaf Partners Global Fund is 1.54%. The expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.65% of average annual net assets. Effective May 1, 2016, Southeastern agreed to voluntarily reduce the expense limit to 1.20%. This voluntary fee waiver for the Global Fund may be discontinued at any time.
posted their first year-over-year (Y/Y) growth in 26 months. The pace accelerated in the last two months. While overall visitation was essentially flat in FY16, overnight visitations, which tend to be higher value customers than day trippers, grew 10%. The higher margin mass business grew double-digit rates in each of the last three quarters; and, even the VIP business is staging a comeback, supported by junket consolidation and increasing credit availability. The increase in demand has helped absorb new supply. Competition remains rational with all participants focused on margins rather than reducing prices to gain share.

**Wynn Resorts (+33%; +1.93%),** the luxury gaming and hotel operator with prime properties in Las Vegas, Macau, and Boston, was the largest contributor in the quarter. Wynn’s Palace property is ramping up from non-earning status more quickly than expected and gaining share as the premium property in Macau. Las Vegas continued to be a steady market, and the company is making progress on developing and monetizing its under earning golf course land. Wynn also is likely to benefit from the NFL coming to Las Vegas. Construction on the Boston resort is moving ahead as planned. Wynn has a large amount of optionality, and we are confident that CEO Steve Wynn and his team can maximize our outcome. Given the price strength and the position size, we trimmed the stock in the quarter.

**Melco International (+30%; +1.82%),** the Macau gaming operator, was the other most significant contributor in the quarter. Melco’s City of Dreams maintained its market share even with the opening of the $4 billion Wynn Palace across the street, and Melco’s newest property, Studio City, continued to ramp up, substantially growing earnings before interest, tax, depreciation and amortization (EBITDA). We expect the new ferry terminal to open this year, which will bring mass tourists directly to Cotai, where City of Dreams is located. Importantly, Melco re-financed $1.4 billion in Studio City secured credit facilities at attractive rates in late 2016 which removed an overhang on the stock. CEO Lawrence Ho and his team have proven to be strong operators and astute capital allocators. In January, Melco Crown, which Melco controls, declared $1.3 per share in special dividends (implying over 8% yield).

**EXOR (+20%; +1.00%),** the Netherlands based holding company of the Agnelli family, was another top contributor to performance. Of the company’s significant public stakes, car company Fiat Chrysler Automobiles and agricultural equipment and commercial truck producer CNH Industrial, both had good underlying share price performance. PartnerRe, EXOR’s wholly owned reinsurance business, will be revalued in the upcoming quarter, which we expect to be a positive development. EXOR is at the early stages of its transformation under the leadership of CEO John Elkann and remains attractively priced at a discount to our appraisal.

**K. Wah International (+3%; +0.90%),** the Hong Kong and China real estate company that also owns 3.8% of Macau casino operator Galaxy Entertainment, was another major contributor in the quarter. All three of the company’s value drivers performed strongly. Book value grew 16% and the dividend grew 8% Y/Y. In 2016, the company sustained a second year of elevated sales of Hong Kong residential developments at high margins. K. Wah also achieved strong pre-sales of its Hong Kong K-City residential project at the former Kai Tak airport for prices almost double what it will cost to complete. In China, K. Wah achieved EBITDA margins above 50% on real estate sales due to its low cost land bank and strong price growth in tier 1 cities, where most of its land bank is located. During the quarter, the company’s stake in Galaxy Entertainment appreciated by over 25% as sentiment towards Macau improved. We took advantage of K. Wah’s gain to trim the position as our case began to rely more heavily on management’s capital allocation, where we have somewhat less confidence in the controlling shareholder’s interest in closing the remaining discount.

**LafargeHolcim (+13%; +0.81%),** the world’s largest global cement, aggregates, and ready-mix concrete producer, also added to the Fund’s return. The company’s 4Q results demonstrated continued success in pricing, operating cost control, and disciplined capital spending which helped EBITDA grow 15.5% and free cash flow increase 107%. For 2017, Eric Olsen guided to 2-4% volume growth helped by resumed growth in India and Latin America and continued volume growth in the U.S. Improved volumes combined with pricing and cost controls should drive double-digit EBITDA growth and strong free cash flow (FCF) generation. FCF along with divestitures has fortified LafargeHolcim’s balance sheet, and the competitive landscape is positive with few slated capacity additions. We expect dividends and share repurchases to accelerate as cash flow grows.

**Chesapeake Energy (-15%; -0.65%),** one of the largest U.S. producers of natural gas, oil, and natural gas liquids, was a detractor in the quarter, but with a relatively minor impact on Fund performance. At the macro level, declines in oil and gas prices pressured the stock. We use the futures strip for both commodities in our appraisal of Chesapeake, even though they are currently trading below the global energy industry’s long run marginal costs. CEO Doug Lawler further improved the company’s financial strength and flexibility, closing two Haynesville deals and reporting another solid operational quarter. We believe he and his team will continue to execute additional asset sales and maintain both operating and capital expense discipline.

**Portfolio Activity**

We did not exit any investments but initiated one new position in the first quarter – a financial services business that Southeastern has owned previously. We still are working to buy a full allocation, and thus, will wait to discuss the company more in depth.

**Outlook**

Our corporate partners have been delivering solid operating results and capital allocation choices. Although the Fund’s low-70s% P/V ratio is higher than usual, the competitively advantaged businesses we own and the superior management teams running them should be able to grow values per share at above average rates. Disruptions from the geopolitical
uncertainty around the world, particularly with elevated market levels in many places, could deliver additional opportunities. Our global research team is already adding strong businesses to the on-deck list. Our 5% cash position positions us to take advantage of the next qualifier. We believe our proven discipline and robust process mean that our current holdings and prospective investments portend good risk-adjusted returns for the foreseeable future.

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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.

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

Enterprise value (EV) is a company’s market capitalization plus debt, minority interest and preferred shares, and less total cash and cash equivalents.

EV/EBITDA is a ratio comparing a company’s enterprise value and its earnings before interest, taxes, depreciation and amortization.

Price-to-book value (P/B) is the ratio of market price of a company’s shares over the value of a company’s assets as carried on the balance sheet.

As of March 31, 2017, the holdings discussed represented the following percentages of the Longleaf Partners Global Fund: Wynn, 6.7%; Melco, 7.4%; EXOR, 5.6%; K. Wah, 2.3%; LafargeHolcim, 6.8%; Chesapeake, 3.3%. Fund 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.

Funds distributed by ALPS Distributors, Inc.
Longleaf Partners Global Fund returned 20.43% for the year, more than doubling the MSCI World Index’s 7.51% return and beating our absolute goal of inflation plus 10%. In the fourth quarter, the Fund posted a positive return of 1.60%, narrowly falling shy of the MSCI World’s 1.86% return in the period.

The Fund's large return had little to do with the index, which experienced two distinct environments. In the first seven months, perceived “safe” stocks dominated. Beginning in August, cyclicals gained meaningful ground, and defensive and minimum volatility stocks declined rapidly. Global markets had significant price volatility across geographies. For example, Hong Kong markets suffered declines in the first and fourth quarters amid China concerns, with the fourth quarter further complicated by fears of higher U.S. interest rates and impacts of a Trump presidency on global trade. In Europe, markets rebounded quickly in the third quarter after a negative first half overshadowed by Brexit and European terrorist attacks. Most of the U.S. market return came in the second half, including the post-election rally.

Solid operational performance and smart capital allocation by our management partners who pursued value accretive transactions drove the Fund’s substantial results. The company-specific nature of our 2016 return reinforced the importance of investing with a long time horizon and aligned, shareholder-oriented corporate leadership. While it is difficult to predict near-term stock prices, if our businesses are selling at a meaningful discount to their intrinsic worth, are growing free cash flow over the long term, and are run by people who are motivated to build value per share, good returns can be expected. These same characteristics describe our current holdings, are the criteria required for new investments, and therefore form the basis for our confidence in our ability to continue to deliver solid results.

Annual Contributors/Detractors
(2016 investment return, 2016 Fund contribution)

**Chesapeake Energy** (+319%, +11.33%), one of the largest U.S. producers of natural gas, oil, and natural gas liquids, was the Fund's top contributor to performance in 2016 and gained an additional 12% in the fourth quarter. Earlier in the year, we transitioned our equity position into heavily discounted bonds and convertible preferred stock, which offered equity-like returns higher in the capital structure and a potentially faster payback. As the bonds rose close to par, we exited them. At the end of the third quarter, we converted all of our appreciated preferred securities into common stock for an attractive premium. Over the course of the year, management executed beyond expectations, selling various assets, improving the balance sheet through discounted debt repurchases, reducing operating and capital expenditures, and renegotiating midstream contracts. The most recent asset sales in the fourth quarter included a portion of the company's properties in the Haynesville Shale in northern Louisiana for proceeds of approximately $915 million. Signed or closed asset sales reached $2.5 billion in 2016, exceeding management's original target of $1 billion. To further strengthen its balance sheet, the company secured a term loan and convertible debt offering, which raised more capital at better terms than expected. Since the beginning of 2012, Chesapeake has reduced debt by 50%, and its remaining fixed liabilities should be well covered in the coming years. The company has targeted a two times net debt over earnings before interests, taxes, depreciation, and amortization (EBITDA) with cash flow neutrality by 2018 and 5 to 15% of annual production growth by 2020. We salute CEO Doug Lawler and Chesapeake's board, with Brad Martin as Chairman, for their successful pursuit of shareholder value in the face of massive headwinds.

**adidas** (+60%, +2.60%), the German-based global sportswear and equipment brand, was another significant contributor for the year. We sold our stake in the third quarter as price approached our appraisal value. We engaged in a productive dialogue with the company when necessary since initiating the position in August 2014. Over that time, adidas re-focused on its core brand, grew revenues, sold or sought buyers for non-core segments including Rockport and golf, repurchased just over five percent of the company at substantially discounted prices, replaced the CEO, and added two highly qualified owners to the Supervisory Board, one of whom we proposed. In the Fund’s two year holding period, adidas returned 105% (in U.S. dollar) and 147% in local currency (euro).

**Wynn Resorts** (+28%, +1.76%), the luxury gaming and hotel operator with prime real estate in Las Vegas, Macau, and Boston, also helped drive 2016 returns, despite a slight retreat in the fourth quarter. The total Macau market reported higher gross gaming revenues year-over-year in most months of the second half, indicating stabilization and a return to growth. In August, the company opened the Wynn Palace in Cotai

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**Average Annual Total Returns (12/31/16): Since Inception (12/27/12): 5.80%, Ten Year: no%, Five Year: no%, One Year: 20.43%**

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.

As reported in the Prospectus dated May 1, 2016, the total expense ratio for the Longleaf Partners Global Fund is 1.54%. The expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.65% of average annual net assets. Effective May 1, 2016, Southeastern agreed to voluntarily reduce the expense limit to 1.20%. This voluntary fee waiver for the Global Fund may be discontinued at any time.
FedEx (+26%, +1.45%), the global transportation and logistics company, was a leading contributor in the Fund for the year after gaining 7% in the fourth quarter. The company raised guidance for fiscal year 2017 and continued to buy back its discounted shares. Our appraisal increased as expense reductions in Express over the last several years helped raise margins. Investing in growth at Ground depressed margins in that division but should have meaningful payoff longer term. The TNT acquisition, finalized in May, should materially benefit profitability by increasing the final mile density of FedEx’s business across Europe. Management indicated that the integration of TNT should generate at least $750 million of annual synergies across its network over the next few years. We believe that CEO Fred Smith and his capable leadership team will continue to drive value growth for shareholders.

CONSOL Energy (+131%, +1.45%), the natural gas and Appalachian coal company, also contributed large gains over the year. CEO Nick DeLulis, management, and the board, led by Chairman Will Thorndike, monetized assets and continued to cut costs in the pursuit of separating the coal and gas businesses which is expected to happen in 2017. Following the disposition of its metallurgical coal assets in the first half of the year, CONSOL sold its high cost Miller Creek and Fola thermal coal mines to a private buyer at a price above the company’s discounted shares. The company also delivered positive free cash flow (FCF) for the year, which many thought very unlikely at the start of 2016. In the fourth quarter, CONSOL announced the unwinding of a joint venture with Noble Energy in which the company received $205 million in cash from Noble while maintaining ownership of valuable EBITDA-producing properties. Recent transactions involving other companies’ gas assets in Appalachia, as well as CONSOL’s own midstream master limited partnerships’ (MLP) prices, support our appraisal of CONSOL, which is much higher than the stock price.

OCI (-30%, -1.44%), a global fertilizer and chemical producer, was the largest detractor in the Fund for the year, even after a rebound of 18% in the fourth quarter. The two main pressures on the share price were weakness in nitrogen fertilizer prices and the cancellation of the CF Industries merger as a result of the U.S. government crackdown on tax inversions. Despite depressed fertilizer prices, nitrogen remains an essential part of global food production, and global demand is growing by around 2%, which will help deplete the current excess supply by 2018. Given the high cost and long lead time of building a new plant, it is unlikely that new capacity will be built in the medium term. OCI owns the newest and most efficient nitrogen fertilizer plants in the industry, with its large, new Iowa plant now producing. Its Texas Greenfield methanol plant comes online in late 2017. OCI recently initiated a cost savings plan over $100 million, $65 million of which is executed, and the company has completed the majority of its large capital expenditures. We expect significant earnings production in the coming two years, and CEO Nassef Sawiris and his team are working diligently to grow value per share. In early December, the company announced a 25% premium offer to acquire all publicly held shares of OCI Partners in exchange for OCI shares. The acquisition should allow for operating synergies between methanol assets and incremental free cash flow with a positive impact on the combined balance sheet in 2017.

CK Hutchison (-14%, -0.77%), a global conglomerate comprised of five core businesses (retail, telecommunications, infrastructure, ports, and energy), was the other primary detractor for the year and fell by -11% in the final quarter. The stock declined in the first half of 2016 in the wake of the rejection by European regulators of its acquisition of U.K. telecom company O2, in addition to Brexit which created concerns about the impact on the company’s sizable operations in Europe and the U.K. Following a strong third quarter where the company announced a merger creating the largest Italian mobile operator, the stock lost ground in the fourth quarter after the U.S. election. A stronger U.S. dollar and expectations of tougher trade weighed on Hong Kong stocks in general and on the Hong Kong dollar’s relationship to the British pound and euro, where over half of the company’s earnings before interest and taxes (EBIT) originate. Our owner-operator partners, Victor Li and his father Li Ka-shing, continued to focus the company on its core competencies by selling its aircraft leasing business during the quarter. In recognition of the steep discount at which CK Hutchison trades to value, the company initiated its first share repurchase in the fourth quarter.

Annual Portfolio Activity
We took advantage of the market volatility and individual company performance throughout the year. We exited National Oilwell Varco in the first quarter and Philips, SoftBank, and adidas in the third quarter on the back of share price strength. We added three new positions from around the globe, all in the fourth quarter. One of these is a European-based business that remains undisclosed while we build the position. We also added Asian company Yum China, which recently spun out of Yum! Brands, a company we have known well for many years. Yum China has exclusive rights to KFC, China’s leading quick-service restaurant concept, Pizza Hut, a leading casual dining brand, and Taco Bell, with expansion plans in China. Yum China has over 7,300 restaurants and more than 400,000 employees in 1,100+ cities in China with (Macau). The property has ramped up more slowly than some analysts had hoped, but Wynn has a history of careful openings and eventual success. During the fourth quarter, sentiment shifted up and down, as some positive industry level data points were offset by concerns over Chinese policy changes that could potentially impact Macau indirectly. In the U.S., Las Vegas had solid results, and the company received the final licenses necessary to begin construction of Wynn Boston Harbor, which is expected to open in 2019. Wynn also announced plans to develop part of its Las Vegas golf course property into a hotel, restaurants, and other attractions. In December, the company sold 49% of its retail assets in Las Vegas for over twenty times EBITDA, which was accretive to our value and well above where the stock trades. The sale was also further evidence of how our heavily-aligned partner, Steve Wynn, continues to build value per share and pursue value recognition for shareholders.
additional expansion opportunity in urban centers. Yum China’s brand and scale are unique advantages and fit the desires of a rapidly growing middle class, where eating outside the home is becoming more commonplace. Our third addition was U.S. based T. Rowe Price (TROW), a diversified investment advisory firm with a dominant position in U.S. target date fund retirement assets which account for about twenty percent of assets under management (AUM). TROW’s funds have performed well and had net inflows, even with the active management headwinds the industry has faced. Over the last ten years, the company has put capital into building its international investments and distribution. The company currently has just below twenty percent of AUM in international funds and a mid-single digit percent of total AUM coming from offshore investors. As this business grows, margins should rise accordingly. The company’s balance sheet has net cash, and we are confident in the aligned management team who has a record of prudent capital allocation.

