Longleaf Partners Funds

Quarterly Summary Report

For the Quarter Ended
June 30, 2020

Longleaf Partners Funds

Longleaf Partners Fund

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Summary - June 30, 2020

2Q20

Longleaf Partners Fund

(800) 445-9469 / southeasternasset.com

Fund Profile

Investment Style	US mid-large cap value
Ticker	LLPFX
Inception Date	April 8, 1987
Net Assets	$1.4 billion
Expense Ratio (Gross/Net)	1.00% / 0.79%
Turnover (5 yr avg)	27%
Weighted Average Mkt. Cap	$58.2 billion

Holdings (16)

	Activity*	Weight
CenturyLink		10.4%
FedEx	-	6.4
Mattel		5.9
Affiliated Managers Group		5.5
Fairfax Financial	+	5.1
LafargeHolcim		5.0
CNX Resources	-	4.8
CNH Industrial		4.8
General Electric		4.6
Comcast		4.5
Williams	-	4.5
Hyatt	+	4.1
Carrier	+	4.1
CK Hutchison		4.1
DuPont	-	3.9
Alphabet	-	2.6
Cash		19.7
Total		100.0%

*Full eliminations include the following positions: Otis Worldwide, Park Hotels & Resorts, and Raytheon.

Holdings are subject to change and discussion of holdings are not a recommendation to buy or sell any security. Holdings are subject to risk. Funds distributed by ALPS Distributors, Inc.

Effective August 12, 2019, Southeastern has contractually committed to limit operating expenses (excluding interest, taxes, brokerage commissions and extraordinary expenses) to 0.79% of average net assets per year. This agreement is in effect through at least April 30, 2021 and may not be terminated before that date without Board approval.

LLP001055 expires October 31, 2020

Longleaf Partners Funds

Long-Term / Concentrated / Engaged / Value

Founded in 1975, Southeastern Asset Management is an independent, global investment firm managing $9.0 billion. Partnership is core to all that we do, and Southeastern's employees and related entities are the largest investors across the Longleaf Partners Funds. Our 15-person global investment team are generalists, tasked with finding the best bottom-up opportunities across the globe.

The Fund seeks to own a concentrated portfolio of our best 18-22 ideas that meet our Business, People, Price investment criteria. We invest with a 3-5 year investment horizon and take advantage of short-term volatility to own high quality businesses, run by capable management teams, whose stock prices are trading temporarily at a discount. Our extensive, global network allows us to engage with our management partners to help drive long-term value creation.

Sector Composition

Industrials	24.0%
Communication Services	17.5
Financials	10.6
Consumer Discretionary	10.0
Energy	9.3
Materials	8.9
Cash	19.7

Performance Contribution

Top Three	Portfolio Contribution	Return
CNX Resources	3.67%	63%
DuPont	2.67	57
Carrier	2.41	63

Bottom Three	Portfolio Contribution	Return
General Electric	-1.03%	-14 %
Park Hotels & Resorts	-0.14	-5
Fairfax Financial	-0.07	1

Performance at 6/30/2020

	Total Return			Average Annual Return				
	QTR	YTD	One Year	Five Year	Ten Year	15 Year	20 Year	Since Inception
Partners Fund	18.08%	-16.01%	-11.26%	-1.37%	5.35%	3.16%	5.11%	8.98%
S&P 500 Index	20.54%	-3.08%	7.51%	10.73%	13.99%	8.83%	5.91%	9.79%

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 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.

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 southeasternasset.com/account-resources. Please read the Prospectus and Summary Prospectus carefully before investing.

RISKS - The 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 may be more volatile than those of larger companies.

S&P 500 Index – An index of 500 stocks are chosen for market size, liquidity and industry grouping, among other factors. The S&P is designed to be a leading indicating of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. An index cannot be invested in directly.

July 13, 2020

Longleaf Partners Fund Commentary

2Q20

Longleaf Partners Fund added 18.08% in the second quarter, while the S&P 500 Index rose 20.54%. Most companies produced positive results in the quarter, as stocks broadly rebounded post the COVID-19 lows in March and April. However, not owning the market's top contributing Information Technology and holding an average 11% cash allocation took a combined -4.3% toll on relative returns in the quarter. While our investments performed nicely from the lows, this was not significant enough to offset the declines in the first quarter. We are confident in the quality of our businesses and in our aligned management teams' ability to build significant future value and drive returns for the Fund. In this letter, we will focus first on what drove performance, what detracted and discuss what we do not own (and are happier than ever to avoid today, even as this has contributed to the Fund trailing the index). Finally, we will end with

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Average Annual Total Returns for the Longleaf Partners Fund (6/30/20): Since Inception (4/8/87): 8.98%, Ten Year: 5.35%, Five Year: -1.37%, One Year: -11.26%. Average Annual Total Returns for the S&P 500 (6/30/20): Since Inception (4/8/87): 9.79%, Ten Year: 13.99%, Five Year: 10.73%, One Year: 7.51%.

Returns reflect reinvested capital gains and dividends but not the deduction of taxes an investor would pay on distributions or share redemptions. Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting southeasternasset.com. The prospectus expense ratio before waivers is 1.00%. Effective August 12, 2019, Southeastern has contractually committed to limit operating expenses (excluding interest, taxes, brokerage commissions and extraordinary expenses) to 0.79% of average net assets per year. This agreement is in effect through at least April 30, 2021 and may not be terminated before that date without Board approval.

what is most important: what we own today, how we have upgraded the portfolio and why we believe this sets us up for stronger returns going forward.

Performance Review

Although most companies posted positive results in the quarter as markets rebounded, a handful of our companies declined. As we started the year, we felt that the companies we owned were broadly well-prepared for a downturn, but we had not taken into account the possibility for a once every 50 to 100 years pandemic-led downturn, which uniquely hit a few businesses. At General Electric, the abrupt stoppage in air travel has hit GE Aviation worse than in previous downturns (when profits were actually flat to up). CK Hutchison also continued to be hit on multiple levels, when we felt that this company had already borne an inordinate amount of pain over the previous five years so that its increased focus on steadier telecom and infrastructure would be an advantage in a more normal downturn. We were wrong, and we trimmed what had been an overweight position in CK Hutchison in the first quarter. Park Hotels' 100%-owned model, as well as its focus on conferences and group meetings and trophy assets in hard-hit Hawaii, which we had viewed to be key competitive advantages within our original case, are now extra-difficult places to be in the current environment. In the case of Park, the expected impact to the long-term appraisal was large enough that we sold the company and swapped into Hyatt's better mix of fees and trophy owned assets. Fairfax Financial (FFH), which was a star in the global financial crisis (GFC) downturn, has so far disappointed from a stock price perspective in the current downturn. From a relative perspective, FFH also suffered as a cloud hangs over many insurers due to the ongoing business interruption insurance debate over COVID-19. Additionally, FFH was grouped with emerging market stocks after a decade of value-accretive investments outside of North America amidst an environment where US large cap companies have continued to dominate global markets. We took our time to reassess our FFH case and ultimately decided to buy more, a decision which was bolstered further when CEO/Founder Prem Watsa stepped up with a personal investment of over $100 million.