Outlook
In 2016 we delivered substantial absolute performance, and the Fund far outpaced the index. Much uncertainty remains as to the impact of U.S. tax, trade, and regulatory policies in the new administration. The future of the Eurozone is also unclear in the wake of Brexit and pending elections in France and Germany. Weakness in emerging markets and China macro fears are creating further opportunity in Asia, and the Americas have several on deck investment prospects. More global volatility, lower market correlations, and higher interest rates would likely unearth new opportunities for the Fund’s 11% cash.

The Fund’s price-to-value (P/V) in the high-60s% offers attractive upside. We believe our companies can grow their values substantially and have the ability to deliver good returns in a variety of scenarios. For example, the Fund’s three largest holdings—Level 3, FedEx, and LafargeHolcim—benefited from merger activity in 2016 and have significant revenue prospects from their combinations that are not included in projected synergies, and they have skilled leadership with experience at successful company integrations. We hold numerous other businesses that have had meaningful capital investment programs over the last few years that should begin to generate returns in 2017 and beyond. These include Wynn’s newly opened Palace and Melco’s Studio City in Macau, United Technologies’ Pratt jet engines, OCI’s new fertilizer and methanol plants, Hopewell’s Centre II project, and varied projects at Alphabet. As 2016 showed, CEOs and boards who are competent and shareholder-oriented create value. Our corporate partners, as well as the quality of our businesses, give us confidence in our future prospects.

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 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.

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

Master limited partnership (MLP) is, generally, a limited partnership that is publicly traded on a securities exchange.

EBIT is earnings before interest and taxes.

Brexit (“British exit”) refers to the June 23, 2016 referendum by British voters to leave the European Union.

As of December 31, 2016, the holdings discussed represented the following percentages of the Longleaf Partners Global Fund: Chesapeake, 4.1%; Wynn, 5.8%; FedEx, 6.6%; CONSOL, 2.4%; OCI, 4.3%, CK Hutchison, 5.4%; Yum China, 4.9%; T. Rowe Price, 2.4%. Fund 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.

Funds distributed by ALPS Distributors, Inc.
Longleaf Partners Global Fund has more than tripled the returns of the MSCI World in the third quarter and for the year. The Fund delivered 17.71% in the quarter, taking year to date returns to 18.54%. The index returned 4.87% and 5.55% respectively in the same periods.

The sustained environment of slow economic growth and low interest rates has reduced capital costs associated with acquisitions and spurred consolidation that can increase not only revenues but margins. Most of our companies were positive contributors this quarter. Actual or anticipated successful integration of mergers and acquisitions, along with transactions that strengthened balance sheets, helped drive our strong performance. Chesapeake Energy sold assets and bought debt below face value. LafargeHolcim also reduced debt through asset sales and captured synergies from last year’s merger. Melco International benefitted from consolidating Melco Crown’s results in its financial reporting, after increasing its ownership stake in the second quarter. CK Hutchison gained approval for a merger that will create the largest mobile phone operator in Italy. FedEx raised guidance in anticipation of the benefits from its TNT acquisition and raised margins in its Ground and Express divisions. Additional smart management action, including EXOR’s moving its headquarters from Italy to the Netherlands, has also been rewarded by the market.

Our management partners are focused on growing value per share, and their intelligent capital allocation choices have been a key driver of our outsized returns, as the market has recognized business fundamentals. We maintain an ongoing, engaged dialogue with our management teams, and we believe our partners will continue to drive strong performance, even in an environment where economic growth rates are not powering earnings.

Contributors/Detractors (3Q portfolio return; 3Q Fund contribution)
Chesapeake (+113%; +7.7%), one of the largest U.S. producers of natural gas, oil, and natural gas liquids, was the top contributor to performance during the quarter. Early in the year we swapped our equity position for near-term bonds and contributed to performance during the quarter. Chesapeake Energy sold assets and bought debt below face value. LafargeHolcim also reduced debt through asset sales and captured synergies from last year’s merger. Melco International benefitted from consolidating Melco Crown’s results in its financial reporting, after increasing its ownership stake in the second quarter. CK Hutchison gained approval for a merger that will create the largest mobile phone operator in Italy. FedEx raised guidance in anticipation of the benefits from its TNT acquisition and raised margins in its Ground and Express divisions. Additional smart management action, including EXOR’s moving its headquarters from Italy to the Netherlands, has also been rewarded by the market.

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Contributors/Detractors (3Q portfolio return; 3Q Fund contribution)
Chesapeake (+113%; +7.7%), one of the largest U.S. producers of natural gas, oil, and natural gas liquids, was the top contributor to performance during the quarter. Early in the year we swapped our equity position for near-term bonds and preferred stocks which offered equity-like returns and a shorter horizon for value recognition. As management delivered good results, the bonds approached par. Consequently, we sold all of the remaining bonds over the last three months. On the final day of the quarter, we exchanged all of our preferred stocks into equity at a price well below our appraisal. In the quarter, both operating expenses and capital expenditures continued to improve, additional debt was retired below face value, and management reduced distribution costs through restructuring agreements with Williams and selling the Barnett assets. The company is pursuing more cost improvements and increased its asset sale target for the year to $2 billion after surpassing the original $1 billion goal. Asset sales plus proceeds from the recent upsized term loan and convertible debt offering, which raised more capital at better terms than expected, should cover the company’s obligations for at least three years. We remain confident that CEO Doug Lawler and Chesapeake’s board will continue to successfully navigate the company through this lower-for-longer commodity price environment.

Melco International (+42%; +2.0), the Macau casino and hotel operator, added to results during the quarter. After Melco International (Melco) increased its ownership of Melco Crown (MPEL) to 38% last quarter, Melco’s subsequent consolidation of MPEL’s results in its financial reporting nearly doubled book value per share. Melco’s share price also benefitted from an easing of headwinds in Macau, as industry gross gaming revenues hit an inflection point in August and grew (+1.1% year-over-year) for the first time in 26 months. The industry continues its transition from VIP to mass gaming focus, and Melco, with CEO Lawrence Ho as our partner, is well-positioned as a leader in the higher margin, fast growing mass gaming business. The stock remains among our more discounted in the portfolio.

LafargeHolcim (+31%, +1.8%), the world’s largest global cement, aggregates, and ready-mix concrete producer, was another top contributor. During the quarter, CEO Eric Olsen and his management team made progress with respect to divestitures, merger synergies, and pricing. The company sold assets in India, Sri Lanka, and Vietnam at attractive prices. These sales coupled with previously announced transactions in South Korea, Saudi Arabia, and China got the company to its 2016 Swiss Franc (CHF)3.5 billion divestiture goal ahead of schedule and helped LafargeHolcim reduce its debt from CHF18 billion to CHF13 billion in 2016. An announced CHF1.5 billion of additional divestitures are targeted for 2017, which will move the balance sheet to investment grade quality and allow management to return free cash flow (FCF) to shareholders. Expected synergies from last year’s merger
between Lafarge and Holcim have come through on target with an expected CHF450 million this year. Industry cement pricing is moving in the right direction. During the quarter, prices increased 2.2% sequentially versus 1.2% in 1Q 2016 and -1.6% in 4Q 2015. LafargeHolcim now has higher prices in almost 70% of its markets versus 2015 levels. Even though volumes did not grow in all markets, higher prices and large cost savings resulted in strong earnings before interest, taxes, depreciation, and amortization (EBITDA). Despite the stock’s rise, the company remains one of the more undervalued securities in the portfolio.

CK Hutchison (+18%; +1.1%), the Hong Kong-based global conglomerate, was a top performer in the quarter. Following the initial shock of Brexit in late June, the company’s limited impact from a weaker pound became more apparent. After regulators rejected the company’s proposed acquisition of O2 by its UK mobile phone business Three UK, CK Hutchison received approval in September for the merger of Three Italia with Wind in a 50/50 joint venture between CK Hutchison and VimpelCom. This combination will create the largest mobile operator in Italy with approximately 37% market share versus the two remaining primary competitors. CK Hutchison expects at least 5 billion euros of synergies from this merger, with most to be delivered within three years of the transaction closing in the fourth quarter of 2016. These projected synergies exclude any upside from selling assets and spectrum, utilizing tax losses, or refinancing expensive debt. CK Hutchison’s European businesses grew nicely, and the company expects to see solid global growth, particularly in its telecom and retail segments. Li Ka-shing and his son, Victor, continue to build value for shareholders.

Level 3 Communications (-10%; -0.6%), the global fiber and integrated communications network company, was the Fund’s primary detractor in the quarter. In spite of disappointing flat revenue growth, our appraisal increased with the company’s reported higher free cash flow coupon. In local currencies, the company’s Enterprise business grew across regions, with a particularly strong 10% rate in Latin America. Currency translations, however, created a significant drag in the quarter, turning Latin American and Europe, Middle East, Africa (EMEA) reported top line results negative. More importantly, EBITDA in the quarter, as well as projections for the remainder of 2016, were exactly in line with expectations. The company’s growing cash position after over $260 million of free cash flow FCF in the quarter took net leverage to 3.5X EBITDA. We remain confident that CEO Jeff Storey and his team will continue to execute and will ultimately close the gap between the stock price and corporate value.

Portfolio Changes
We exited three successful holdings during the quarter. Currency translation to U.S. dollar dampened the return on our investment in euro-denominated businesses Philips and adidas. We sold health and wellness company Philips in the quarter. Although we applaud actions management has taken over time to address the conglomerate discount, including the recent partial initial public offering of its lighting business, the execution has taken longer than expected and reduced our confidence in the case. Currency translation dampened the return on our investment over the full holding period. In local currency (euro), Philips returned 35% and 14% in U.S. dollar terms over the same period.

We sold our successful investment in German-based global sportswear and equipment brand adidas as it approached our appraisal. We engaged in a productive dialogue with the company after we initiated the position in August 2014. Over that time, adidas grew revenues, operating profits, and net income, sold or sought buyers for non-core segments including Rockport, hockey, and golf, repurchased five percent of the company at substantially discounted prices, replaced the CEO, and added two highly qualified investors to the Supervisory Board, one of whom we proposed. In the Fund’s two year holding period, adidas returned 104% (in USD), which would have been higher if the dollar had not strengthened against the euro.

We also exited SoftBank, the Japan-based diversified telecom and technology company. In June, President and heir-apparent Nikesh Arora unexpectedly resigned after CEO Masayoshi Son announced his intention to remain CEO for the next 10 years. We viewed Arora as important to SoftBank’s capital discipline. Not long after his departure, the company announced the purchase of U.K.-based microchip business ARM Holdings for $32 billion or 44 times earnings. The change in leadership combined with the transformative acquisition of a business with a competitive advantage that we find difficult to assess over the long term led us to sell the position. SoftBank added 9% in our relatively short holding period.

Outlook
The historically low interest rate environment has impacted our portfolio positioning and future opportunity set. Because our appraisals grew at many of our companies, the Fund remains attractively priced at a mid-60% price-to-value (P/V). We trimmed or sold several positive performers, and our cash balance has grown as a result. The multiyear bull market in the U.S. has made it difficult to find new opportunities. However, Hong Kong, Japan, and other Asian markets – despite posting a strong third quarter of performance – remain attractively discounted on an absolute and relative basis. European markets are less broadly discounted than Asia, but we see some opportunities that are discounted for company-specific reasons, rather than broad market cheapness. Continued uncertainty of what Brexit will mean for European markets over the longer term should lead to further volatility and create opportunities to buy high quality businesses at a discount. We believe we have competitive businesses that will grow their values and management teams who will drive further strong performance over time.

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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.

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Brexit ("British exit") refers to the June 23, 2016 referendum by British voters to leave the European Union.

As of September 30, 2016, the holdings discussed represented the following percentages of the Longleaf Partners Global Fund: Chesapeake, 11.7%; Melco, 6.0%; LafargeHolcim, 6.7%; CK Hutchison, 6.3%; Level 3, 5.5%; FedEx, 6.3%; EXOR, 4.8%. Fund 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.

Funds distributed by ALPS Distributors, Inc.
Longleaf Partners Global Fund outperformed the MSCI World Index in the first half of 2016, up 0.70% compared to 0.66% for the index. In the recent quarter, the Fund fell -0.59% while the index added 1.01%.

Over the last three months, we saw various benefits of Southeastern’s distinct approach—intelligent, concentrated, engaged, long-term, partnership investing. Our management partners with whom we have engaged constructively over time helped drive long-term value growth. Both Chesapeake Energy and CONSOL Energy benefitted from management monetizing assets and succeeding in reaffirming credit lines. adidas announced plans to sell its golf business, and two highly qualified business leaders, one of whom we proposed, joined the company’s board. SoftBank monetized several assets to fund buybacks of its discounted stock. Philips split out the lighting segment via a partial initial public offering (IPO). FedEx purchased TNT to efficiently expand its European ground business. LafargeHolcim solicited bids to sell its Indian assets. Even where planned acquisitions at OCI and CK Hutchison were cancelled, our heavily aligned management partners pursued the interests of shareholders.

Some of this work helped push stocks higher, particularly at Chesapeake, adidas, SoftBank, and CONSOL. Much of our partners’ work, however, remained unrewarded by the market, and the cancelled transactions at OCI and CK Hutchison led to those two stocks being among our larger performance detractors. Our relative results were penalized by two of the index’s leading sectors, healthcare and consumer staples, where there are many quality businesses but, in our opinion, none that are underpriced.

Intelligent, long-term investing also was relevant in the fearful environment that developed following the Brexit vote. In the short-term aftermath, a strengthened dollar detracted from our performance as local returns of our European-domiciled companies held up better than U.S. dollar based returns. Our businesses have small direct exposure to the United Kingdom, but we saw knock on effects from the decision in stocks with ties to weaker European Union countries such as Italy and Spain. Given our time horizon and valuation discipline, we view the U.K. and EU uncertainty as prospective opportunity for both our companies and our portfolio. The strength of our businesses with European exposure should help them weather the eventual changes from Brexit, and our management partners have the skills, incentives, and balance sheets to take advantage of the upheaval. We were prepared with a target list of companies in the unexpected event that Brexit passed, but in the end, few of the quality businesses we targeted became discounted enough.

The portfolio had few changes in the quarter. The Fund’s geographic weights still reflect our bottom-up view that the U.S. market remains fully valued. While our on-deck list is more robust outside of the U.S., businesses that meet our discount criteria are few and far between. As a result, we continue to have 12% in cash.

**Contributors/Detractors**

(2Q portfolio return; 2Q Fund contribution)

As noted above, Chesapeake (+59%; +3.2%), one of the largest U.S. producers of natural gas, oil, and natural gas liquids, was the Fund’s largest contributor during the quarter. Earlier in the year, we swapped our equity for preferred stock and added to our Chesapeake position via very discounted bonds and convertible bonds. This repositioning paid off in the quarter; the bonds appreciated more quickly than the stock as the company continued to lower its overall debt through purchases below par and debt for equity swaps. Additionally, in April, Chesapeake had its $4 billion revolving credit facility reaffirmed (90%+ untapped), with the next scheduled redetermination pushed out until June 2017. The company increased liquidity with the sale of about half of its mid-continent STACK (Sooner Trend Anadarko Basin Canadian and Kingfisher Counties) acreage to Newfield at a fair price of over $400 million. In total, net debt has declined by over 10% or $1 billion in 2016. Management projects additional asset sales this year and continues to renegotiate pipeline commitments toward better rates. The company has put on hedges that help mitigate its downside. We remain confident that CEO Doug Lawler and Chesapeake’s board will successfully navigate the company through this particularly challenging commodity price environment.

adidas (+22%; +1.2%), the German-based global sportswear and equipment brand, continued to add to the Fund’s return as the company reported stronger-than-expected results. Overall revenues rose 22%, operating profits gained 35%, and net income was up 38%. Earnings per share (EPS) grew 50%, helped by buyback activity during the quarter. The company increased its 2016 organic revenue growth outlook to 15% from...
the previous 10-12% range. During the quarter the company announced it was actively seeking a buyer for its golf segment, including the TaylorMade, Ashworth, and Adams brands. Additionally, two highly qualified investors, one of whom we proposed, joined the company’s board.