To the positive, our relative energy overweight and better stock-specific performance by natural gas company CNX and pipeline operator Williams were a bright spot for absolute and relative performance. We have built on lessons learned in previous downturns in that industry and avoided optically discounted oil companies. Additionally, our newer positions in DuPont and Carrier (which spun out of United Technologies (UTX) at the start of the quarter) were also both top contributors. Our decision to upgrade the portfolio by adding to Carrier early in the quarter is already paying off.

Market Review: What We Do Not Own

Last quarter, we wrote to you about the extreme dislocation in markets and the virtues of not panicking at the bottom. As we said then:

> The stock market typically reacts most to the second derivative of a curve – are things accelerating, decelerating or flattening out? While the absolute number of cases and deaths will grow in the near term, there is a chance that the worldwide rate of growth could begin decelerating with aggressive global mitigation measures being taken. This could be perceived positively by markets... [Also], as the number of cases and testing increases around the world, this larger sample size gives the world more data to analyze.... The market hates uncertainty, so while more data very likely will lead to more immediate negatives, the fact that there will be fewer "unknown unknowns" in the months to come will likely be a positive. Additionally, the worldwide focus on developing a COVID-19 vaccine gives us confidence that, as we look into 2021 and beyond, the market should begin discounting a more "normal" world, even if the new definition of normal looks very different than it did in 2019.

Today, we have a different message. While we were encouraged to see the market becoming more of a bottom-up weighing machine - to use Ben Graham's phrase - in April, troubling trends started building in May and June as certain, long-favored parts of the market again felt more like a perpetual motion machine (reminder: there is no such thing!), as what had been going up for years resumed its march upward.

We are now into the seventh bear market of the last 50+ years. The first six can be broadly grouped into two different categories: those that were started by an external macro shock and those that were started by the popping of a speculative stock market bubble. Four of the six were driven by external shocks and were less kind to value investing in their beginnings. This current downturn has thus far been the fifth in this group. The other two downturns more directly involving bubbles were kinder to value investors initially. We do not have much to add to this great article, which we highly recommend as educational reading: https://www.researchaffiliates.com/en_us/publications/articles/808-value-in-recessions-and-recoveries.html. The good news for the go forward for our portfolio is two-fold: 1) value investing *did* bounce back better than the market in the previous four macro-shock downturns after the initial pain and 2) we think it is likely that there is still a speculative bubble to pop in the near term. We hate how painful it has been over the last decade to get to this point, but we do think that this is a rare moment that is measured in generations.

We believe we can outperform mostly because of what we own, but we think that avoiding the overvalued parts of the market and the potentially statistically cheap but lower quality parts of the market will also be key. As growth stocks continue to drive the market upwards, we have seen higher multiple, higher return on equity (ROE) stocks particularly outperform. The market has moved from discounting these businesses at a high-single-digit discount rate to a mid-single-digit or lower rate over the last several years. It is also likely that terminal multiples have gone up as well, signaling a dangerous level of overconfidence about what the world will look like 5-10+ years from now for each of these stocks vs. the broader market.

In order to put some more detailed numbers on this concept, meet the “20/20 Club” – those stocks with a PE ratio > 20x and an existing ROE > 20%. Much like how the market became infatuated with stocks like this in the early ‘70s “Nifty Fifty” and again in the late ‘90s with the “Dotcoms,” a period of easy money has served as rocket fuel for these stocks. Here is how the 20/20 Club out of several indices has fared over the last five years:

Name	# w/ Returns	3 Month	USD Return (%) 1 Year	3 Year	5 Year	Annualized 3 Year	5 Year
S&P 500		19.87	6.91	35.01	65.53	10.52	10.61
S&P 500 20/20	107	20.16	7.32	67.79	160.79	16.46	16.92
S&P 500 Non-20/20	395	17.56	-10.43	8.53	39.60	0.26	3.77
Russell 2000		22.92	-8.48	4.03	20.90	1.33	3.87
Russell 2000 20/20	73	30.08	16.42	277.21	433.07	31.35	21.61
Russell 2000 Non-20/20	1889	25.53	-14.19	5.97	16.97	-6.28	-3.45
MSCI EAFE		14.82	-5.18	2.40	10.64	0.79	2.04
MSCI EAFE 20/20	97	21.50	12.47	55.61	163.81	13.13	16.24
MSCI EAFE Non-20/20	819	16.03	-6.75	5.15	29.38	-0.77	2.43