SoftBank (+18%; 0.7%), the Tokyo based company that owns Japan’s third largest mobile network, significant stakes in Alibaba, Sprint, and Yahoo! Japan, plus a portfolio of internet investments, also contributed to results. The company announced plans to sell some of its Alibaba shares and exit its GungHo ownership as well as its stake in mobile game company Supercell, generating almost $20 billion to repurchase discounted SoftBank shares. CEO Masayoshi Son, the founder and largest individual shareholder of SoftBank, announced late in the quarter his intention to remain CEO for the next 10 years. This decision prompted Nikesh Arora, his intended successor, to resign on friendly terms. Son did indicate his intention to continue the capital allocation discipline that Arora instilled in his time at the company.

Ending the quarter as the Fund’s largest detractor was Melco International (-33%; -2.0%), the Macau casino and hotel operator. Although the company’s $3.2 billion Studio City project (relative to Melco’s market cap of $9 billion) opened in late 2015 and is generating positive cash flow, construction activity near the property has adversely affected customer traffic flow in the short-term. As the construction ends later this year, we anticipate that Studio City’s location and non-gaming attractions will draw more highly profitable mass visitors. Shuttle service to Studio City from other Macau casinos began in June and should boost revenue. In May, Melco Crown Entertainment, the joint venture that owns Melco International’s Macau properties, purchased $800 million of its shares from James Packer at a steep discount, increasing Melco International’s ownership of Melco Crown to 38% and placing Melco International CEO Lawrence Ho firmly in control of the Macau properties. The stock market value of Melco International’s stake in Melco Crown is worth more than 150% of Melco International’s market cap. Ho again increased his personal stake in Melco International.

OCI (-31%; -1.5%), a global fertilizer and chemical producer, also detracted from second quarter results. The two main pressures over the last three months were weakness in urea commodity prices (a key nitrogen fertilizer) and uncertainty around the CF Industries merger. Despite attractive strategic rationale for the combination of CF Industries and OCI, the increased crackdown on tax inversions in the U.S. made the deal untenable. OCI’s European domicile further pressured the stock in the last week of the quarter, even though the Brexit vote should not impact fertilizer demand and could create some currency translation benefits to OCI. Globally, nitrogen fertilizer demand increased, helping to deplete excess supply. OCI’s plants have an advantage by being located near low-cost natural gas, a primary feedstock in fertilizer. Our investment case incorporates demand for nitrogen fertilizer continuing to grow at a couple of percent annually and supply tightening. Beyond 2016, no major additional plant capacity will be added for at least five years. Despite the current decline in nitrogen fertilizer prices, the company is generating significant free cash flow. CEO Nassef Sawiris and his team are working to grow value per share and are exhibiting a disciplined approach to monetizing assets at prices that reflect longer term intrinsic values.

Among other noted detractors for the quarter was CK Hutchison (-14%; -0.8%), a global conglomerate comprised of five core businesses (retail, telecommunications, infrastructure, ports, and energy). CK Hutchison’s plan for its Three mobile phone network to acquire U.K. telecom company O2 was denied by the European regulator. While CK Hutchison is Hong Kong-based, the stock also fell with the Brexit vote because of fears of the impact on its European and U.K. operations which generated over half of its pre-tax earnings last year. However, Chairman Li Ka-shing and his son, Victor, have demonstrated a compelling long-term record of building businesses, compounding net asset value at double-digit rates, and buying and selling assets at attractive prices, and their history includes intelligent capital allocation during previous market dislocations. We are confident our management partners will continue to grow and unlock value.

Portfolio Changes
In the quarter, we trimmed overweighted adidas, Wynn Resorts, and Hopewell and added to EXOR and SoftBank.

Outlook
The Global Fund sells for an attractive price-to-value ratio in the low-60s%. We own companies whose leaders are building long-term value and pursuing ways to drive prices closer to intrinsic worth. Cash stands at 12%. Our wish list includes companies with strong underlying businesses that may become overly discounted as the futures of the EU and Great Britain get sorted out, questions continue about China’s growth prospects, and Japan struggles with its economy and currency. We believe our distinct, advantaged approach will deliver strong results, especially from this point in the world of uncertainty.

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 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.

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.

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.

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

Brexit ("British exit") refers to the June 23, 2016 referendum by British voters to leave the European Union.

As of June 30, 2016, the holdings discussed represented the following percentages of the Longleaf Partners Global Fund: Chesapeake, 7.9%; CONSOL, 2.1%; adidas, 4.4%; SoftBank, 5.3%; Philips, 3.5%; FedEx, 5.4%; LafargeHolcim, 5.0%; OCI, 3.4%; CK Hutchison, 4.8%; Melco, 4.2%; Wynn, 6.1%; Hopewell, 2.4%; EXOR, 4.7%. Fund 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.

Funds distributed by ALPS Distributors, Inc.
Longleaf Partners Global Fund Commentary

March 31, 2016

Longleaf Partners Global Fund gained a positive 1.30% in the first quarter, nicely outperforming the MSCI World Index’s -0.35% decline. A number of our stocks had double-digit gains, including several of our most undervalued businesses coming out of 2015. Most of our companies generated solid operating results, and management activity helped drive higher appraisals. Not only were our absolute returns positive, but our relative results also benefitted from our lack of exposure to healthcare, which was among the top performing index sectors in 2015 but was the MSCI World’s worst performing sector in the quarter.

Stock prices in the first quarter embodied Ben Graham’s description of “Mr. Market,” whose manic short-term swings are driven by investor emotions. The MSCI World fell -11.5% at its February 11 low point, but then rallied over 12% by the end of March, a more than 2400 basis point swing. While economic and political uncertainties fostered stock volatility around the world, our appraisals proved much more stable, highlighting the importance of anchoring investment decisions to the long-term cash flows and underlying asset values of each company.

The volatility provided opportunistic points to add to seven of our more undervalued stocks, sell one position, and trim the Fund’s largest contributor. The portfolio has one quarter to one third of assets invested in each of North America, Asia, and Europe. Our on-deck list of adequately discounted new qualifiers is somewhat limited though more robust in Asia than elsewhere.

**Contributors/Detractors**

*(gross return of the stock for 1Q; impact to Fund return for 1Q)*

**Wynn Resorts** (+36%; +0.8%), the luxury gaming and hotel operator with prime real estate in Las Vegas, Macau, and Boston, was the largest contributor in the quarter. Wynn preannounced positive results to enable management to buy more stock. CEO Steve Wynn demonstrated his confidence in the business by purchasing nearly one million shares, bringing his total stake in the company to 12%. Wynn Las Vegas reported better-than-expected 4Q results. Although pressure continued in Macau’s lower margin VIP segment, mass gaming revenues in Macau stabilized, and year-over-year gross gaming revenue comps in February were the strongest in almost two years. Wynn remains well below our appraisal and offers a compelling long-term opportunity for significant growth with a proven operator at the helm. The value of properties in the development pipeline is not yet reflected in the stock price.

The opening of Wynn Palace in Macau later in 2016 could spark additional stock appreciation as capital expenditures (capex) ends and revenues begin.

**Genting Berhad** (+97%; +0.6%), the Malaysian holding company with gaming, property, plantation, pharmaceutical, and oil and gas assets, benefited from progress at several businesses and a rebound of the Malaysian ringgit. There was news of a potential initial public offering of Alzheimer’s drug maker TauRx Pharmaceuticals, which is 20.7% owned by Genting. The Singapore casino business steadied, with the core mass gaming and non-gaming business revenues expected to grow. The duopoly position in the stable Singapore jurisdiction represents a significant competitive advantage. Genting Singapore also began construction on its Jeju project in Korea, which offers potential upside for our appraisal and the stock. Despite the strong quarter, Genting trades at a significant discount to the sum of its parts, but we did trim our stake to reduce the overweight.

**adidas** (+20%; +0.4%), the German-based global sportswear and equipment brand, reported better-than-expected earnings, with 16% revenue growth for the core brand, and increased its 2016 expectations to 10-12% organic revenue growth. We have been engaged in productive conversations with adidas over the last year and were pleased with several governance announcements. Kasper Rorsted was named the successor to CEO Herbert Hainer. Rorsted had a strong record at Henkel AG, and we believe he will successfully address costs and increase adidas margins, which are at half the level of key competitors. The company also nominated shareholders Nassif Sawiris and Ian Gallienne to join the Supervisory Board. Even after the stock’s strong 12-month performance, the company remains discounted relative to both our appraisal and its peers.

**EXOR** (-22%; -0.5%), the Italian holding company, detracted from the Fund’s results as its share price closely correlated with underlying holding Fiat Chrysler Auto (FCA) despite FCA comprising less than half of our total EXOR appraisal. Most auto stocks declined with concerns about peak demand, easy credit, and the longer term implications of driverless cars. Additionally, the Volkswagen emission test scandal weighed on European car makers. These current industry challenges are likely to delay CEO Sergio Marchionne’s pursuit of a merger for FCA. Additionally, the broader Italian market had the worst performance in Europe, which impacted EXOR’s

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**Average Annual Total Returns (3/31/16): Since Inception (12/27/12): 1.65%, Ten Year: na%, Five Year: na%, One Year: -11.42%**

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 total expense ratio for the Longleaf Partners Global Fund is 1.65%. The Funds’ expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.65% of average annual net assets.
share price despite the value overwhelmingly coming from outside of Italy. EXOR completed its acquisition of Bermuda reinsurer PartnerRe in the quarter, providing another outlet for Chairman and CEO John Elkann to build value. We believe there are ample strategic and value building levers still to be pulled at EXOR and see the current price weakness as unjustified.

OCI (-21%; -0.4%), a global fertilizer and chemical producer, fell early in the quarter, in line with a decline in the underlying urea commodity price which recovered somewhat by quarter-end. Global excess supply should diminish as nitrogen fertilizer demand grows approximately 2% per year while no additional plant capacity is scheduled for at least five years out. Uncertainty around OCI’s planned sale of its U.S. and European assets to CF Industries also weighed on the stock. A major hurdle to the deal was removed in mid-March, when OCI announced that Consolidated Energy Limited would jointly invest in the methanol plant, Natgasoline, which would fall outside of the scope of the assets going to CF. OCI is trading at a steep discount to our appraisal and even more cheaply assuming the CF deal closes in the second quarter of 2016 as planned.

Portfolio Changes
In March, we sold National Oilwell Varco (NOV), a global provider of equipment and components used in offshore and land drilling. When we initiated the position in the third quarter of 2015, we believed that NOV’s higher margin rig aftermarket business would grow, even as new oil rig purchases were canceled or delayed in the lower oil price environment. Our thesis did not hold up as rig operators cannibalized used parts from idled rigs, pressuring prices and ultimately lowering NOV’s aftermarket margins. We exited at a loss when the stock price partially recovered after oil moved from below $30 toward $40.

Outlook
We believe we can deliver additional strong absolute and relative returns going forward. Many of our bigger performers rallied from unsustainably low levels to a more normal discount range and have substantial additional upside. The portfolio price-to-value (P/V) in the mid-60s% offers an attractive buffer between our conservative appraisals and our companies’ underlying stock prices, especially in a market where we are finding limited new opportunities. The Fund’s cash position reflects the more limited opportunity set following the market rebound since mid-February. Volatility could increase in the U.S. with the Federal Reserve’s rate decisions and the presidential election, and in Europe with continued worries about anemic economic growth, coupled with increasing political risks from the migrant crisis and terrorism, as well as Britain’s potential exit from the Eurozone. Asia remains more undervalued, given persistent uncertainty over China’s future growth rate and additional currency weakness. Our liquidity should enable us to take advantage of additional market volatility or the next great business that becomes deeply discounted. At many of the companies we own, management teams are pursuing operational improvements as well as strategic alternatives that can build material value.

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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.

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A basis point is one hundredth of one percent (0.01%).

As of March 31, 2016, the holdings discussed represented the following percentages of the Longleaf Partners Global Fund: Wynn Resorts, 6.1%; Genting Berhad, 2.6%; adidas, 5.9%; EXOR, 4.3%; OCI, 4.7%; National Oilwell, 0.0%. Fund 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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LLP000445
Expires 7/31/16
The Fund’s energy-related holdings dampened otherwise strong absolute and relative performance in the fourth quarter and drove the vast majority of negative return and relative underperformance for the year. Although our energy price assumptions have been wrong, we believe that Chesapeake Energy and CONNSL Energy could rapidly rebound with major asset sales and when oil and gas prices correct as supply and demand eventually rebalance. At both companies, our management partners are taking action by cutting costs, increasing financial flexibility, and selling assets to ensure the companies can withstand the difficult commodity environment. The other primary factor negatively impacting performance was our exposure to Asian gaming companies, which accounted for the remaining negative absolute and relative performance impact for the year. Melco International was a top detractor, despite a 20+% rebound across our Macau gaming companies in the fourth quarter. Declines at Malaysian-based gaming company Genting Berhad were amplified by the ringgit’s weakness. Currency translation of our non-U.S. denominated companies into U.S. dollar (USD) negatively impacted the Fund’s performance by almost 4% for the year. Both our energy and Asian gaming companies trade at substantial discounts to our appraisal that we believe offer greater potential upside than the index and could turn quickly. However, the impact of their negative performance masked the positive progress across the majority of our businesses.

After being a top contributor in the fourth quarter and adding 24%, Level 3 Communications gained 10% for the full year. Over the course of 2015, operating metrics continued to improve. During the fourth quarter, company segment Core Network Services’ (CNS) organic revenue grew 6% year-over-year. Within CNS, Enterprise revenue grew 8%. This revenue growth, combined with the synergies created by the merger with tw telecom, resulted in margin expansion. The high contribution margins, which are currently over 60%, have been one of the focal points of our Level 3 investment case and are one of the primary drivers of high growth in both EBITDA (earnings before interest, taxes, depreciation and amortization) and FCF (free cash flow). In 2016, we believe the company will generate approximately $5.00/share of FCF before discretionary growth capital expenditures, which translates to approximately 10x FCF on current price. The company’s success-based growth capex is tied to new, high margin, revenue-producing contracts. Given management’s excellent execution, we expect leverage ratios to continue to improve from their current 4x debt/EBITDA levels into the 3x’s.

German-based global sportswear and equipment brand adidas returned 22% in the quarter and 43% for the full year after announcing another strong quarter of double-digit organic growth for its core adidas brand. The brand’s strong positions in Europe, China, and Latin America drove growth. The company expects 2016 operating income margins to meet or exceed 2015 levels and overall sales to increase at high, single-digit rates in the next year. Despite the stock’s strong performance, we believe adidas remains discounted due to strong value growth and has significant additional upside. As discussed in previous quarters, we have had constructive engagement with management and the supervisory board and have seen many positive developments. In addition to authorizing a 10% share repurchase program, the company made managerial changes in the U.S. business, sold its non-core Rockport brand at a price above our appraisal value, and announced it is exploring strategic options for its golfing brands and hockey division.

Another top contributor, Alphabet (formerly named Google) gained 45% for the year on the back of a 25% rise in the fourth quarter. The company reported strong revenue growth year-over-year across the U.S., U.K., and the rest of the world. The bear case that the move to mobile search would be detrimental to revenues and market share seemed to fade. Mobile queries now outnumber desktop queries in important countries, and mobile revenue per click is improving. Alphabet segment YouTube’s growth remained strong, and the company announced a new pay tier named Red. Disclosure should improve with new reporting of segments in January. During the fourth quarter, a new share buyback program was authorized, further affirming the company’s attention to capital allocation.

Mentioned above, Macau casino and hotel operator Melco gained 23% in the fourth quarter but remained among the Fund’s largest detractors for the year, down 31%. The stock...
benefited from improved sentiment regarding Macau during the quarter among indications that the higher margin mass market is stabilizing. In addition to relaxation of transit visa, the Macau government softened its stance on the smoking ban on the gaming floors. While Beijing will continue its anti-corruption campaign (which has hurt VIP business in Macau), the mass-focused infrastructure spending (high speed trains, ferry terminal, bridge from the HK airport, light rail) continues unabated. More than 90% of Melco Crown’s EBITDA comes from mass business, where margins are 4X that of VIP business. Melco Crown opened its new mass-focused casino Studio City in late October, which helped increase market share in the all-important mass segment. This $3.2 billion project (relative to Melco’s market cap of $9 billion) has just started generating cash flow. We expect Studio City to receive an additional 50 table allocation in early 2016 in addition to its initial 200 table allocation. With a strong balance sheet, increasing EBITDA, and declining capex profile, the company is well positioned to buy back shares or buy out minority owners of Studio City. Melco International CEO, Lawrence Ho, bought about $25 million worth of shares in the fourth quarter.

During the quarter, we began exiting our successful investment in global quick service restaurant operator McDonald’s and completed the sale in the first week of 2016. The stock was a strong contributor for the year, up 31%, and the last three months, up 21%. When we initially purchased the company in late 2014, we believed management could overcome short-term obstacles and turn around same-store sales in certain struggling markets. Additionally, we saw optionality in the value of the company’s real estate assets. Over the course of our investment, McDonald’s hired a new CEO, Steve Easterbrook, a move welcomed by investors. His plan to revive the business both operationally and structurally helped drive the stock price. Although management and the board decided not to monetize the real estate assets, the stock price reached our appraised value in an unexpectedly short period. Over the year plus that we owned the stock, it gained 34% and was among the strongest contributors to performance. We appreciate the board’s and management’s solid execution. We hope that Mr. Market gives us an opportunity to partner with them in the future.

CK Hutchison, a conglomerate comprised of the non-real estate businesses from the June merger between Cheung Kong and its subsidiary, Hutchison Whampoa, returned 21% during 2015 when combined with Cheung Kong Property. The corporate transaction helped remove holding company discounts and clarify business line exposures by splitting the property business (Cheung Kong Property Holdings) from the non-property business (CK Hutchison Holdings). The transaction is likely to be viewed as a seminal event leading to improved governance and structure for other complex conglomerates in Asia. Chairman Li Ka-shing and his son, Victor Li, have demonstrated a track record of building businesses, compounding net asset value at double-digit rates, and buying and selling assets at compelling values.

One of the energy-related holdings mentioned above, Chesapeake Energy, the second largest producer of natural gas in the U.S., declined 39% in the quarter and 77% for the year, making it the largest detractor of performance in both periods. Options accounted for 40% of performance. Fears related to further declines in energy prices drove the stock lower, despite CEO Doug Lawler’s progress in areas he could control. After reaffirming the company’s untapped $4 billion revolving credit facility and renegotiating a deal with Williams (pipeline operator), in the fourth quarter Chesapeake turned to restructuring its debt. Chesapeake offered to exchange various unsecured debt securities at a discount to par for secured debt with a later maturity. Pushing out due dates coupled with reducing overall debt outstanding should help the company weather a sustained low energy price environment.

Over the year we adjusted our appraisal of Chesapeake to account for the tumble in oil and natural gas prices. Even with the depressed energy prices of today and little growth in that price as indicated by the futures strip pricing, the company’s non-producing assets have value that is not reflected at all in the stock price. Asset sale transactions in basins where Chesapeake operates helped validate our appraisal. We expect the company will continue to reduce costs while also seeking asset sales at fair prices. We are mindful of the risks associated with commodity companies. Because our appraisal was in decline, we refrained from adding to our position for most of 2015. Once the debt restructuring was announced, we added to higher parts of the company’s capital structure that became particularly discounted.

During the quarter, Brad Martin assumed the role of non-executive Chairman of the Board from Archie Dunham, who became Chairman Emeritus. Martin has been a productive partner for Southeastern in other successful investments including Saks, Dillard’s and FedEx. We are confident that management, coupled with the board, can navigate the company through what continues to be a severely challenging energy price environment.

Also previously noted, CONSOL Energy, the Appalachian coal and natural gas company, was down 76% in 2015 after falling 39% in the fourth quarter as the company missed operating cash flow (OCF) estimates amidst declining coal and gas prices. Management is adjusting to lower commodity prices and adopted significant cost controls under zero-based budgeting while still growing natural gas production. We filed a 13-D during the third quarter to discuss with third parties as well as management and the board a potential monetization or separation of the valuable Marcellus and Utica gas assets. This has been a constructive process since filing, and we appraise these assets at worth demonstrably more than CONSOL’s total equity capitalization. CONSOL’s exploration and production (E&P) business is unique, with low cost reserves given the company’s fee ownership of many acres. CONSOL announced in the fourth quarter that its thermal coal business, which enjoys a low cost position, had contracted for 93% of production for 2016 at a confirmed price of $50-55 per ton, providing near-term downside coal business risk mitigation. Multiple directors recently purchased shares.

In the fourth quarter, we sold Murphy Oil, an E&P company
with a portfolio of global offshore and onshore assets, after the stock declined 42% and was among the Fund's largest detractors for the year. Following several disappointing drilling results and a lack of management plans for near-term ways to go on offense, we redeployed this capital into the high-quality franchise of National Oilwell Varco.

**Genting Berhad** was also one of the largest detractors for the year, returning -56%. Malaysia macro / FX was a big headwind, and the company’s development of its sizable oil and gas assets is likely to be delayed given the weakness in energy prices. The company’s Singapore duopoly casino, publicly listed Genting Singapore, is led by CEO Hee Teck Tan and was down after reporting four quarters of unusually poor hold (2.0%–2.5%) in its gaming business, as well as some equity investments write-downs. Since opening the casino, the cumulative win rate at Genting Singapore has been close to the theoretical average of 2.85%, and we believe win rates should normalize over time.

In the quarter we added Genting Singapore in addition to our Genting Berhad position. The stock’s deep discount was largely due to a slowdown in Chinese VIP visitors as a result of the Chinese anti-corruption campaign. Genting’s core mass market business has been steady and more than justifies our appraisal. The duopoly position in the stable Singapore jurisdiction represents a significant sustainable competitive advantage. The simple P/E multiple misses the sizable cash and investment portfolio on the balance sheet and minimal maintenance capex requirement (capex is much lower than depreciation). The company engaged in a value-accrue share buyback in recent months.

We took advantage of increased market volatility by adding ten new positions in the year, five of which were added in the fourth quarter. In addition to Genting Singapore mentioned above, we bought **Wynn Resorts**, the luxury gaming and hotel company with prime real estate in Las Vegas, Boston, and Macau. The stock became deeply discounted as China’s anti-corruption campaign pressured revenues in Macau where Wynn is among six current operators and is scheduled to open the Wynn Palace in Cotai in June 2016. CEO Steve Wynn demonstrated his commitment and confidence in the business, purchasing over one million shares in early December and bringing his stake in the company to nearly 11%. Year-over-year comparable gross gaming revenues should improve in 2016, and Wynn cash flow will be bolstered with the Cotai property coming online. Longer term, we believe the company can generate impressive returns. Macau revenues from mass and premium mass visitors should grow with added non-gaming attractions, needed hotel room supply, and infrastructure improvements that bolster arrivals. Additionally, the Wynn Everett is in early site preparation with a strategic location just outside of Boston, but its value is not reflected in the stock price because it is several years from opening. We also purchased **National Oilwell Varco**, the leading global provider of equipment used in offshore and land drilling. We believe fear of a prolonged downturn in deep water rig orders is more than accounted for in the current price and is giving us an opportunity to invest in a high-quality franchise during a cyclical trough. The company has a dominant market position due to its scale, trusted brands, and large installed base of equipment. Shareholders receive a 5% dividend yield while waiting for the rig building cycle to resume. CEO Clay Williams is a strong capital allocator who should continue to build value through share repurchases, cost cutting, and distressed acquisitions.

We purchased **CNH Industrial**, the world’s second largest agriculture machinery manufacturer (Case and New Holland) behind Deere, a global duopoly. The company is also in the top five of commercial trucks in Europe and Latin America through its Iveco brand. Weakness in the U.S. agriculture cycle depressed the stock, but the company is aggressively cutting costs and is poised to narrow the margin gap and, we believe, high valuation gap to Deere. In addition, the Iveco and construction segments currently under-earn their potential and have significant room to improve margins. The Agnelli family owns 30% of CNHI via Exor, which we also own and is run by John Elkann. Chairman Sergio Marchionne has proven his ability to move quickly to grow intrinsic value per share.

During the year we sold eight holdings, six in the last quarter. Several of these were successful investments that approached our appraisals, including McDonald’s mentioned above, Christian Dior, and Vivendi. **Christian Dior**, the French luxury goods business and holding company for LVMH Moët Hennessy-Louis Vuitton (LVMH), appreciated 32% since we initiated the position in the fourth quarter of 2014. Owner-operator Bernard Arnault distributed LVMH’s shares in Hermès to Christian Dior shareholders and improved results in the core LVMH business. We also sold French media company **Vivendi**. On a local-currency basis, the stock appreciated 25% during our holding period, but currency translation dampened the U.S. dollar return. We sold three other companies, in addition to Murphy discussed above, where we anticipated diminished value growth due to industry dynamics and/or management’s capital allocation plans. **Loews**, the holding company owned and managed by the Tisch family, remained undervalued, but we found more attractive opportunities in companies that can build value per share in the current environment. **Mineral Resources**, the Australia mining and mining services company, declined with the collapse of iron ore prices.

Although 2015 performance was disappointing, we believe the Global Fund is well positioned for a potential strong rebound in performance. The Fund’s price-to-value (P/V) ratio is below the average in the low-60s%. The year’s four largest detractors are highly discounted, selling for less than 48% of our appraisals, and the four largest positions, which were among top contributors for the year, remain discounted with solid value growth prospects. In addition to these discounts, the high quality of our businesses and the caliber of our management partners, who are pursuing all available avenues to drive value recognition, make us confident in future results. The Federal Reserve raised interest rates for the first time in more than nine years in December. We believe the portfolio can benefit from a rising rate environment since the large majority of our businesses have strong balance sheets, many with net cash, and most companies have pricing power or gross profit royalties on revenues. Higher interest rates will not lower our net present value (NPV) valuations because we have maintained an 8–9% discount rate. Additionally, the Fund does not own the segments
of the market that have been driven by yield chasing and could shift rapidly with higher rates. As the largest investors in the Fund, we appreciate your continued partnership, and we are confident that the Fund should reward your patience and ours with strong future performance.

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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.

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A master limited partnership (MLP) is, generally, a limited partnership that is publicly traded on a securities exchange.

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.

Internal rate of return (IRR) is the interest rate at which the net present value of all the cash flows from an investment equal zero.

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

Capital Expenditure (capex) is the amount spent to acquire or upgrade productive assets in order to increase the capacity or efficiency of a company for more than one accounting period.

Net present value is the difference between the present value of cash inflows and the present value of cash outflows.

A 13D filing is generally required for any beneficial owner of more than 5% of any class of registered equity securities, and who are not able to claim an exemption for more limited filings due to an intent to change or influence control of the issuer.

Derivatives may involve certain costs and risks such as liquidity, interest rate, market, credit, management, and the risk that a position could not be closed when most advantageous. Investing in derivatives could lose more than the amount invested.

As of December 31, 2015, the holdings discussed represented the following percentages of the Longleaf Partners Global Fund: Chesapeake, 2.0% (5.5% adjusted for close of options and purchase of underlying stock); CONSOL, 1.2%; Melco, 4.9%; Genting Berhad, 1.7% (5.8% adjusted for close of warrants and purchase of underlying stock); Level 3, 7.6%; adidas, 5.9%; Alphabet, 4.4%; CK Hutchison, 6.7%; Wynn Resorts, 6.3%; National Oilwell, 4.2%; CNH Industrial, 2.9%. Fund 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.
Over the last three months, several of our companies’ stocks suffered from the broad angst that China’s slower economic growth would negatively impact parts of their underlying businesses, and our energy investments continued to be a primary driver of underperformance. Oil prices fell over 50% over the last year—something that has happened less than 2% of the time in the last 115 years.

The Fund’s largest contributor during the quarter, Google, rose 17% on the back of strong operating results and an announced new corporate structure. The company’s core search and display business demonstrated healthy, accelerating organic revenue growth. The move to mobile search is helping Google rather than hurting it as some bears had feared. YouTube is also performing well, as its average viewing session per user on a mobile device is over 40 minutes, up more than 50% year-over-year. Beginning in the fourth quarter, Alphabet Inc. will replace Google Inc. as the publicly-traded entity. Google will become a wholly-owned subsidiary of Alphabet, and all outstanding Google shares will convert into the same number of shares of Alphabet. This means the company will report two segments—the search and YouTube core business and all other business lines. Management believes the new structure will allow for more management scale and accountability as each Alphabet subsidiary will have its own CEO. Larry Page, Sergey Brin, and Ruth Porat will remain in their same roles as CEO and Co-Founder, Co-Founder, and Chief Financial Officer.

German-based global sportswear and equipment brand adidas returned 5% after reporting a strong quarter of organic growth for its core adidas brand. This growth is being driven by adidas’ incredibly strong positions in Europe, China, and Latin America. We have had ongoing constructive engagement with management and believe the managerial changes in the U.S. business will lead to the brand regaining market share over time. The company has spent €750 million repurchasing nearly 5% of the company this year and is authorized to repurchase another €750 million over the coming year. After selling its non-core Rockport brand at a price above our appraisal value earlier this year, adidas recently announced that it is exploring strategic options for its golfing brands, including TaylorMade.

Another top contributor in the Fund, McDonald’s stock gained 5% in the quarter, demonstrating the resiliency we saw in 2008 when it was one of two stocks with a positive return in the Dow Jones. Since taking the helm of the company, CEO Steve Easterbrook has announced initial plans to reshape and turn around the business. Comparable store sales are showing broad signs of improvement in key international markets such as Germany and China. On the capital allocation front, the company continued to repurchase shares at a strong pace (7% annualized) and indicated that pace should continue. The company is also undergoing a review of its capital structure and working to re-franchise stores at attractive values.

Global fertilizer and methanol producer OCI also added 2% after announcing plans to merge its European, North American, and global distribution business with CF Industries in a transaction valued at $8 billion. The newly combined entity will hold a 45% interest in OCI’s Natgasoline project in Texas with the option to acquire the remaining 55%. OCI will receive an initial 25.6% interest in the new business plus $1.2 billion in cash and shares. The merger is expected to be completed by June 2016, and CEO Nassef Sawiris intends to distribute the majority of OCI’s shares in the new company to shareholders. On a look-through basis, we own the remaining OCI assets outside of the CF deal at a significant discount, with a management partner in Sawiris who has produced a 40% internal rate of return (IRR) for shareholders over the past 15 years.

As one of our energy holdings, Murphy Oil, an exploration and production company with a portfolio of global offshore and onshore assets, was a primary performance detractor, down 41% in the quarter, with about one-third of the impact coming from the equity we hold and two-thirds from the options. This happened despite beating estimates on production and operating cash flow (OCF) and raising production estimates for the rest of the year. Murphy management is focused on driving costs lower and shortening drill times while improving

1 Source: globalfinancialdata.com

Average Annual Total Returns (9/30/15): Since Inception (12/27/12): -0.68%, Ten Year: na, Five Year: na%, One Year: -21.36%

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 total expense ratio for the Longleaf Partners Global Fund is 1.58%. The Funds’ expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.65% of average annual net assets.
production efficiency to reduce capex to cash flow levels. Furthermore, after disappointing international drilling results in recent years, the company will not invest in higher risk, higher cost wells at this time; instead, management plans to focus rig commitments and to allocate capital to higher return opportunities near lower-risk existing infrastructure where the company has had prior exploration success. Murphy remains well capitalized with diverse cash flow sources and an investment grade rating. It also has non-core pieces that could be monetized to unlock value. CEO Roger Jenkins continues to repurchase shares at the company level and invest personally.

CONSOL Energy fell 55% in the quarter after disappointing revenue and earnings on weaker-than-expected thermal coal production and negative natural gas differentials versus the New York Mercantile Exchange. Management is adjusting to lower commodity prices with cost controls and took steps to recognize the value of CONSOL’s coal assets by offering shares in the master limited partnership (MLP) CNX Coal, which generated $200 million in proceeds. We filed a 13-D during the quarter to discuss with third parties as well as management and the board a potential monetization or separation of the valuable Marcellus and Utica gas assets. We believe these assets alone are worth demonstrably more than CONSOL’s total equity capitalization. They are unique, low cost reserves given the company’s fee ownership of many acres. CONSOL is exploring monetization paths for all of its assets, including thermal coal, metallurgical coal, pipelines, and the Baltimore port terminal.