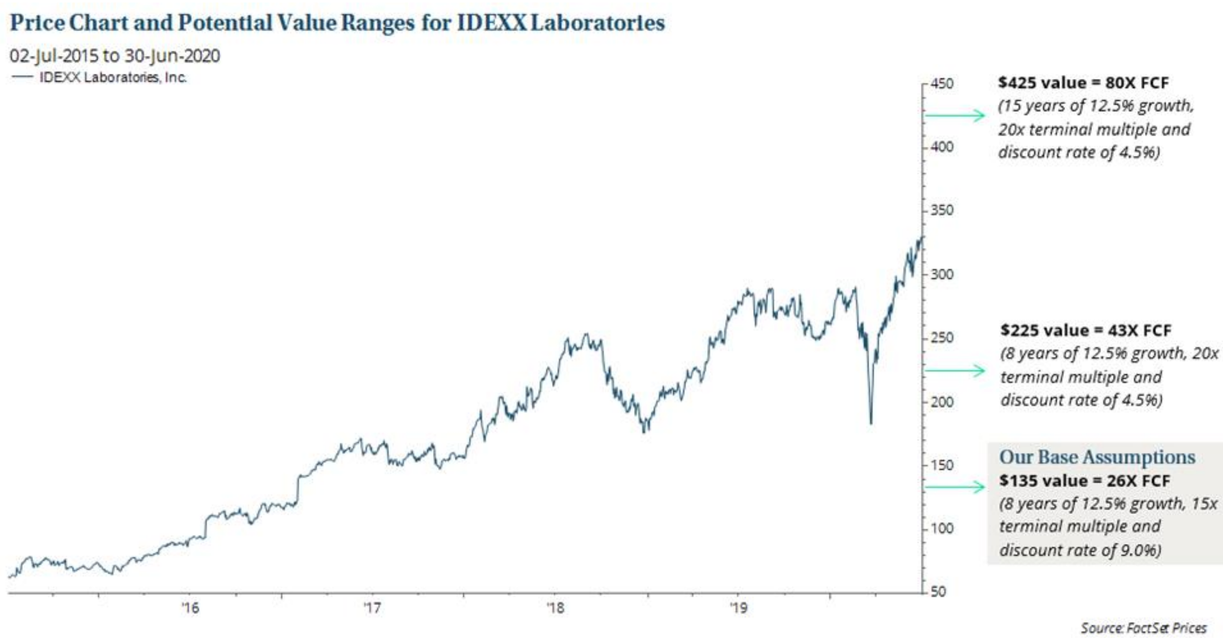
Source: Factset

If anything, this effect is understated because money-losing or barely-earning yet high-flying technology and healthcare companies do not make the cut because of their current ROEs. The 20/20 Club now has an average forward P/E of 32 vs. the rest of the index at 17 and Partners Fund at 11.5. This gap is enormous and very rare historically.

We thought it might help to illustrate this point in more detail with a specific company that we love qualitatively but don't own: Idexx, the great animal diagnostics company. It is near the top of our list in terms of growth runway and competitive position, and we expect the company to continue to meet its projected low double-digit profit growth in the near term.

We know that owning stocks with growing earnings per share (EPS) is good at the right price. But what is "low double-digit profit growth for a while" worth? In analyzing Idexx, we start by running our typical discounted cash flow (DCF) model, with the high end of our usual conservative assumptions: 12.5% profit growth for 8 years, discounted back at 9%, using a relatively high (by our standard) 15x terminal value because the quality of the business is so great. Over the last decade, we have stuck to an average high single digit discount rate, rather than chasing down to the low single digits, because the equity risk premium has averaged 300-500bps as far back as there are records. Even in the context of today's 30-year US treasury yield of 140bps and 10-year yield of 65bps, we still believe a 4-6% risk free rate (RFR) makes sense vs. a long look back at history and/or a 1% population growth + 1-2% productivity growth + 2-3% inflation. We have also stuck to an initial term of 5-10 years of growth because things can change a lot beyond that timeframe. Finally, we cap our max terminal value at around the long-run average market price-to-earnings (P/E) ratio, defined roughly as "mid-teens". Using our typical approach gives you a 26x free cash flow (FCF), or a conservative value of approximately $135.

But, what if we are being too conservative? The chart below shows what happens when we change the assumptions in the model. Tinkering with the inputs can quickly yield much higher - though we would submit unsustainably so - outputs:



Change up the growth numbers a bit for other market favorites beyond FAAANM, like Visa, Master Card, Workday, ServiceNow, Intuit, Autodesk, Adobe, Shopify, Dollar General, Costco, Wal-Mart, Zoetis, Rollins, Brown Forman, etc., and you can see how they get their current multiples and how the S&P 500 P/E multiples quickly get into nosebleed territory. There are non-US equivalents in certain cases, but the S&P 500 is home to the most overvaluation today. These specific examples are all great companies. Value investors, like ourselves, have undoubtedly suffered by missing out on their run. However, we believe there is a big difference between "owning a great company at a fair price" and owning these companies that have been the prime driver of the market over the last few years at today's full valuations. Today, these stocks are reminiscent of the aforementioned bubbles in the mid-late '90s and the early-mid '70s, when stock performance became way too concentrated as people paid up for "certainty."

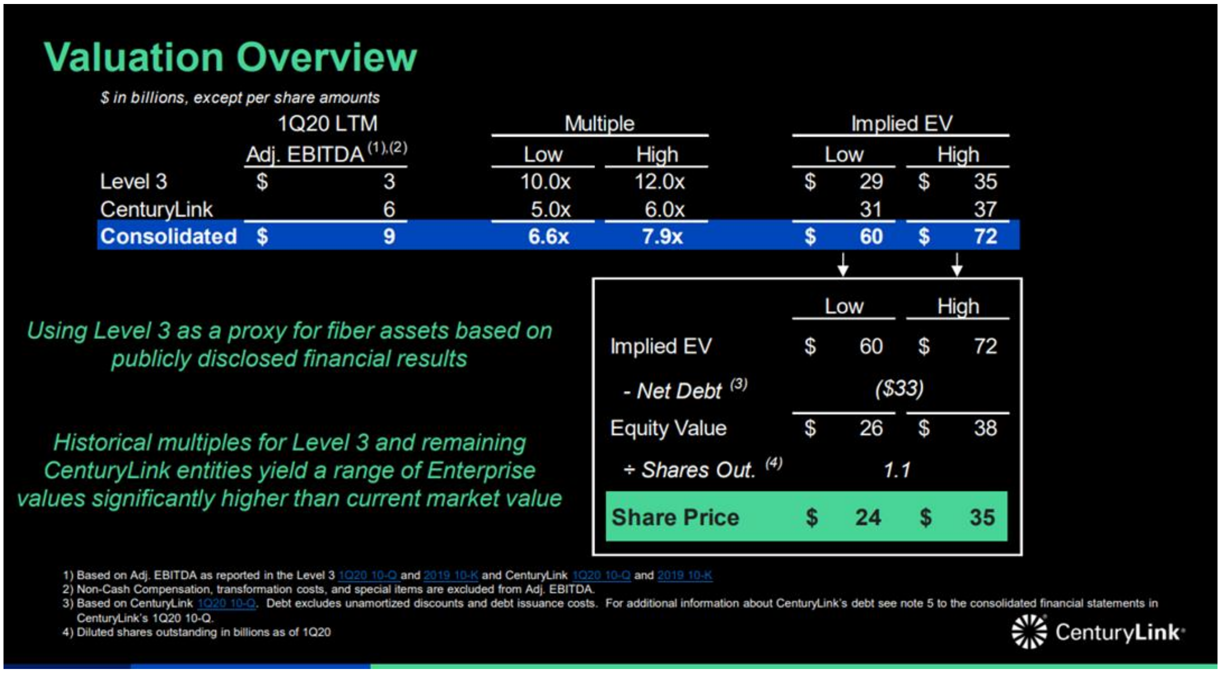
On the other side of the coin, not all low-multiple stocks are created equal. While we evaluate every company on a bottom-up basis and are hesitant to rule out entire sectors of the market, there are certain industries that make up a meaningful part of the index where we intentionally remain relatively underweight. Some of the lower multiple groups in the S&P 500 are mature health care companies, oil majors and banks. We have trouble capitalizing some of the high returns in mature health care these days, as the US health system is not working for its high cost. We believe there is a greater than 50% probability we will see an administration change coming out of the November elections, which would likely lead to further changes to the system. That said, we do have one on-deck company that we have vetted within this industry, which we think could be unique. We have always had a hard time understanding why the oil majors trade where they do and still struggle with them today. It seems possible that these are owned for their (now even more unsustainable) dividends and/or for shadow-indexing purposes. The world has changed in a big way for companies focused on oil and for many others in the energy industry that do not have strong balance sheets. Banks also look statistically cheap now. The current downturn could be uniquely bad for this industry, as banks are hit from a variety of angles in the small business, consumer and real estate lending worlds, growing digital trends are eroding their brand power and finally a potential administration change could put their dividends at risk. We also see higher tax rate risk for all three of these industries. Our relative underweight to these areas will likely have a strong impact on our relative returns going forward because these groups make up over 30% of the market cap of the S&P 500 Value Index and approximately 23% of the stocks in this index, and we often see value peers owning even greater weightings than this.