Fiber and networking company Level 3 Communications declined 17% as concerns about near term top-line growth rates outweighed improvement in margins and free cash flow (FCF) generation. During the quarter, the company reported organic revenue growth across North America and EMEA inline with expectations, while Latin America, which represents approximately 10% of consolidated revenue, had weaker growth mainly due to currency. The integration of tw telecom remains on track with synergy realizations ahead of schedule. Level 3 already has achieved approximately $115 million of annualized run-rate EBITDA synergies, and the company should achieve 70% or $140 million of its annualized synergy target by the end of the first quarter of 2016. FCF growth at Level 3 is ramping up and, we believe, marching toward explosive FCF growth on a per share basis in the next few years as a result of the business’ strong incremental margins, the aforementioned tw telecom synergies, and continued debt reduction and refinancing. During the quarter, major bond rating agencies upgraded approximately $11 billion of the company’s rated debt and credit commitments, further proof of Level 3’s improving business and financial profile.

One of the largest producers of natural gas, natural gas liquids, and oil in the U.S., Chesapeake Energy declined 34% in the quarter. In line with our exposure, about 70% of the impact came from the options we own and the remainder from the common equity. Concerns remain over the company’s liquidity profile, but management made major strides to improve realizations by successfully renegotiating two contracts with pipeline operator Williams that reduces transportation costs. Additionally, on October 1 the company announced the renewal of its $4 billion credit facility. Comparable asset sales in overlapping basins, such as Encana’s sale of Haynesville assets, further confirmed our appraisal of Chesapeake. The company’s shares remain more heavily discounted than its peers, yet CEO Doug Lawler is keenly focused on realizing value for shareholders even in this depressed energy price environment. Further reducing costs, including the recently announced 15% headcount reduction, coupled with asset divestitures should lead to a stock price more in line with intrinsic value, which we appraise at twice the current price assuming the underlying commodity prices remain depressed.

During the quarter, all conditions of the merger between cement makers Lafarge and Holcim were met, and the transaction was completed. Eric Olsen now serves as CEO of LafargeHolcim, and Wolfgang Reitzle and Bruno LaFont serve as Co-Chairmen of the Board. However, the stock price of the newly combined entity declined 25% in the quarter due mainly to volume and currency weakness in its emerging market and Europe. North America was strong. Olsen called out Indonesia, India, Brazil, and Egypt as markets where targeted cost reduction programs will commence as well as sixteen markets where pricing, along with lower costs, will be a focus. Management has set a total synergy goal of €1.2 billion to be realized over the next three years for the newly combined entity. Each geographic region will have accountability to meet the cost saving targets. Additionally, management has signaled that the company is open to further non-strategic asset divestitures if selling can create the most value for shareholders.

We exited no positions in the Fund in the third quarter, but we did initiate a position in FedEx after its price declined due to worries about global economic weakness. CEO and Chairman Fred Smith is an owner-operator who has built FedEx into the leading transportation and logistics company in the world. FedEx’s global network, pricing power, brand recognition for reliability and service, and irreplaceable assets make it one of the highest quality businesses we own. FedEx’s Ground and Express divisions drive the company’s value. FedEx Ground has been a consistent growth business and should continue to increase market share in the years ahead. Over the last year, management has increased value by reducing costs, announcing a deal to buy European based TNT Express, buying in shares that are materially discounted from intrinsic value, and locking in long-term debt at very low rates.

Despite our frustration over recent returns, we believe that the positive fundamentals of the companies we own will be reflected in their stock prices. The Fund has three categories of companies that we see driving returns. Over 60% of the portfolio is a collection of what we feel are industry leading businesses that have the competitive strength and management leadership to compound value per share at potentially high rates. Based on our appraisals, as a group this category of holdings sells for under 65% of our appraisal values and on average, less than 12X after-tax free cash flow (real cash P/E). Prospects for these holdings’ value growth,
especially as a diversified basket, are greatly enhanced due to their combinations of pricing power and gross profit royalty status. Their management’s track records and ownership alignment suggest strongly that these steadily growing free cash flow streams should be reinvested to build even more corporate value.

In our opinion, among the holdings in this group are the best global digital fiber network in Level 3, maybe the most value-generating holding company in the world since the Global Financial Crisis in EXOR (thanks to its leaders Sergio Marchionne and John Elkann), the world’s best delivery network in FedEx, the highest-quality global conglomerate in CK Hutchison, the most dominant worldwide cement oligopolist in LafargeHolcim, one of the world’s two best sports brands in adidas, the world’s largest and best search engine in Google, Macau’s best local mass gaming company in Melco International, and the world’s most compelling real estate company in Cheung Kong Property. These companies are among those that offer a combination of competitive advantages, balance sheet strength, and glaring undervaluation that gets lost in the focus on the pressures that have hurt recent results. As the dominant portion of the portfolio, however, it is this group of holdings that we look to as the primary long-term driver of potential future outperformance.

The second category of holdings includes companies being led through transitions by strong management partners who are focused on growing and unlocking values by highlighting their competitive business segments and/or reinvesting substantial cash in high-return opportunities. McDonald’s has discussed capitalizing on its increasingly valuable real estate and becoming a fee company; Philips is heading toward becoming a leading healthcare company; Vivendi holds the world’s largest music company, dominant French media assets, and significant cash to deploy; and OCI is merging most of its assets into CF Industries. This group comprises around one-third of the portfolio and we feel should drive performance when the gap between price and value closes as our management partners lead these transitions.

The third category contains our three energy holdings which, as a bucket, are down over 70% YTD, constituting a bona fide crash rather than a mere bear market. The momentum-driven heavy selling and shorting of this “crash bucket” has gotten so out of hand that we feel the companies’ recovery is a large part of our significant potential future return. Even though qualitatively Melco resides in the first category above, its severe undervaluation—down over 40% YTD and 70% from its peak—positions the stock similarly to our energy investments for a big near-term recovery. To be clear, we do not think these stocks will do well simply because they are down. We believe their long-term fundamentals under the stewardship of their capable leaders should drive prices as contrasted to the short-term perceptions. In the case of our energy holdings, we are not reliant on an energy rebound to move the stocks higher, as our appraisals are over twice the current stock levels based on current depressed commodity futures pricing. Should oil and gas prices move back to their much higher marginal cost of production, the values of these stocks would be materially more.

These energy holdings represent less than 10% of our portfolios, and while we put them in their own group, they share many of the same compelling attributes described in the second category above.

Although we cannot predict short-term prices, we believe the Global Fund has reached an attractive level for long-term investors to add capital. The Fund’s price-to-value (P/V) ratio is in the low-60s%, and there has been a sharp uptick in global market volatility, which has now reached its highest level since 2011. While a useful data point, this is not the basis for our confidence in returns going forward. The competitiveness of our businesses, our extremely capable management partners, and the attractive margin of safety in our companies’ stock prices make us highly confident that the companies we own can perform well and reward your patience and ours.

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Derivatives may involve certain costs and risks such as liquidity, interest rate, market, credit, management, and the risk that a position could not be closed when most advantageous. Investing in derivatives could lose more than the amount invested.

As of September 30, 2015, the holdings discussed represented the following percentages of the Longleaf Partners Global Fund: Level 3, 9.0%; EXOR, 7.1%; FedEx, 6.2%; CK Hutchison, 6.0%; LafargeHolcim, 5.9%; adidas, 5.8%; McDonald's, 5.1%; Philips, 5.1%; Google, 4.9%; Melco International, 4.4%; Loews, 4.3%; Vivendi, 4.1%; Cheung Kong Property, 4.1%; OCI, 3.9%; Chesapeake, -0.5% (held via derivative, 3.1% adjusted for close of options and purchase of underlying stock); CONSOL, 1.7%; Murphy Oil, 0.3% (held partly via derivative, 2.4% adjusted for close of options and purchase of underlying stock). Fund 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.

Funds distributed by ALPS Distributors, Inc.
Global Fund Management Discussion

Longleaf Partners Global Fund’s -2.80% return in the quarter brought the year-to-date return to -4.14%. These results fell below the MSCI World Index’s returns of 0.31% and 2.63% over the same periods. The Fund’s disappointing results over the last year negatively impacted relative performance since the Fund’s start over two years ago.

In the second quarter, the majority of our companies made positive business progress, as our management partners took smart actions to drive value growth. Double-digit returns at top performer CK Hutchison (formerly Cheung Kong) demonstrated how quickly share prices can respond to productive corporate activity. Although many of our investments were positive performers in the quarter, much of our partners’ value-building effort at the businesses we own is not being fully reflected in the Fund’s returns. Our energy and Asian gaming-related investments remained the largest absolute and relative detractors in the quarter.

The portfolio’s largest contributor in the quarter, CK Hutchison, merged with its 50% owned subsidiary, Hutchison Whampoa, and spun off their combined real estate businesses into Cheung Kong Property. With the stock’s move from HK$125 prior to the restructuring announcement in January to HK$196 for the combined pieces after the spin in June, this corporate restructuring succeeded in reducing two persistent discounts the market applied to CK Hutchison. First, the complexity of the corporate structure and diversified set of businesses within two layers of holding companies made valuing the company difficult. Second, market concerns related to property exposure in Hong Kong and China has weighed heavily on the stock. CK Hutchison was the largest constituent of the Hang Seng Property Index, yet many property investors could not own the stock given its significant non-property businesses. The restructuring creates a pure play property company – Cheung Kong Property – and moves CK Hutchison from the Hang Seng Property Index to the Hang Seng Conglomerates Index.

Another primary positive contributor was K. Wah, a real estate developer in Hong Kong and China and a 3.8% owner of Macau casino company Galaxy Entertainment (which represents around 50% of K. Wah’s market cap). K. Wah returned 7% in the quarter, driven by strong Hong Kong property sales as the company is launching three significant new Hong Kong developments during 2015 into a market with high demand. K. Wah’s recent Hong Kong residential apartment project, Corinthia by the Sea, was oversubscribed by 16x.

Real estate strength offset weakness at Galaxy, which opened its new casino in May to softer-than-expected gaming activity. Macau remains challenged but is showing signs of stabilization. Chairman Lui Che-woo’s family owns 60% of the company.

Also a top contributor, Italian holding company EXOR appreciated 6% after announcing the sale of Cushman and Wakefield to DTZ for $2 billion, a more than 30% premium to our carrying value for the business. EXOR also made a $6.8 billion offer to buy Bermuda reinsurer PartnerRe (PRE), opportunistically disrupting a merger deal with Axis Capital. PRE has a strong underwriting capability, healthy balance sheet, and scale to organically grow its reinsurance business, which should benefit from EXOR’s disciplined investment skill. If the deal gets approved, it would be an attractive addition to EXOR’s portfolio.

French media company Vivendi returned 10% in the quarter after reporting top line revenue growth at underlying businesses Universal Music Group and Canal+. Vivendi received the initial payment for its 20% stake in SFR and completed its sale of Brazilian telecommunications company GVT for an enterprise value of €7.5 billion. Vivendi paid a €1 per share interim dividend in June, with another planned in February 2016. Chairman Vincent Bolloré increased his stake in Vivendi to over 14%. Effective March 2016, France will reward long-term owners by granting double voting rights on registered shares held for at least two years, and Mr. Bolloré received the rights at the recent annual general meeting. Given his track record of value creation, we support this increased voting influence. Mr. Bolloré has stated
Global Fund Management Discussion

We expect to see additional value accretive activity in the remainder of the year...

his plans to build Vivendi into a media powerhouse over time, reiterating the need to “pay the right, fair price, then create value.”

As noted, our energy-related holdings were a primary performance detractor. Over the last year we have adjusted our valuations for the more austere conditions following dramatic oil, gas, and coal declines. However, our asset quality and capable leadership teams make us confident that these companies should be meaningful contributors to strong returns. Any bounce back in commodity prices will be additional upside. The lower commodity prices have served as a catalyst to sharpen our management partners’ focus on how best to optimize the returns on their valuable assets. Our discussions with them have been ongoing and productive over the last few years, and have contributed to adding board members, monetizing assets, selling all or portions of reserves, and separating disparate segments. In spite of major progress, the work is ongoing. Stock prices have yet to reflect past improvements or significant ones our managements are currently pursuing. We expect to see additional value accretive activity in the remainder of the year, and we believe that our energy stocks could rise appreciably as they reflect these initiatives.

Chesapeake Energy, one of the largest producers of natural gas, natural gas liquids and oil in the U.S., declined 21% in the quarter. In line with our Chesapeake options accounting for just under two-thirds of our position exposure, the options accounted for a similar portion of the return. The company reported results in line with our expectations, but the stock was punished when Chesapeake failed to close the gap between operating cash flow (OCF) and capital expenditures (capex) as much as investors wanted. Full year expectations for 45% capex reductions versus 2014 remain intact, and the OCF gap is expected to close by year-end. The company maintains strong liquidity, irrespective of low commodity prices, with $2.9 billion in cash and a $4 billion untapped credit facility. The company’s valuable assets support our appraisal, which held steady in the quarter as oil and gas prices stabilized somewhat. CEO Doug Lawler has proven that he is willing and able to monetize assets at attractive prices, and we have a heavily vested board that is fully engaged to build and recognize value per share.

CONSOL Energy fell 22% in the quarter despite reporting OCF above Wall Street expectations and buying in shares at a 4% annualized pace. Positive gas basis differentials versus NYMEX and good cost control at the Buchanan metallurgical coal mine contributed to the solid results but could not overcome the continued pressure on coal prices. In adjusting to the current commodity price environment, the company announced several cost-cutting measures, including a move to zero-based budgeting. As expected, CONSOL monetized non-core thermal coal assets in the Bailey Mine Complex by offering shares in the master limited partnership (MLP) CNX Coal, which generated $200 million in proceeds. The price was below earlier expectations because of lower coal prices. Management is pursuing additional monetization opportunities where proceeds can be reinvested in higher return alternatives, including CONSOL’s deeply discounted shares.

Genting Berhad, the Malaysian holding company with gaming, property, plantation, and oil and gas assets, also fell 12% during the quarter with weak demand in the Singapore casino duopoly. While China’s anti-corruption campaign has caused VIP investors to avoid Macau and frequent other regional destinations, Singapore’s rules preventing junket participation has muted demand growth in that jurisdiction. Analyst coverage of Genting largely focuses on the gaming business. We believe the company’s limited disclosure on its oil and gas assets has led to significant undervaluation. Genting recently announced that its Indonesian Kasuri block, which is adjacent a BP liquefied natural gas facility, has proven oil and gas reserves. During the quarter, we added Google to the portfolio as fears around a slowdown in the company’s dominant search and display advertising business became over-discounted in the price. Adjusting for the company’s net cash

1 Financial Times; April 17, 2015
and investments plus other non-earning businesses, we paid a below-market multiple for free cash flow (FCF) that should grow double-digits. In the last few years, we have come to appreciate both the company’s core search and display advertising business and its collection of other assets, especially YouTube and Google Play/Android. We sold our successful investment in Orkla, the Norwegian consumer goods company, as price reached our appraisal. Chairman Stein Erik Hagen has been a fantastic partner, growing value by monetizing assets at attractive prices and focusing Orkla on its core branded consumer goods business.

We believe the Global Fund is well positioned to meet our absolute goal and deliver strong relative performance. The price-to-value ratio (P/V) is in the low-70s%. Global markets have little margin of safety, with mergers, acquisitions, initial public offerings, and share buybacks near 2007 peak levels and at multiples well above our appraisals. We remain focused on owning discounted, strong businesses that can generate organic value growth and that have good managements who are pursuing opportunities to build and monetize value per share. We are engaged with our management partners to varying degrees and believe their near-term steps to close the gap in price will reward us.

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Derivatives may involve certain costs and risks such as liquidity, interest rate, market, credit, management, and the risk that a position could not be closed when most advantageous. Investing in derivatives could lose more than the amount invested.

As of June 30, 2015, the holdings discussed represented the following percentages of the Longleaf Partners Global Fund: CK Hutchison, 5.7%; CK Property, 3.3%; K. Wah, 5.1%; EXOR, 7.4%; Vivendi, 4.5%; Chesapeake Energy, 0.9%; CONSOL Energy, 3.5%; Genting Berhad, 2.4%; Google, 3.9%. Fund 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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Global Fund Management Discussion

Longleaf Partners Global Fund lost 1.38% in the first quarter, trailing the MSCI World Index’s 2.31% return. The Fund’s exposure to Asian gaming and natural resources drove all of the performance decline over the last twelve months and accounted for our benchmark lag since inception in December 2012. Given the strong bull market over the Fund’s short life, relative underperformance is not surprising, but negative absolute returns are disappointing. We expect higher absolute and relative results as the Global Fund builds a five year record.