A key lesson that we have learned over the past decade is that future value growth is more important than a single point in time price discount. Our greatest investment successes have come from companies where our appraisal value has steadily grown, and our management teams have taken steps to get that value recognized. Our greatest mistakes have come from focusing too much on the discounted price at the expense of business and people quality and value growth. Today, we are firmly focused on future value growth, but we doubly benefit from deep discounts across the board in the current environment.

What We Do Own: Looking to the Future

Back to what we do own, we will start by reviewing CenturyLink (CTL), our largest position as a "double weight" at roughly 10% of the portfolio. We get the most questions from clients about CTL and share your frustration with the stock price over the course of our ownership. Even as price performance has been disappointing, our appraisal value has grown over the last year. We have not simply been sitting back and watching the price decline, as highlighted by the timeline of the last two-plus years:

4Q17	CTL enters the portfolio as a result of the merger between our initial investment in Level 3 Communications and CenturyLink.
3Q18	The stock price appreciated 34% since the successful merger, and we put in an order to take some profits by trimming the position. CFO Sunit Patel left shortly thereafter for Sprint/T-Mobile, and the stock dropped back below our limit before we completed the trade.
1Q19	As the stock price dropped further, the company made the unfortunate decision to cut its dividend from a perceived position of weakness. Southeastern filed a 13D to engage with the company on a variety of issues, including upgrades to the board and potential steps to crystallize value.
3Q19	The company worked to sell a variety of assets and improve its board, and the stock began to respond positively.
1Q20	Positive board improvements came through with the addition of Hal Jones (former CFO of Graham Holdings, whom we know well and recommended) and the elevation of Mike Glenn (another great former Southeastern partner from his time at FedEx) to Chairman, but the macro environment has made accretive deals more difficult.
Today	The board is working together to explore a variety of options and understands the urgency of value realization. We think it is a good sign that they included the following slide in their most recent, fiber-focused presentation at the end of June, at our recommendation:



Source: CenturyLink Company Presentation. "The Platform for a Digital World: Diving Greater Value with CenturyLink Fiber Investments." *www.ir.centurylink.com/events-and-presentations/default.aspx*. June 30, 2020.

Management put out an appraisal, which is crude in the name of being totally defendable. Our own detailed work has a high-$30's value, slightly higher than the high end on the above slide. The next twelve months FCF/share is now $2.50 vs. $2.75-3.00 in 3Q18 – a number that is way out of whack with the stock price performance over that timeframe, during which we have also received $2.58/share of dividends. CenturyLink is seeing increased demand for its fiber infrastructure in the current environment, as video conferencing and streaming are growing strongly across the globe, and end providers are running short on bandwidth.

In last quarter's letter, we described three buckets of stocks in our portfolios post-COVID: 1) those that have benefitted in at least some way and therefore had little value pain; 2) those that have taken some pain but will survive and can keep growing over the medium term and 3) those that have some real, material issues to deal with, which saw a more material near-term value hit and potential for permanent value impairment. The percentages for the Fund were 31%/55%/6% in each bucket (+8% cash) the last time we updated you, but today they are 27%/48%/5% (+20% cash). While this looks like a small headline shift, a deeper dive shows a material upgrade in the underlying portfolio position. We firmly believe that this will lead to better prospective returns from here, due to a higher quality portfolio. We would add the following important notes to our current expectations for the various groups of stocks within the COVID-19 environment.

1. Stocks that seem like they are 100% binary today as it relates to the virus might be more nuanced as the year plays out. For example, when Carrier spun out of UTX at the start of the quarter, it was viewed as an overleveraged company that was vulnerable to the economy stopping as people deferred HVAC (heating, ventilation and air conditioning) spending. That perception changed quickly however, as HVAC spend has so far hung in better than expected, the company renegotiated a debt covenant, management purchased shares personally and the market began to focus on the best in class Carrier brand name's long term staying power. Going forward, we could see stocks like GE transition away from virus-correlated large daily price swings, as large parts of GE's value are much less long-term impacted than the market seems to be saying today.

2. If stocks might stay in the "virus binary" category for a while in the market's perception, then we want to own only those companies that have trophy assets, great partners and balance sheets that let them go on offense. Hyatt is a good example in this category, and it again highlights why we swapped out of Park Hotels.

3. We are also going to see the importance of great partners more than ever. It has been wonderful to see big owners like Prem Watsa at FFH step up with big insider buys. Additionally, Jay Horgen at AMG wisely cut the dividend in favor of increased share repurchase at the right price and has also purchased shares personally this year.

4. Sometimes surprisingly good things happen to specific investees that don't fall into any of these categories. For example, while it had been a painful wait to see CNX outperform, at long last natural gas sentiment shifted positively due to a variety of hard-to-foresee factors, plus the company delivered another solid quarter based on what was in their control.

5. As we said last quarter: if things change for real (not just a stock moving around day to day), we will change the portfolio accordingly. We had more activity than usual on this front in the quarter.