Cumulative Returns at March 31, 2015

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<th>Since Inception</th>
<th>One Year</th>
<th>1Q</th>
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<tbody>
<tr>
<td>Global Fund (Inception 12/27/12)</td>
<td>19.06%</td>
<td>-9.73%</td>
<td>-1.38%</td>
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<tr>
<td>MSCI World Index</td>
<td>36.24</td>
<td>6.03</td>
<td>2.31</td>
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</tbody>
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Average Annual Returns at March 31, 2015

<table>
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<th></th>
<th>Since Inception</th>
<th>One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Fund (Inception 12/27/12)</td>
<td>8.04%</td>
<td>-9.73%</td>
</tr>
<tr>
<td>MSCI World Index</td>
<td>14.70</td>
<td>6.03</td>
</tr>
</tbody>
</table>

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 total expense ratio for the Global Fund 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.

In the quarter the majority of our businesses had solid operating performance, coupled with value-accretive actions taken by our management partners. Many names were positive performers, with double-digit returns at several. Despite positive progress across the portfolio, the persistence of three broad headwinds – U.S. dollar strength, falling energy prices, and the Chinese government anti-corruption crackdown – weighed on returns. Priced in local currencies, the Fund rose 3%, but the translation into U.S. dollars wiped away all the gains and negatively impacted performance by 4%. Our Asian gaming holdings continued to suffer as revenues further declined. Our oil and gas holdings also hurt absolute and relative returns.

The Fund’s largest positive contributor, CK Hutchison (formerly Cheung Kong), announced its intention to merge with subsidiary Hutchison Whampoa and spin out the combined property company. This latest savvy move by founder and CEO Li Ka-shing should lessen the holding company discount on the stock as underlying business exposures are clarified and the spin off highlights the value of the combined property business. The stock gained 22% during the quarter. An independent valuer recently appraised CK Hutchison’s property business 48% higher than stated book.(1) The company’s high profile dramatic restructuring of a blue chip Asia

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conglomerate has the potential to unleash similar restructurings in the region. Fiber and networking company Level 3 Communications appreciated 9% after another strong quarter of margin and revenue growth. The integration with recently merged tw telecom is proceeding smoothly as the transaction enhances Level 3’s competitive positioning with a complementary product set and larger footprint. Level 3’s growth in its North American enterprise business remains solid as CEO Jeff Storey and his team invest in expanding its fiber network and portfolio of connected buildings.

The largest detractor in the quarter, Macau gaming company Melco International declined 24% and suffered along with its peer group from an unprecedented anti-corruption crackdown imposed by Beijing. In this environment of anti-extravagance, VIP customers are avoiding Macau and contributing to high VIP growth rates in jurisdictions far away from scrutiny in places like Australia, Korea, and the UK. Mass market visitors, however, continue to increase, rising 14% in 2014. Our Melco appraisal reflects the severe slowdown in VIP revenues, but more than 80% of earnings before interest, taxes, depreciation and amortization (EBITDA) comes from mass business, which should increase further when the company’s new mass market oriented Studio City casino opens in the third quarter. The long-term investment case remains compelling with high barriers to entry, massive new infrastructure in queue to secure Macau’s role as Asia’s permanent entertainment and gaming capital, and over 70% in additional hotel capacity by 2018 to address pent-up demand amid current 90+% occupancy. Chesapeake Energy, one of the largest U.S. producers of natural gas, natural gas liquids, and oil, declined 27% in the quarter. The company reported lower- than-expected price realizations and production in the fourth quarter. While the company cut 2015 budgeted capex over 40% versus 2014, the market was hoping for Chesapeake to balance lower cash flow with capex. The company maintains a flexible balance sheet, with $4 billion in cash and an additional $4 billion in an undrawn credit facility, which will allow CEO Doug Lawler to focus on driving the greatest value for shareholders for the long-term, either through the authorized $1 billion repurchase program, strategic acquisitions, or a combination of both. While our appraisal of the company has come down in the short-term with the collapse of oil and gas prices, the long-term thesis remains intact. Chesapeake’s second largest shareholder, Carl Icahn, recently increased his stake in Chesapeake by 10%, and Chairman Archie Dunham bought an additional $14 million at quarter-end. During the quarter we maintained our overall exposure to Chesapeake but switched half our position into options due to favorable pricing created by the panic and resulting volatility in energy markets. We also employed this approach to increase our exposure to Murphy. We viewed this as a rare opportunity to gain more downside protection while maintaining the upside benefit of higher stock prices. The Chesapeake options accounted for two thirds of that position’s decline in the quarter. See page 15 for more detail.

We bought one new position in the quarter and did not exit any investments. We added Softbank, the Japanese telecom and internet conglomerate. The company’s 34% stake in Chinese e-commerce giant Alibaba is greater than Softbank’s entire market cap. We essentially get the Japanese mobile business that will generate $5 billion/year in EBITDA plus stakes in publicly traded Yahoo Japan and Sprint, as well as a portfolio of internet companies for free. In addition, Masayoshi Son, the founder and CEO, has demonstrated an exceptional track record building businesses and allocating capital.

We believe the Fund is well positioned for strong future relative performance. The price-to-value (P/V) ratio is in the mid-70s%. We believe the portfolio is invested in high quality businesses with greater FCF yields and stronger future growth potential than the MSCI World Index. Our management partners are taking actions to drive strong value growth and, in many cases, are creating catalysts for value recognition.

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.

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

Free Cash Flow Yield (FCF Yield) equals a company’s free cash flow per share divided by the current market price per share.

Derivatives may involve certain costs and risks such as liquidity, interest rate, market, credit, management, and the risk that a position could not be closed when most advantageous. Investing in derivatives could lose more than the amount invested.

As of March 31, 2015, the holdings discussed represented the following percentages of the Longleaf Partners Global Fund: CK Hutchison, 7.9%; Level 3, 10.3%; Chesapeake, 1.4%; Melco, 5.6%; Softbank, 2.5%. 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.

Funds distributed by ALPS Distributors, Inc.
Global Fund Management Discussion

Longleaf Partners Global Fund declined 5.98% for the year and 3.26% in the fourth quarter, underperforming the MSCI World Index’s return of 4.94% and 1.01% in the same periods. The negative performance occurred in the second half of the year and impacted the Fund’s returns since its inception two years ago. We believe the portfolio is positioned to outperform from its current discounted level over the next several years.

Cumulative Returns at December 31, 2014

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<thead>
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<th></th>
<th>Since Inception</th>
<th>One Year</th>
<th>4Q</th>
</tr>
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<tbody>
<tr>
<td>Global Fund (Inception 12/27/12)</td>
<td>20.73%</td>
<td>-5.98%</td>
<td>-3.26%</td>
</tr>
<tr>
<td>MSCI World Index</td>
<td>33.16</td>
<td>4.94</td>
<td>1.01</td>
</tr>
</tbody>
</table>

Average Annual Returns at December 31, 2014

<table>
<thead>
<tr>
<th></th>
<th>Since Inception</th>
<th>One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Fund (Inception 12/27/12)</td>
<td>9.82%</td>
<td>-5.98%</td>
</tr>
<tr>
<td>MSCI World Index</td>
<td>15.33</td>
<td>4.94</td>
</tr>
</tbody>
</table>

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, 2014 and 2013 total expense ratios for the Global Fund are 1.58% and 1.73%(before limitation), respectively. The Fund’s expense ratios are 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 gained 49% and led the Fund’s performance for the year and the fourth quarter, up 8%. Level 3 provides critical infrastructure that connects businesses and consumers to the internet, allowing them to move data, video and voice. The company’s acquisition of tw telecom closed in the fourth quarter, significantly expanding its network reach in metropolitan markets and providing additional capacity to grow its enterprise customer base. Throughout the year, CEO Jeff Storey and his team delivered solid revenue growth, margin improvement, and higher free cash flow. The stock remains significantly below our appraisal of its operating networks and non-earning dark fiber and conduit assets and is the Fund’s largest holding.

Hong Kong based conglomerate Cheung Kong rose 15% for the year. Over the course of 2014, results at most of the company’s operating divisions were strong. Additionally, management made several value-enhancing asset sales across multiple business lines at low cap rates and used proceeds to opportunistically reinvest in discounted infrastructure deals outside of Asia with double-digit IRRs (internal rates of return). Management also returned proceeds to shareholders in the form of dividends. Most recently, in a joint venture with Mitsubishi Corp, Cheung Kong bought an airplane leasing portfolio. With its strong balance sheet, Cheung Kong can take advantage of Hong Kong land banking opportunities if prices correct.

We bought French luxury goods business Christian Dior (CDI) in October, and the position added 17% through year end. Christian Dior is the holding company for LVMH Moët Hennessy-Louis Vuitton (LVMH) and Dior Couture, the world’s most prominent collection of luxury brands. Given its holding company structure, CDI has
historically traded at a discount to LVMH ranging from 7% to 40%. Gaining LVMH economic exposure through CDI aligns our interests with owner-operator Bernard Arnault. After nearly tripling shareholder capital on LVMH’s 24% stake in Hermès, Arnault distributed the Hermès stake to LVMH shareholders, and CDI’s board decided to distribute its pro-rata share of the Hermès stake. We sold the Hermès shares above our appraisal. The transaction realized a 12% yield on our average cost for CDI. Arnault’s opportunistic purchase of Hermès in the Global Financial Crisis and subsequent decision to distribute the fully-valued shares illustrate his financial discipline and intense focus on shareholder value creation.

Positive performance at many of our holdings was overshadowed by negative performance in the face of a combination of challenges – a strong U.S. dollar, regulatory and economic controls in China, sluggish European economies, and sharp declines in oil and gas prices in the second half. The U.S. dollar (USD) strength had a large impact on the performance of many of our holdings in the fourth quarter and for the year. Our positive local currency returns turned negative after translating them into USD. These currency conversions did not reflect the underlying operating performance of our businesses and did not impact our long-term appraisals nearly as much as they impacted prices. The stock return figures cited below are shown in USD; most local returns were higher.

Increased government scrutiny and regulation in China hurt all Macau gaming companies indiscriminately and made our stakes in Melco and Galaxy via K.Wah primary performance detractors for the year with Melco down 39% and K.Wah, bolstered by its Hong Kong real estate, down 22%. At Melco, less than 15% of EBITDA (earnings before interest, taxes, depreciation, and amortization) is tied to lower margin VIP visitors who have been most severely impacted by China’s anti-corruption scrutiny and increased regulation. Melco grew its mass gaming business at a higher rate than the overall market. The company bought back 15.8 million shares, approximately 1%, over the last four months, and CEO Lawrence Ho bought an additional approximate $HK600 million personally in 2014. K. Wah owns 3.9% of Galaxy Entertainment, which caters more to Macau’s VIP business. Galaxy significantly outperformed the broader VIP market, and has an advantage with its planned opening in mid-2015 of the next major casino expansion on the Cotai Peninsula. Excluding the discounted market value of its stake in Galaxy, K. Wah’s remaining property business trades at less than ⅓ of book value. Management opportunistically bought urban Hong Kong land at a discount to subsequent auctions in the same area. The planned launch of large scale projects in Tseung Kwan O should increase 2015 sales. Even in the storm of worry that labeled 2014 a disastrous year for Macau gaming, overall revenues fell less than 3%, the number of visitors rose, and mass revenues grew double-digits. The Chinese government has demonstrated its long-term support of Macau with massive infrastructure projects, and efforts to crack down on corruption and attract more legitimate visitors ultimately will benefit our holdings. We are excited to own these businesses as increased accessibility and additional room supply should enable revenues to rise at healthy levels.

China’s slower economic growth reduced iron ore demand, helping to push ore prices down 49% during the year to their lowest level since June 2009. Iron ore pressure hurt Australian based mining services company Mineral Resources (MIN RE), which we bought in the second quarter, with returns down 35% in the year after a 15% fourth quarter decline. Because MIN RE owns some mines, it traded with the iron ore industry. Its core business of iron ore crushing and services, however, depends on volume of work rather than commodity price. Because MIN RE provides crushing services at less than half the cost that miners can achieve themselves, the company benefits as large Australian miners turn to lower-cost outsourcing when ore prices fall. Businesses unrelated to its mines produce $250 million in EBITDA, meaning the company trades at just over 4x EV/EBITDA (enterprise value/earnings before interest, taxes, depreciation, and amortization). Management is using its financial flexibility to invest in crushing and processing capacity at this opportunistic time.
Global Fund Management Discussion

Global fertilizer and chemical producer OCI fell 23% in the year in spite of a 13% fourth quarter gain after positive news on various fronts. Egyptian natural gas shortages that had negatively impacted OCI’s plant utilization rates stabilized; the company won an Egyptian tax case related to the 2007 sale of its cement unit; and the Environmental Protection Agency issued its final construction permit for the greenfield Beaumont, Texas plant that will be the largest methanol facility in the U.S. and is scheduled to begin production in 2016. CEO Nassef Sawiris’ decision in the third quarter to spin out the legacy construction business should help the market properly value OCI as a pure-play nitrogen company. Sawiris opportunistically bought shares personally throughout the year to take advantage of the price discount.

The 49% decline in the price of oil in the second half of the year impacted several of our holdings. Oil fell as increasing supply began to exceed demand, and stocks did not discriminate. Low cost producers, higher quality assets, proven management teams, and even companies with no direct energy exposure that are based in oil-dependent markets, such as Norwegian consumer goods company Orkla, had substantial declines. Broad pressure on the Norwegian economy and stock market, as well as the kroner’s decline to its lowest level since 2009 hurt Orkla’s shares, which lost 25% in the fourth quarter, offsetting earlier gains and ending the year down 9%. Management moved to focus on the branded consumer goods business following the IPO (initial public offering) of its aluminum business, Granges. This listing strengthened Orkla’s balance sheet by deconsolidating the company’s debt. U.S. oil and gas exploration and production company Chesapeake declined 23% for the full year and 16% in the fourth quarter. Since Chesapeake’s heavily vested Board took over in mid-2012, the company has delevered the balance sheet and improved production from its irreplaceable 10+ million net acres of oil and gas fields. CEO Doug Lawler is driving value recognition in ways he can control – selling assets at reasonable prices, reducing debt, and increasing operating efficiencies in both corporate and production activity. In the first half of the year, Chesapeake sold non-core acreage in Oklahoma, Texas, and Pennsylvania and spun-off its oilfield services business into Seventy-Seven Energy, which we sold. In the fourth quarter, Chesapeake closed the sale of Marcellus and Utica assets to Southwestern Energy for $5 billion. This amounted to selling roughly 8% of Chesapeake’s production for proceeds of nearly half its market capitalization. Management announced plans to use $1 billion of the proceeds to repurchase the heavily discounted shares.

The Fund began the year holding 17% cash, with limited qualifying prospects. We put the cash to work as increased volatility created more opportunities to buy twelve new positions, including three in the fourth quarter – CONSOL Energy, McDonald’s, and Christian Dior discussed above.

CONSOL is a leading U.S. producer of low-cost natural gas and thermal coal. The share price declined with oil even though the company has no oil assets. Chairman Brett Harvey and CEO Nick Deluliis are owner-operators who have grown and monetized value. They recently announced CONSOL would form an MLP (master limited partnership) to house its thermal coal business and form a subsidiary to own its metallurgical coal properties. Food quality issues at McDonald’s China supplier, minimum wage pressure in the U.S., Russian challenges, European macro concerns, and improvements at competing chains pressured the stock and enabled us to own the company’s valuable real estate and dominant breakfast business at a discount to our appraisal.

We exited a number of holdings during the year as some approached our appraisals, some no longer were discounted enough to buy but were too small to impact results, and others were more fully valued and/or lesser quality names that we could replace with businesses with a larger margin of safety and higher expected value growth. In the fourth quarter, we sold Vodafone, which we purchased earlier in the year, because more undervalued opportunities emerged. We sold Vopak, another purchase earlier in 2014, and
NewsCorp after our investment cases changed. As discussed above, we sold the Hermès shares that CDI distributed. Additionally, Hopewell Holdings distributed its Hopewell Highway, which we also sold.