Contributors/Detractors

(Q2 Investment return; Q2 Fund contribution)

CNX (63%, 3.67%), the Appalachian natural gas producer, was the top contributor in the quarter. The company reported strong free-cash flow and earnings before interest rate, tax, depreciation and amortization (EBITDA) growth in the first quarter. CNX has demonstrated a path to reach $500-$730 million annual pretax cash earnings over the next several years, assuming modest $2.45-$3.00/mcf gas prices. If the commodity price continues to disappoint going forward, CNX maintains the industry's best hedging book, as well as one of its lowest leverage ratios. CNX bonds trade close to par, while inferior exploration and production peers face near-term bankruptcy risks. CNX also recently announced cuts to its six-year capital expenditure plans, which should increase cash profitability on flat gas production. CEO Nick DeIuliis and Chairman Will Thorndike have taken decisive actions to restore long-term profitability during an excruciating year for the energy industry. They have more moves to make this year from a position of relative strength.

DuPont (57%, 2.67%), the industrial conglomerate, was another strong contributor to performance. Coronavirus-driven lockdowns led to 10-15% revenue declines across its businesses in April, but revenues have improved quickly in May and June. In Transport, revenues declined the most as auto production froze, while Safety & Construction and Electronics were more resilient as demand for Tyvek wrap and semiconductors held steady. Recently returned CEO Ed Breen took advantage of the crisis by shrinking DuPont's unnecessarily wide product assortments, while simultaneously increasing the company's investments into sales and R&D. The actions set up DuPont for better profitability and growth for years to come. DuPont's Nutrition segment is also on track to close its value-growing merger with highly-valued International Flavors and Fragrances. DuPont has no significant debt maturities until the end of 2023 and is well positioned to navigate even an extended crisis.

Williams (36%, 2.40%), the natural gas pipeline company, was also a top performer. The company's midstream assets in the Gulf of Mexico, Northeast and Transco (arguably the best pipeline in the world, bi-directionally linking South Texas to New York City) grew EBITDA by a mid-single digit percentage. Natural gas demand has remained strong throughout the last several months. One of the reasons we had the opportunity to buy Williams at a discount was its exposure to customer Chesapeake Energy. However, when Chesapeake's bankruptcy became official at the end of the quarter, Williams' stock barely reacted as the market is coming to understand that this is not going to significantly impact Williams' long term FCF and value per share. Despite the Williams stock appreciation this quarter, shares still trade for a significantly higher dividend yield and lower EBITDA multiple than the industry's and stock's own historical averages. The majority of Williams' pipelines are growing their cash flows this year, and the company's leverage is conservative.

Carrier (63%, 2.41%), the HVAC manufacturer that was spun out of United Technologies at the beginning of April, was a positive contributor. Though it was initially overshadowed by the simultaneous spin of more expensive Otis Elevators, which we sold soon after its distribution, Carrier is a high-quality business. We bought additional Carrier shares when the stock traded at less than half our appraisal and a 7x trailing P/E, against similar competitors trading at 13-17x. Carrier owns strong brands and has a reasonable debt load. As a result of COVID shutdowns and abnormally high growth in last year's first quarter, Carrier's first-quarter 2020 organic revenue declined 9% year-over-year, and its operating income 12%. The company still earned healthy FCF. In March and April, CEO Dave Gitlin conserved cash by deferring capital expenditures and implementing permanent cost savings. We expect Carrier's financial performance to improve significantly for the next several years as a focused independent company.

General Electric (-14%, -1.03%), the industrial conglomerate, was the top detractor in the quarter. GE's Aviation segment, its most valuable, manufactures and maintains commercial and military jet engines. Aviation revenues will take years to recover back to 2019 levels, though they have already bottomed, and passengers have gradually begun to fly again. CEO Larry Culp responded to the COVID-19 crisis with decisive steps to control costs, and long-term GE Aviation earnings before interest and taxes (EBIT) margins should recover to over 20% once the industry recovers. With leading positions in narrow-body jets, GE Aviation has decades of strong growth ahead despite COVID-19's sharply negative impact. GE's Healthcare and Power sales slowed during the first quarter as hospitals postponed elective surgeries and plants deferred maintenance services, but the revenues of both businesses should bounce back later this year. COVID-19 has delayed GE's ability to deleverage to its 2.5x industrial net debt/EBITDA target, but the balance sheet is strong enough to survive the downturn, and GE recently issued bonds with a 2050 maturity. Our appraisal of the value declined moderately and assumes a slow multi-year rebound for Aviation but is still more than 80% above the stock's current price.

Portfolio Activity

This quarter was in many ways the opposite of the first quarter that started with more cash than usual and ended essentially fully-invested, as markets declined. In the second quarter, we started with more ideas than money but ultimately ended up building cash as we sold three companies and trimmed our top performers as the quarter went on. This is frustrating to us, but we must stick to our discipline. We are keenly focused on continually upgrading the quality of the portfolio. We have done the work to build out a compelling on-deck list and can act quickly as stock prices cooperate. We believe that the current environment of uncertainty will yield the necessary price volatility for us to put the cash to work, as we did at the start of the second quarter.

We took advantage of the chance to increase our position in Carrier early in the quarter, as it spun out of United Technologies (UTX) at a deep discount to its absolute value and inferior peers. As the stock appreciated later in the quarter, we trimmed some of our holding as price approached value. We also added to FFH as it was unfairly punished vs. its insurance peers. It was great to see CEO/Founder Prem Watsa join us with a massive personal purchase of over $100mil in the quarter. Our addition to Hyatt in the quarter should be viewed in conjunction with our sale of Park, as discussed above. We effectively swapped out of Park into Hyatt because we believe its fee business is better and higher quality than Park's owned property and its management partners are better able to go on offense.

We exited Otis as it spun out of UTX above our opinion of its fair value and joined the 20/20 Club. It was a harder decision to exit Raytheon Technologies, as it did not reach fair value in the quarter (although still a higher P/V than most other holdings), but we ultimately concluded that the commercial aerospace business was changed for the worse and we already had a superior business in that industry at GE. The now more important defense business was not one we are as comfortable with for multiple reasons – especially given social concerns around the missile business and some of its key customers. Additionally, we felt the solid management team did not have enough ways to go on offense.

Outlook

We are confident that our underpriced, good businesses and their competent and shareholder-oriented management teams will produce above average returns. While our on-deck list unsurprisingly has fewer names than we had in March, they are uniquely competitive companies that we believe we will have the opportunity to own. A lot of the work we have done pre-qualifying the qualitative will not have been wasted on those stocks where prices rocketed higher in May and June, as we could get other shots at them and think it more likely than not that these shots could come quickly with the increased market volatility of this year. Some are closer than others, and we expect to see at least one to two new companies in the portfolio the next time we are writing to you. Examples on our on-deck list include the aforementioned large health care company, and we also have pre-qualified but are waiting on price another company that would be classified as health care but is really more of a consumer product company. We also did a good amount of work on a company that is transitioning from hardware to software and are excited about its business and people, but its price has not cooperated. A real estate/resources company has been on our radar for a long time but needs to show further progress on capital allocation, and we are monitoring management's next steps closely. We have delved into a company with good people that we feel is unfairly lumped in with balance-sheet-heavy financials when it is actually more of a fee business, but the price is not right yet. A communications/media conglomerate is undergoing positive changes, so we are doing more work to get to the right decision. And the list goes on.