As the Fund’s largest shareholders, we were not pleased with 2014 performance. The return, however, does not adequately reflect the underlying progress our companies made during the year. The Fund’s price-to-value ratio (PV) is in the high-60s%. We are confident that the Global Fund is positioned for successful long-term compounding, given the underlying fundamentals at our companies and the value additive actions our management partners are taking.

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.

A master limited partnership (MLP) is, generally, a limited partnership that is publicly traded on a securities exchange.

Internal rate of return (IRR) is the interest rate at which the net present value of all the cash flows from an investment equal zero.

EV/EBITDA is a ratio comparing a company's enterprise value and its earnings before interest, taxes, depreciation and amortization.

As of December 31, 2014, the holdings discussed represented the following percentages of the Longleaf Partners Global Fund: Level 3, 11.2%; Cheung Kong, 6.5%; Christian Dior, 4.3%; Melco, 7.4%; K Wah, 3.6%; Mineral Resources, 3.1%; OCI, 5.0%; Orkla, 3.2%; Chesapeake, 5.6%; CONSOL Energy, 2.4%; McDonald's, 4.6%. 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.

Funds distributed by ALPS Distributors, Inc.
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

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<th>Since Inception</th>
<th>One Year</th>
<th>YTD</th>
<th>3Q</th>
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<td>Global Fund (Inception 12/27/12)</td>
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<tr>
<td>MSCI World Index</td>
<td>31.83</td>
<td>12.20</td>
<td>3.89</td>
<td>-2.16</td>
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### Average Annual Returns at September 30, 2014

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<th></th>
<th>Since Inception</th>
<th>One Year</th>
</tr>
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<tbody>
<tr>
<td>Global Fund (Inception 12/27/12)</td>
<td>13.42%</td>
<td>6.12%</td>
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<tr>
<td>MSCI World Index</td>
<td>17.04</td>
<td>12.20</td>
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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 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 benefited from an uptick in traders storing oil for future profit.

Bank of New York Mellon (BK) gained 3% in the quarter and 11% YTD. The asset management business grew steadily along with the markets, but low market volatility and low rates this year have hampered revenue growth in asset services. 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,
Global Fund Management Discussion

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 benefiting 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 higher 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 Texas. CEO Nassef Sawiris has built and monetized substantial value historically; specifically, he has 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 the 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.

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RISKS

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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 Resources, 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.

Funds distributed by ALPS Distributors, Inc.
Global Fund Management Discussion

Longleaf Partners Global Fund gained 2.4% in the quarter, taking year-to-date (YTD) results to 5.2%, trailing the MSCI World Index’s returns of 4.9% and 6.2% in the same periods. The Fund’s one-year and since inception results outpaced the Index and far exceeded our absolute return goal of inflation plus 10%.

Cumulative Returns at June 30, 2014

<table>
<thead>
<tr>
<th>Fund/Index</th>
<th>Since Inception</th>
<th>One Year</th>
<th>YTD</th>
<th>2Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Fund (Inception 12/27/12)</td>
<td>35.10%</td>
<td>31.29%</td>
<td>5.22%</td>
<td>2.43%</td>
</tr>
<tr>
<td>MSCI World Index</td>
<td>34.73</td>
<td>24.05</td>
<td>6.18</td>
<td>4.86</td>
</tr>
</tbody>
</table>

Average Annual Returns at June 30, 2014

<table>
<thead>
<tr>
<th>Fund/Index</th>
<th>Since Inception</th>
<th>One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Fund (Inception 12/27/12)</td>
<td>22.10%</td>
<td>31.29%</td>
</tr>
<tr>
<td>MSCI World Index</td>
<td>21.92</td>
<td>24.05</td>
</tr>
</tbody>
</table>

The index is unmanaged. 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 Fund before limitation is 1.73%. The expense ratio is subject to fee waiver to the extent normal annual operating expenses exceeded 1.65% of average annual net assets.

The Fund’s strongest performers in the second quarter also were the top YTD contributors. Fiber and networking company Level 3 Communications announced a deal to acquire tw telecom and returned 12% in the quarter and 32% for the first half. With the deal, Level 3 gets increased tax benefits for its historic NOLs (net operating losses) due to the company’s increased equity capitalization. The transaction also affords an identified $200 million in synergies, roughly half of which come from the traffic switched onto Level 3’s backbone. The deal is expected to close in the fourth quarter. Beyond the merger, in his first year as CEO, Jeff Storey and his team have delivered solid revenue growth, margin improvements, and higher cash flow.

Chesapeake, the U.S. oil and gas exploration and production company, rose 22% in the quarter and was up 17% YTD. During the quarter, the company announced better-than-expected production and cash flow and raised yearly guidance on both of these metrics. Management continued to execute on the capital efficiency strategy, highlighted by the spin-off at quarter-end of its oilfield services business into a publicly traded company called Seventy Seven Energy. The spin-off eliminated approximately $1.5 billion of net debt from Chesapeake’s balance sheet. Divestitures of noncore acreage in Oklahoma, Texas, and Pennsylvania were also completed. Our CEO partner, Doug Lawler, is positioning the company to focus on its strong assets in the Eagle Ford, Marcellus and Utica plays, while growing production profitably and keeping capital expenditures within cash flow.

Cheung Kong, the Hong Kong based conglomerate with businesses around the world, returned 15% in the second quarter, pushing the YTD return to 21%. Over the first half of 2014, management made value-enhancing asset sales across multiple
business lines. In the first quarter, Cheung Kong Infrastructure spun off and listed Hong Kong Electric. Additionally, 50% owned affiliate Hutchison Whampoa sold 25% of A.S. Watson Group, the world’s largest health and beauty retailer. In the second quarter, the company paid a HK$7 special dividend with the proceeds of the Watson sale. Sales of residential property in Hong Kong accelerated after some relaxation in stamp duty regulations. With high land valuations, our partners at Cheung Kong exercised the discipline we have come to expect – not acquiring a single piece of land in Hong Kong or China for over a year.

The primary detractors from Fund results in the second quarter were among those names that weighed most heavily on the YTD return. Global fertilizer and chemical producer OCI fell 14%. The company announced that no dividend would be paid on 2013 earnings due to pre-funding $1 billion in capital investment for 2014. We view substituting the dividend for growth capital expenditure as a solid capital allocation move by CEO Nassef Sawiris, who has generated solid returns over time through greenfield expansions and financial investments. In addition to eliminating the dividend, several short-term pressures impacted the stock. OCI’s Algerian fertilizer plant, Sorfert, had shipments delayed in 2013 after the Algerian government required new export license agreements. As of April 2014, the plant had returned to 100% utilization, and management expects this utilization to continue for the rest of the year. The company also reported weak utilization at its Egyptian plants due to gas curtailments, which we already accounted for in our appraisal.

Mineral Resources (MIN AU), an Australian based mining services company, declined 9% since we initiated the position in the second quarter. The company recently bought a 12.8% stake in Australian junior miner Aquila Resources, but discussions regarding a full merger did not progress due to valuation issues. As the low cost provider of iron ore services underpinned by crushing services, MIN AU benefits from the volume of ore produced, and its outlook improves amid lower commodity prices. CEO Chris Ellison owns 14.5% of the company and, collectively, management holds over 20%. The price dip provided an opportunity to add to our position at a lower cost while the long-term investment case remained intact.

After being among the strongest first quarter contributors, EXOR, the Italian holding company of CNH Industrial, Fiat Chrysler Auto, and several smaller assets, fell 8% in the second quarter. The stock was up 3% in the first half. CNH reported weak earnings following a decline in agricultural equipment sales and working capital, both of which we expected given the cyclical and seasonal nature of the business. After market skepticism over Fiat Chrysler’s five year plan weighed on the stock, EXOR senior executives John Elkann and Sergio Marchionne each purchased shares personally, indicating their confidence in the long-term prospects for the auto company. We completed the swap of our position in CNH Industrial for parent company EXOR.

Macau gaming company Melco International was down 17% YTD after a 10% second quarter decline. The price fell amid broader Macau gaming industry concerns, but Melco’s business was impacted very little by much of the negative news which included lower VIP gaming revenues, junket defaults, removal of illegal mobile credit card terminals from the gaming floor, restrictions on transit visas, and a smoking ban on the mass floor starting in October. Melco’s profits are heavily weighted to the mass market, with approximately 75% of EBITDA (earnings before interest, taxes, depreciation and amortization) now coming from non-VIP business. The industry revenue decline and junket issues were related to VIP guests and had little impact on Melco. Mass gaming continued to grow over 30% without any other issues appearing to affect traffic. CEO Lawrence Ho personally bought $21 million (HK$165mm) worth of stock in the second quarter, adding for the first time since September 2011 when we first initiated our Melco position. We also increased our ownership during the quarter.

We bought five new companies in the first half, all based outside of the U.S.
Global Fund Management Discussion

Sino Land in the first quarter, we added Hopewell, K. Wah, and Mineral Resources over the last three months. As these recent purchases indicate, we are currently seeing more opportunities in companies that are based in – or impacted by – macroeconomic factors in the Asia Pacific region. Broad macro fears of reduced Chinese consumer demand, as well as worries of a potential Chinese real estate bubble, have impacted companies as far ranging as Hong Kong real estate, Macau gaming, and Australian mining services. What separates the companies we have bought from others impacted by China fears are our management partners, most of whom are significant owner-operators with track records of value creation. Conversely, in Europe and particularly the U.S., many companies are reaching and surpassing intrinsic worth. We sold DIRECTV in the first quarter and TNT Express more recently. The Fund’s geographic distribution reflects the disparity in valuations – less than 40% of the portfolio is in U.S. companies while over one-third is in the Asia Pacific region.

The Fund’s price-to-value ratio (P/V) is in the mid-70s% with cash at 9%. This liquidity will give us agility when individual stocks from our on-deck list come into the range of our required discount to intrinsic value. We expect new purchases at deep discounts will make the P/V even more attractive, as should the strong value growth we anticipate our management partners delivering.

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As of 6/30/14, the top 10 holdings in Longleaf Partners Global Fund - Level 3 (9.5%), Melco (6.9%), Cheung Kong (6.7%), EXOR (6.0%), Chesapeake Energy (5.4%), News Corp (4.8%), Loews (4.7%), K Wah (4.5%), OCI (4.5%), Bank of New York Mellon (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.

Funds distributed by ALPS Distributors, Inc.
Global Fund Management Discussion

Longleaf Partners Global Fund gained 2.7% in the quarter, more than doubling the MSCI World Index’s return of 1.3%. Over the last twelve months and since the Fund’s 2013 inception, Longleaf Global delivered attractive relative and absolute returns.

Cumulative Returns at March 31, 2014

<table>
<thead>
<tr>
<th></th>
<th>Since Inception</th>
<th>One Year</th>
<th>1Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Fund (Inception 12/27/12)</td>
<td>31.90%</td>
<td>26.95%</td>
<td>2.73%</td>
</tr>
<tr>
<td>MSCI World Index</td>
<td>28.50</td>
<td>19.07</td>
<td>1.26</td>
</tr>
</tbody>
</table>

Average Annual Returns at March 31, 2014

<table>
<thead>
<tr>
<th></th>
<th>Since Inception</th>
<th>One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Fund (Inception 12/27/12)</td>
<td>24.63%</td>
<td>26.95%</td>
</tr>
<tr>
<td>MSCI World Index</td>
<td>22.12</td>
<td>19.07</td>
</tr>
</tbody>
</table>

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 total expense ratio for the Longleaf Partners Global Fund is 2.19%. The expense ratio is subject to a fee waiver to the extent the Fund’s normal operating expenses exceed 1.65% of average annual net assets.

Level 3 Communications drove much of the Fund’s return in the quarter, appreciating 18%. This fiber and networking company’s strong results exceeded expectations largely due to growth in the Enterprise business, and management issued higher 2014 guidance. Over the last year since Jeff Storey became CEO, the stock has risen 93% reflecting the expansion of operating margins and improved balance sheet. Level 3 is now cash flow positive with value increasing. The stock remains one of the most discounted in the portfolio even after the significant run up since Storey’s appointment.

Guinness Peat Group added 22% over the last three months. This British company’s operating business, industrial thread maker Coats, reported improved results and free cash flow. Despite the positive performance, the stock remains heavily discounted due to uncertainty over whether the UK pension regulator will require additional capital for legacy pension plans.

Italian holding company Exor gained 12%. Exor owns Fiat Chrysler Auto, which had strong performance after Fiat merged with Chrysler in the period. Exor also benefited from a strong rebound in Italian stock markets in response to political progress and broad enthusiasm about the direction of the Italian economy and government. Another Exor holding, agriculture equipment and truck company CNH Industrial, remained on track with the integration of its recently combined pieces, Fiat Industrial and CNH. Exor Chairman and CEO John Elkann, who has an excellent investing track record, has net cash available to provide liquidity when compelling investment opportunities arise. We swapped the Fund’s direct holding in CNH Industrial for an increased weight in Exor in the quarter.

The Fund’s largest detractor in the quarter was Macau gaming company Melco, declining 9%. Market concerns over short-term weak January gaming growth, driven primarily by the timing of Chinese New Year, impacted the stock, as did stories about Macau shortening license renewal periods. The company later reported record growth in February with fiscal year (FY) 2013 luck-adjusted EBITDA (earnings before interest, taxes, and amortization) up 44% and revenues up 27% year-over-year. Melco announced a special dividend of $191 million.

Loews, the diversified holding company owned and managed by the Tisch family, detracted from the Fund’s return in the quarter, declining 8%. Loews’ largest holdings are three publicly traded subsidiaries: property and casualty insurer CNA Financial Corp. (CNA) (90% owned), offshore contract driller Diamond Offshore (DO) (50.4% owned), and natural gas pipeline Boardwalk Pipeline (BWP) (53% owned). During the quarter, CNA reported solid earnings and combined ratios, but DO and BWP disappointed. As large exploration and production companies reined in spending, demand for offshore drilling fell, reducing day rates and rig utilization at DO. Higher gas production in the Northeastern U.S. has reduced demand for pipelines serving that region while the cold winter lowered gas storage. BWP cut its dividend to invest
in expanding pipeline reach for higher long-term EBITDA.

We sold DIRECTV when price reached our appraisal. As discussed in our letter to shareholders, we are especially grateful to CEO Mike White for driving the strong value growth that benefitted the Global Fund even over its relatively short holding period. We bought two new companies in the quarter, both located outside the U.S.

The portfolio ended the quarter with a P/V (price-to-value ratio) in the mid-70s% and cash at 17%. As our new holdings and the portfolio’s geographic composition indicate, we are finding more attractive opportunity outside of the U.S. Little, however, is deeply discounted anywhere. We have a number of companies on our on-deck list that our team has vetted as strong businesses with good people. We will stick to our discipline and wait patiently for prices to meet our criteria.
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.

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As of 3/31/14, the top 10 holdings in Longleaf Partners Global Fund - Level 3 (10.6%), Cheung Kong (7.3%), Chesapeake Energy (5.8%), OCI (5.6%), Bank of New York Mellon (5.1%), EXOR (5.0%), Orkla (5.0%), Loews (4.7%),  Melco (4.3%), Guinness Peat (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.

Funds distributed by Rafferty Capital Markets, LLC. As of May 1, 2014, Funds distributed by ALPS Distributors, Inc.
Global Fund Management Discussion

Longleaf Partners Global Fund gained 9.2% for the fourth quarter and 28.4% last year, outpacing the MSCI World Index returns of 8.0% and 26.7% for the same periods. These returns far exceeded our annual goal of inflation plus 10% in the Fund’s first year of operation.

Cumulative Returns at December 31, 2013

<table>
<thead>
<tr>
<th></th>
<th>Since Inception</th>
<th>One Year</th>
<th>4Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Fund (Inception 12/27/12)</td>
<td>28.40%</td>
<td>28.40%</td>
<td>9.18%</td>
</tr>
<tr>
<td>MSCI World Index</td>
<td>26.89</td>
<td>26.68</td>
<td>8.00</td>
</tr>
</tbody>
</table>

See page 26 for additional performance information.

Level 3 Communications was the primary contributor in the fourth quarter and the year, adding 19% and 37% respectively. The company reported strong results following the appointment of Jeff Storey as CEO in April. Revenue growth and significant cost reductions improved margins. The company also refinanced $2.6 billion in debt. Large internet-based companies looking to control their customer connections highlighted the value of Level 3’s dark fiber, which is not reflected in revenues. As management continues to execute, value growth should be meaningful. Growing revenues will especially benefit Level 3 given its fixed-cost asset base, lower-than-average maintenance capital spending, and minimal tax liability.

OCI’s 34% gain in the fourth quarter made this holding, which we purchased in the third quarter, among the year’s top contributors. OCI is one of the world’s leading nitrogen fertilizer producers with capacity of nearly 7 million tons. The company also operates one of the leading engineering and construction firms in the Middle East and North Africa specializing in complex infrastructure projects. Chairman and CEO Nassef Sawiris controls 54% of the stock and has a strong operating and capital allocation record. He sold Orascom Cement in 2007, just before the financial crisis, and successfully listed 22% of OCI Partners in October 2013. OCI Partners, which is 78% owned by OCI, is up nearly 50% from the IPO price. He has built OCI into one of the industry’s lowest cost fertilizer producers through long-dated natural gas contracts at low prices (a primary ingredient in fertilizer) and newer, more efficient plants that are strategically located next to either main export hubs or major agricultural centers.

Melco International gained 198% for the year after rising 34% in the fourth quarter. Through its joint venture in Macau casino operator Melco Crown, the company benefitted from the limited supply and large demand for Macau gaming. In the quarter, the company reported a 24% increase in overall revenue and a luck-adjusted 50% increase in year-over-year EBITDA (earnings before interest, taxes, depreciation, amortization). CEO Lawrence Ho, who is Melco’s largest shareholder, has focused the business on mass-market gamblers, a much more profitable segment than VIPs whose revenues are shared with junket operators. He is using capital to benefit from the acceleration in visitor arrivals and length of stays over the coming years by building Studio City and adding to City of Dreams. While Macau does seven times more gaming volume than Las Vegas, it currently has one-eighth the hotel rooms. The opening of the Macau-Hong Kong Bridge in 2016 will allow easy access to the Hong Kong Airport and provide travelers from Chinese cities on the eastern side of the Pearl River Delta a much quicker route to Macau, bringing more customers. Despite the strong price appreciation during the year, the stock remains below our appraisal, because revenues grew significantly ahead of our expectations. We did trim the position to maintain a normal weight as the price rose.

FedEx was a leading performer for the fourth quarter and the year, gaining 26% and 52%,
respectively. Major cost initiatives gained traction as the company’s Express unit grew margins by 1.4% in its most recent quarter. The Ground unit delivered strong growth with volume increases from e-commerce and higher pricing. FedEx repurchased 7.2 million shares, a 10% annualized pace. The stock’s increase in the fourth quarter followed news that the company would begin a new 32 million share repurchase program. Management’s operating success and capital allocation combined to build the company’s worth through the year.

In the fourth quarter, CNH, a global leader in agriculture machinery and commercial trucks, declined 9%. A dramatic fall in corn prices sparked concerns about U.S. farm equipment demand, which we assume will decline over the next two years. Although cyclical, CNH should benefit from continuing European economic recovery and growth in developing markets over the long run. Chairman Sergio Marchionne has taken progressive steps to focus the company, improve operations, and build value for shareholders.

The Fund had only one detractor for the year, UK-based Guinness Peat. Its impact was minimal, with the stock down 3%. Management’s plan to focus exclusively on Coats, the world’s leading industrial thread and consumer textile crafts business, and to return remaining excess capital to shareholders was put on hold until the UK pension regulator makes a final determination on whether legacy plans will require additional capital.

After the Fund’s launch, we added three new holdings during the year – the post-spin publishing arm News Corp in the second quarter, fertilizer and construction firm OCI in the third quarter, and branded food company Orkla in the fourth quarter. We sold Berkshire Hathaway in the second quarter, Murphy USA, which was spun out of Murphy Oil, in the third quarter, and Henderson Land in the fourth quarter. While Henderson’s Hong Kong real estate remained undervalued, management’s decision to buy overvalued shares of Hong Kong China & Gas from its Chairman, rather than using the capital to buy its own shares at a deep discount, changed our view of our partners, and we eliminated the position.

The Fund ended the year with a P/V in the high-70s% and cash at 17%. We have a number of interesting names on-deck, particularly outside of the U.S. We will adhere to our deep discount discipline and wait patiently for investments to qualify. At the end of the Fund’s first year, assets surpassed $100 million from a combination of Southeastern employees’ seed capital, strong returns, and investments from like-minded partners. We are honored to be co-investors with you in the Global Fund. While we believe our long-term returns should meet our absolute goal, we caution you not to expect us to more-than-double that level often.

We have a number of interesting names on-deck, particularly outside of the U.S.
Global Fund Management Discussion

Longleaf Partners Global Fund gained 14.3% for the third quarter, bringing the return since the Fund opened at the beginning of the year to 17.6%. These results outpaced the MSCI World Index returns of 8.2% and 17.3% for the same periods.

Cumulative Returns at September 30, 2013

<table>
<thead>
<tr>
<th></th>
<th>Since Inception</th>
<th>YTD</th>
<th>3Q</th>
</tr>
</thead>
<tbody>
<tr>
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<td>17.60%</td>
<td>14.29%</td>
</tr>
<tr>
<td>MSCI World Index</td>
<td>17.49</td>
<td>17.29</td>
<td>8.18</td>
</tr>
</tbody>
</table>

See page 28 for additional performance information.

German-based construction and engineering firm Hochtief gained 34% in the quarter and 60% year-to-date (YTD), making it the largest contributor for both periods. Since CEO Marcelino Fernandez Verdes took over late last year, the company has sold its airport assets and services business at prices above our carrying value, repurchased 10% of shares, and opportunistically bought an additional 3% of Leighton at a steep discount to value. Management has embarked on a turnaround of the European construction business and improved risk controls at its 55%-owned Leighton subsidiary, which should lead to improved margins and free cash flow in both of these segments. Hochtief is working to sell its non-core real estate assets to complete its transformation into one of the world’s leading infrastructure construction firms.

Several other companies led performance over the last three months and in the YTD. Chesapeake Energy gained 27% in the quarter and 33% YTD. Together with new CEO Doug Lawler, the board that we helped seat last June is instilling financial and operating discipline into the company. Over the last sixteen months, the company has reduced SG&A by 20%, sold and announced sales of over $10 billion in non-core assets, decreased 2013 capex by a projected 46%, and promised to live within its cash flow in 2014. Exor, the Agnelli family holding company run by John Elkann, also contributed to the quarter and YTD, rising 27% and 41% respectively. Elkann’s sale of SGS Testing created and realized substantial value by striking a deal above our appraisal value. The company also bought back shares to take advantage of the market price discount. Macau gaming company Melco International added 44% in the third quarter and 122% YTD. Double-digit visitation increases from Mainland China drove industry gross gaming revenue growth to the high-teens/low 20% range. Margins at the company rose as the more profitable mass market business grew faster than the VIP business (where margins are much lower because revenues are shared with junket operators). The company is exploring opportunities in new gaming markets and earlier this year completed an IPO of its Philippine business. The value of the company grew, and we added to our position in the quarter.

Level 3 was a primary contributor to third quarter results, adding 27%. Since taking over as CEO in April, Jeff Storey has implemented the necessary steps to grow top line and increase cash flow by reducing costs and focusing on higher margin enterprise customers. Even with meaningful recent stock gains, the company remains among our most discounted names.

Over the last three months, two holdings declined slightly, though both were positive performers YTD. DIRECTV slipped 3% in the quarter on increased subscriber churn amidst a challenged Brazilian economy. DIRECTV Latin America remains well positioned to benefit from rising pay-TV penetration in the region, and the mature U.S. business continues to generate higher ARPU (average revenue per user). Malaysian gaming company Genting also was off 3%. Genting’s
Singapore casino operations had limited local visitor growth. Our appraisal of Genting was unaffected.

UK-based Guinness Peat was the sole detractor YTD, down 5%, though it rose in the quarter with strong performance at subsidiary Coats, the world’s leading industrial thread and textile crafts business. Guinness Peat has sold all of its investments and now holds cash and Coats. Management is waiting to return excess capital to shareholders following the conclusion of the UK pension regulator’s ruling to determine if legacy pension plans will need additional capital.

We sold Murphy USA, the retail station operation that was spun out of Murphy Oil. We initiated one position, OCI, and we added to several existing holdings, making progress in getting the Fund invested. Net cash is now at 23%, and following the strong quarter, the P/V is in the low-70s%. We have identified some interesting opportunities, mostly outside of the U.S., but their prices are currently above levels that our discount discipline allows. We will wait patiently for individual share movement or general market volatility to buy businesses that meet our qualitative and quantitative criteria.
Global Fund Management Discussion

Longleaf Partners Global Fund returned -0.96% in the quarter and 2.90% in the first half, trailing MSCI World Index returns of 0.65% and 8.43% in the same periods. A high cash balance in the first quarter and a few company-specific performance declines in the second quarter caused the relative underperformance.

Cumulative Returns at June 30, 2013

<table>
<thead>
<tr>
<th></th>
<th>Since Inception</th>
<th>YTD</th>
<th>2Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Fund (Inception 12/27/12)</td>
<td>2.90%</td>
<td>2.90%</td>
<td>-0.96%</td>
</tr>
<tr>
<td>MSCI World Index</td>
<td>8.61</td>
<td>8.43</td>
<td>0.65</td>
</tr>
</tbody>
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See page 30 for additional performance information.

Most holdings were positive performers in the quarter and the first half. DIRECTV (DTV) advanced 9% over the last three months and has risen 18% YTD, making it the largest contributor for both periods. CEO Mike White is one of our “all-star” partners. Over time, he and his team have grown ARPU (average revenue per user) for the company’s 20 million U.S. satellite subscribers even as the industry has matured. Management has also made high-return investments in Latin America where subscribers have grown rapidly, making this geographic segment almost half of our DTV appraisal. Management consistently has returned capital to owners through repurchasing undervalued shares, including $1.4 billion in the second quarter.

Bermuda-based reinsurer Everest RE’s 14% year-to-date (YTD) return made it a top performer in the first half. The company improved its earnings and operations, remained disciplined in its underwriting, and saw pricing strength in the half. Management also made significant repurchases of the undervalued stock. Insurance underwriter Fairfax Financial Holdings returned 10% YTD. Fairfax grew net written premiums, improved its overall combined ratio, and saw pricing strength in the recent quarter. The company paid $11 in combined dividends. In June, Fairfax acquired specialty insurance company ASI for $306 million (a value slightly below tangible book) and immediately announced the sale of ASI’s reinsurance business for $59 million. ASI’s expertise should enhance Fairfax’s insurance operations in certain specialty lines of business.

Exor, the Italian Agnelli family’s holding company led by Chairman and CEO John Elkann, added 7% in the quarter and 11% YTD. Exor sold its stake in SGS Testing at a premium to our appraisal value for the unit. The company also authorized a €200 million share repurchase program to take advantage of the market price discount.

Guinness Peat Group (GPG) declined 29% in the quarter and for the first half, making it the largest detractor over both periods. The company announced in May that the UK regulator had not yet settled its open pension inquiry as to how much financial support GPG must provide to three pension schemes, although management had already put aside funds to cover previously estimated support. The stock declined as capital returns were suspended until the inquiry is completed. GPG continues to sell its noncore assets outside of Coats, the world’s leading industrial thread and textile crafts business. Directors at the company bought shares personally after the price decline.

Level 3 was a detractor in the first half, with price falling 9%. The stock declined in the first quarter after reporting lower-than-expected operating income and 2013 guidance. However, the price rebounded 2% in the second quarter after former COO Jeff Storey was appointed the new CEO. We believe he has the right set of skills and experience to deliver solid revenue growth and cash flow.
Hong Kong-based conglomerate Cheung Kong was another detractor for the year, after declining 6% in the quarter and 11% YTD. Chairman and CEO Li Ka-Shing owns 42% of the company and increased his stake during the quarter. He has been characterized as the Warren Buffett of Asia due to his successful history of acquiring disparate discounted businesses to build long-term value for shareholders. The stock declined because of worries over Chinese and Hong Kong real estate prices, particularly with government efforts to cool property markets with new taxes and regulations. Cheung Kong has an extremely low cost basis in its real estate, and only a small portion of the value comes from its undeveloped land bank. Cheung Kong owns developed real estate, ports, health and beauty retailers, energy and infrastructure assets, and telecommunications businesses around the world. The company sells for an 8x P/E, trades well below book value, has a 3% dividend yield, and is priced at a significant discount to our appraisal of it various pieces.

We took advantage of the increased market volatility in June to buy News Corp, which we have owned previously in other Longleaf Funds. As the company split out the U.S. Fox entertainment business, we had the opportunity to own the remaining strongly financed, premier media assets around the world at an attractive discount. We added to four other holdings – Philips, Cheung Kong, Level 3, and TNT Express. We sold our small stake in Berkshire Hathaway at a gain in the quarter. Price rallied shortly after we started buying the stock, and we never got a meaningful position.

With 8% of the portfolio in net cash at quarter-end, the Fund has “dry powder” to take advantage of market pricing disruptions or individual qualifying opportunities. The Fund sells for an attractive high-6os% P/V. We own companies with strong market positions, financial strength, and management teams who we believe will drive future value growth.
Global Fund Management Discussion

Longleaf Partners Global Fund returned 3.9% in its first quarter of operation, trailing the MSCI World Index return of 7.9%. The primary reason for the underperformance was the high cash balance from shareholder purchases at the first of the year.

Cumulative Returns at March 31, 2013

<table>
<thead>
<tr>
<th></th>
<th>Since Inception 12/27/12</th>
<th>1Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Fund</td>
<td>3.90%</td>
<td>3.90%</td>
</tr>
<tr>
<td>MSCI World Index</td>
<td>7.92</td>
<td>7.73</td>
</tr>
</tbody>
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See page 26 for additional performance information.

Southeastern’s disciplined approach of buying securities at a significant discount to a conservative appraisal prevented us from investing much of the Fund’s cash following the year-end launch. We temporarily closed the Global Fund in January. Since then, the Fund has gradually become more fully invested as more companies met our criteria of business, people and price. As of April 16, the Fund re-opened to new investors.

Most holdings had positive performance in the first quarter. DIRECTV continued to grow its cash flow through pricing in the U.S. satellite business and increasing subscribers in Latin America. The stock rose 13% as management used excess cash to shrink undervalued shares at a 16% annualized rate and walked away from bidding for Vivendi’s GVT, a Brazilian internet and phone business.

The Fund’s insurance holdings were positive performers in the quarter. Bermuda-based reinsurer Everest RE returned 15%. Earnings and operations showed strong progress in the past two quarters. The company bought in 4% of its discounted shares. Fairfax Financial Holdings was another top performer after it appreciated 9%. The company reported strong fourth quarter earnings after its equity portfolio rallied and it booked gains on government bond sales, as well as claims management company Cunningham Lindsey.

The price of Mondelez, the snack business that was spun out of Kraft last fall, rose 21% with attention placed on the company by Trian’s newly-held stake.

Few names declined in the quarter, with most down only slightly. Level(3) lost 12%. Although the company achieved its goal of 2% sequential sales growth, extra costs reduced operating income versus expectations. Management lowered EBITDA guidance accordingly. Given our disappointment over the last several years in Level(3)’s results, we encouraged the company to add Peter van Oppen to the board, and his appointment became effective during the quarter. Peter owns a private investment firm focused on technology and telecommunications and has specific knowledge of both long haul and enterprise businesses. Additionally, his financial background and experience on multiple boards will bring added discipline. In mid-March, Jim Crowe announced his plan to resign, and by mid-April, COO Jeff Storey was appointed the new CEO. The solid board, combined with Jeff’s experience and operational focus, make us optimistic about the value of this company’s assets being recognized over time.

Hong Kong-based conglomerate Cheung Kong declined 4%. Broad fears over Chinese and Hong Kong real estate prices impacted the company, which has minimal financial leverage. Despite heavy government crackdown on prices, including increased mortgage rates and stamp duties, Cheung Kong has low cost inventory that will enable it to profit even at much lower real estate prices. Cheung Kong actually raised its sales targets, expecting to sell 30% more Hong Kong residential property than last year. Cheung Kong Chairman KS Li is personally buying shares.
The market volatility late in the quarter gave us an opportunity to fill out a number of positions in the Fund. With over 87% of the Fund invested, we have set much of the foundation for successful long-term compounding. We own companies with strong market positions and financial strength, and we have partnered with management teams who are driving value growth across the majority of our holdings.