Our portfolio of competitively-entrenched and growing – but currently out of favor – businesses now has a forward P/E of 11.5 vs. the index at 23.4. We made meaningful progress in upgrading the strength and quality of the portfolio this quarter. Today we have approximately 20% in cash to put to work in new opportunities that qualify on our Business, People, Price criteria. We are confident we will have the opportunity to be a liquidity provider amid the current environment of heightened global uncertainty. While US large cap market favorites have gone to even higher prices on potentially lower earnings, we believe the quality of the businesses we own will be recognized and that our patience will be rewarded. We thank you for your partnership and look forward to delivering for you.

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 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.

The S&P 500 Index is an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. S&P 500 Value Index constituents are drawn from the S&P 500 and are based on three factors: the ratios of book value, earnings, and sales to price. 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.

The Global Financial Crisis (GFC) is a reference to the financial crisis of 2007-2008.

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

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

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.

Return on Equity (ROE) is a measure of profitability that calculates how many dollars of profit a company generates with each dollar of shareholders' equity.

"Nifty Fifty" refers to a group of fifty growth stocks identified by Morgan Guarantee Trust in the 1960's and 1970's that were regarded as "buy and hold" stocks.

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.

The risk-free rate of return is the interest rate an investor can expect to earn on an investment that carries zero risk.

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 June 30, 2020, the top ten holdings for the Longleaf Partners Fund: CenturyLink, 10.4%; FedEx, 6.4%; Mattel, 5.9%; Affiliated Managers Group, 5.5%; Fairfax, 5.1%; LafargeHolcim, 5.0%, CNX Resources, 4.8%; CNH Industrial, 4.8%; GE, 4.6%; Comcast, 4.5%. Fund holdings are subject to change and holdings discussions are not recommendations to buy or sell any security. Current and future holdings are subject to risk.

Funds distributed by ALPS Distributors, Inc.
LLP001059
Expires 10/31/2020

Longleaf Partners Small-Cap Fund

Longleaf Partners Funds

Summary - June 30, 2020

2Q20

Longleaf Partners Small-Cap Fund

(800) 445-9469 / southeasternasset.com

Fund Profile

Investment Style	US small-cap value
Ticker	LLSCX
Inception Date	February 21, 1989
Net Assets	$1.9 billion
Expense Ratio (Gross/Net)	0.93%
Turnover (5 yr avg)	33%
Weighted Average Mkt. Cap	$4.2 billion

Holdings (15)

	Activity*	Weight
Eastman Kodak *(preferreds/ common/bonds)*		12.8%
CenturyLink		10.7
Mattel		7.5
PotlatchDeltic	-	6.7
Lazard		6.1
CNX Resources	-	5.9
ViaSat	+	4.8
Empire State Realty	+	4.8
LANXESS		4.7
Graham Holdings	-	4.6
Realogy	-	4.5
Formula One Group	-	4.4
Univar Solutions		4.1
Hyatt	+	3.8
GCI Liberty	-	1.9
Cash		12.7
Total		100.0%

*Full eliminations include the following positions: Dillard's, Enerpac (Actuant), Neiman Marcus, OCI, and Park Hotels & Resorts

Holdings are subject to change and discussion of holdings are not a recommendation to buy or sell any security. Holdings are subject to risk. Funds distributed by ALPS Distributors, Inc.

LLP001058 expires October 31, 2020

Longleaf Partners Funds

Long-Term / Concentrated / Engaged / Value

Founded in 1975, Southeastern Asset Management is an independent, global investment firm managing $9.0 billion. Partnership is core to all that we do, and Southeastern's employees and related entities are the largest investors across the Longleaf Partners Funds. Our 15-person global investment team are generalists, tasked with finding the best bottom-up opportunities across the globe.

The Fund seeks to own a concentrated portfolio of our best 18-22 ideas that meet our Business, People, Price investment criteria. We invest with a 3-5 year investment horizon and take advantage of short-term volatility to own high quality businesses, run by capable management teams, whose stock prices are trading temporarily at a discount. Our extensive, global network allows us to engage with our management partners to help drive long-term value creation.

Sector Composition

Information Technology	17.6%
Communication Services	17.0
Real Estate	16.0
Consumer Discretionary	15.9
Financials	6.1
Energy	5.9
Materials	4.7
Industrials	4.1
Cash	12.7

Performance Contribution

Top Three	Portfolio Contribution	Return
CNX Resources	3.88%	62%
Realogy	3.12	146
Univar Solutions	1.41	57

Bottom Three	Portfolio Contribution	Return
Neiman Marcus	-1.82%	-48 %
Empire State Realty	-0.88	-19
Dillard's	-0.23	2

Performance at 6/30/2020

	Total Return			Average Annual Return				
	QTR	YTD	One Year	Five Year	Ten Year	15 Year	20 Year	Since Inception
Small Cap Fund	13.18%	-27.48%	-20.60%	-0.89%	8.53%	6.32%	8.25%	9.37%
Russell 2000 Index	25.42%	-12.98%	-6.63%	4.29%	10.50%	7.01%	6.69%	8.88%

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 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.

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 southeasternasset.com/account-resources. Please read the Prospectus and Summary Prospectus carefully before investing.

RISKS - The 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. Smaller company stocks may be more volatile with less financial resources than those of larger companies.

The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3,000 Index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index. An index cannot be invested in directly.

July 13, 2020

Longleaf Partners Small-Cap Fund Commentary

2Q20

Longleaf Partners Small-Cap Fund added 13.18% in the second quarter. Although this far surpassed our absolute return goal of inflation + 10%, it fell far behind the Russell 2000's 25.42% return. Most companies produced positive results in the quarter, as stocks broadly rebounded post the COVID-19 lows in March and April. However, the portfolio's stock-specific performance within the index's top performing sectors – consumer discretionary and information technology – more than accounted for the relative return gap. We made significant additional progress on reviewing and upgrading the quality of the portfolio in the quarter. While our investments performed nicely from the lows, they were not significant enough to offset the declines in the first quarter. We are confident in the quality of our businesses and in our aligned management teams' ability to build significant future value and drive returns for the Fund. In this letter, we will focus first on what drove performance, what detracted and discuss what we do not own (and are happier than ever to avoid today, even as this has contributed to the Fund trailing the index). Finally we will end with what is most important: what we own today, how we have upgraded the portfolio, and why we believe this sets us up for stronger returns going forward.

Average Annual Total Returns for the Longleaf Partners Small-Cap Fund (6/30/20): Since Inception (2/21/89): 9.37%, Ten Year: 8.53%, Five Year: -0.89%, One Year: -20.60%. Average Annual Total Returns for the Russell 2000 (6/30/20): Since Inception (2/21/89): 8.88%, Ten Year: 10.50%, Five Year: 4.29%, One Year: -6.63%.
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, 2020, the total expense ratios for the Longleaf Partners Small-Cap Fund is 0.93%.***

Performance Review

Although most companies posted positive results in the quarter as markets rebounded, a handful of our companies declined. As we started the year, we felt that the companies we owned were broadly well-prepared for a downturn, but we had not taken into account the possibility for a once every 50 to 100 years pandemic-led downturn, which uniquely hit some businesses. While we thought that Neiman had unique downside protection with its Mytheresa (an online retailer in Europe) position, plus a lot of "self-help" options to grow cash flow at its core business, a stoppage in retail and negative oil prices for the key Texas market caused it to consider bankruptcy much more quickly than we would have anticipated. This led us to reassess a potentially messy road ahead and ultimately make the decision to exit the position. We were wary of cyclical headwinds at Dillard's and therefore had underweighted our position as we built it last year. We had lived with our great partners at Dillard's in a downturn before and were rewarded during the global financial crisis (GFC), as management was able to go on offense in a unique way. We also gained confidence from the strong safety net of their owned real estate. However, when the business came to a dramatic halt in the first quarter, the company's ability to buy back stock was hit more than previous downturns. Additionally, the radical shift to ecommerce in the new environment has likely significantly impaired the value of the company's real estate for the long term. We took advantage of a brief window to exit the position into strength when the market preferred Dillard's Sunbelt exposure during the COVID-19 lull in May and early June.

Park Hotels' 100%-owned model, as well as its focus on conferences and group meetings and trophy asset in hard hit Hawaii, which we had viewed to be key competitive advantages within our original case, are now extra-difficult places to be in the current environment. In the case of Park, the expected impact to the long-term appraisal was large enough that we sold the company and swapped into Hyatt's better mix of fees and trophy owned assets. One of our newest positions in Empire State Realty Trust was a top detractor in the quarter. The share price has suffered in the short term as the COVID-19 crisis hit the New York tri-state area particularly hard early on, with the Observatory currently closed and New York office workers relegated to working from home. However, we remain confident in CEO Tony Malkin's ability to navigate the difficult environment and were happy to have the opportunity to build out the position in the quarter at prices we think will be great for the long-term. We have filtered through the tough reality of the "new normal" environment into our appraisals for each business and made changes in our portfolio positioning to reflect the new outlook.

To the positive, our relative energy overweight and better stock-specific performance by natural gas company CNX were a bright spot for absolute and relative performance. We have built on lessons learned in previous downturns in that industry and avoided optically discounted oil companies. Realogy also rebounded and contributed strongly with the resilient housing market, supporting our decision last quarter to hold onto the business after thoroughly reassessing the case. Additionally, our newer positions in chemical companies Lanxess and Univar were also both top contributors.

Market Review: What We Do Not Own

Last quarter, we wrote to you about the extreme dislocation in markets and the virtues of not panicking at the bottom. As we said then:

> The stock market typically reacts most to the second derivative of a curve – are things accelerating, decelerating or flattening out? While the absolute number of cases and deaths will grow in the near term, there is a chance that the worldwide rate of growth could begin decelerating with aggressive global mitigation measures being taken. This could be perceived positively by markets… [Also], as the number of cases and testing increases around the world, this larger sample size gives the world more data to analyze…. The market hates uncertainty, so while more data very likely will lead to more immediate negatives, the fact that there will be fewer "unknown unknowns" in the months to come will likely be a positive. Additionally, the worldwide focus on developing a COVID-19 vaccine gives us confidence that, as we look into 2021 and beyond, the market should begin discounting a more "normal" world, even if the new definition of normal looks very different than it did in 2019.

Today, we have a different message. While we were encouraged to see the market becoming more of a bottom-up weighing machine - to use Ben Graham's phrase - in April, troubling trends started building in May and June as certain, long-favored parts of the market again felt more like a perpetual motion machine (reminder: there is no such thing!), as what had been going up for years resumed its march upward.

We are now into the seventh bear market of the last 50+ years. The first six can be broadly grouped into two different categories: those that were started by an external macro shock and those that were started by the popping of a speculative stock market bubble. Four of the six were driven by external shocks and were less kind to value investing in their beginnings. This current downturn has thus far been the fifth in this group. The other two downturns more directly involving bubbles were kinder to value investors initially. We do not have much to add to this great article, which we highly recommend as educational reading: https://www.researchaffiliates.com/en_us/publications/articles/808-value-in-recessions-and-recoveries.html. The good news for the go forward for our portfolio is two-fold: 1) value investing *did* bounce back better than the market in the previous four macro-shock downturns after the initial pain and 2) we think it is likely that there is still a speculative bubble to pop in the near term. We hate how painful it has been over the last decade to get to this point, but we do think that this is a rare moment that is measured in generations.

We believe we can outperform mostly because of what we own, but we think that avoiding the overvalued parts of the market and the potentially statistically cheap but lower quality parts of the market will also be key. While the Russell 2000 might not have a lot of the big name, growth megacaps driving the S&P 500, we continue to be surprised by the resilience of more speculative elements of this index. Putting some numbers on this, you can see in the chart below that Info Tech and Healthcare have clearly driven a majority of the performance over the last five years and again this year:

Health Care and Information Technology Contribution to Return of the Russell 2000

	2Q20	YTD	1 Year	3 Year	5 Year
Information Technology	3.98	0.68	2.00	6.32	11.48
Health Care	7.25	3.49	5.00	7.97	6.32
Total Contribution of IT and Health Care	**11.23**	**4.17**	**7.00**	**14.29**	**17.79**
Contribution of the Rest of the Index	14.19	-17.15	-13.63	-8.15	-11.65
Total Return Russell 2000	**25.42**	**-12.98**	**-6.63**	**6.14**	**6.14**
IT and Health Care as % of Total Return	44%			233%	290%

Source FactSet

While there were certain companies in this group that we regret missing – especially the farther back we look – when focusing on the future, we have a very hard time understanding where these companies trade today.

On the other side of the coin, not all low-multiple stocks are created equal. While we evaluate every company on a bottom-up basis and are hesitant to rule out entire sectors of the market, there are certain industries that make up a meaningful part of the index where we intentionally remain relatively underweight. Some of the lower multiple groups in the Russell 2000 are challenged oil and gas-related companies, retailers and banks. We have not historically invested much in these industries, nor do we have any current investments in them, but it's not for a lack of trying.

While we still like our position in CNX as a low-cost natural gas player with a strong balance sheet, the world has changed in a big way for companies focused on oil and for many others in the industry that do not have strong balance sheets. We thought Neiman and Dillard's were some of the best out there in small-cap retail and discussed above what we think of them now. Banks look statistically cheap now, but this downturn looks like it could be uniquely bad for this industry, as banks are hit from a variety of angles in the small business, consumer and real estate lending worlds, growing digital trends are eroding their brand power and finally a potential administration change could put their dividends at risk. We also see higher tax rate risk for all three of these industries. Our relative underweight to these areas will likely have a strong impact on our relative returns going forward because these groups make up approximately 30% of the market cap of the Russell 2000 Value Index and approximately 35% of the stocks in this index, and we often see value peers owning even greater weightings than this.

A key lesson that we have learned over the past decade is that future value growth is more important than a single point in time price discount. Our greatest investment successes have come from companies where our appraisal value has steadily grown, and our management teams have taken steps to get that value recognized. Our greatest mistakes have come from focusing too much on the discounted price at the expense of business and people quality and value growth. Today, we are firmly focused on future value growth, but we doubly benefit from deep discounts across the board in the current environment.

What We Do Own: Looking to the Future

Back to what we do own, we will start by reviewing our overweight positions. We get the most questions from clients about CenturyLink and share your frustration with the stock price over the course of our ownership.

Even as price performance has been disappointing, our appraisal value has grown over the last year. We have not simply been sitting back and watching the price decline, as highlighted by the timeline of the last two-plus years:

4Q17 CTL enters the portfolio as a result of the merger between our initial investment in Level 3 Communications and CenturyLink.

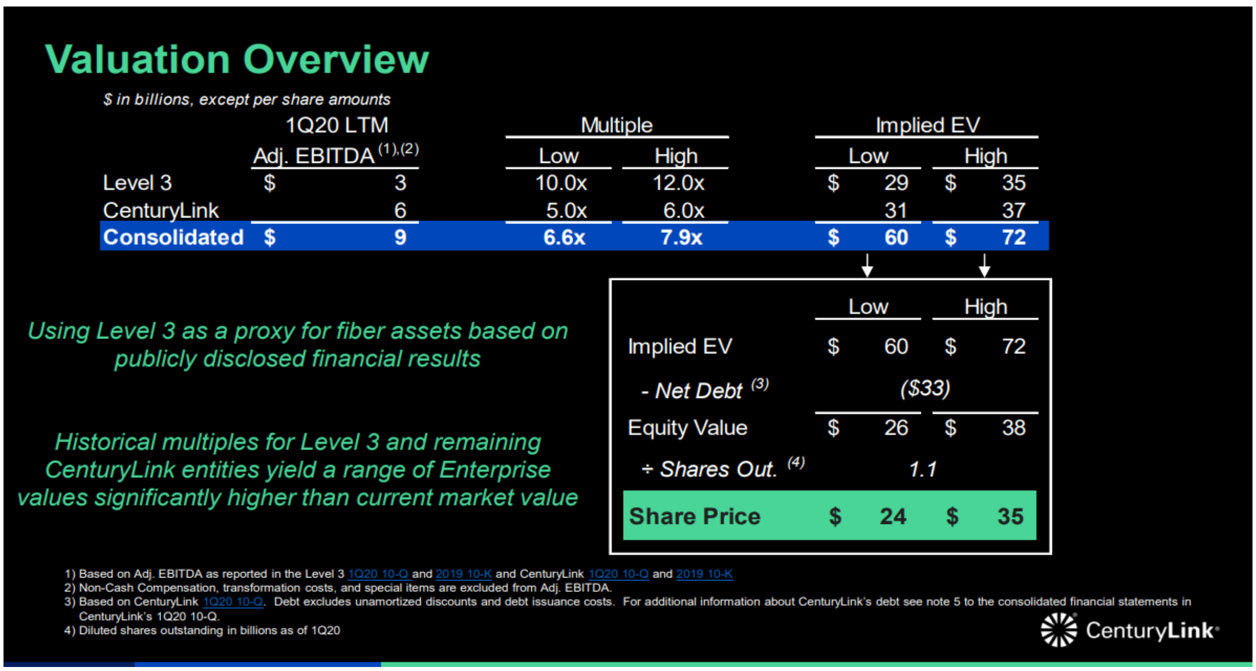
3Q18 The stock price appreciated 34% since the successful merger. However, CFO Sunit Patel left shortly thereafter for Sprint/T-Mobile, which drove the stock price back down.

1Q19 As the stock price dropped further, the company made the unfortunate decision to cut its dividend from a perceived position of weakness. Southeastern filed a 13D to engage with the company on a variety of issues, including upgrades to the board and potential steps to crystallize value.

3Q19 The company worked to sell a variety of assets and improve its board, and the stock began to respond positively.

1Q20 Positive board improvements came through with the addition of Hal Jones (former CFO of Graham Holdings, whom we know well and recommended to the company) and the elevation of Mike Glenn (another great former Southeastern partner from his time at FedEx) to Chairman, but the macro environment has made accretive deals more difficult.

Today The board is working together to explore a variety of options and understands the urgency of value realization. We think it is a good sign that they included the following slide in their most recent, fiber-focused presentation at the end of June, at our recommendation:



Source: CenturyLink Company Presentation. "The Platform for a Digital World: Diving Greater Value with CenturyLink Fiber Investments." *www.ir.centurylink.com/events-and-presentations/default.aspx*. June 30, 2020.

Management put out an appraisal, which is crude in the name of being totally defendable. Our own detailed work has a high-$30's value, slightly higher than the high end on the above slide. The next twelve months free cash flow (FCF)/share is now $2.50 vs. $2.75-3.00 in 3Q18 – a number that is way out of whack with the stock price performance over that timeframe, during which we have also received $2.58/share of dividends. CenturyLink is seeing increased demand for its fiber infrastructure in the current environment, as video conferencing and streaming are growing strongly across the globe, and end providers are running short on bandwidth.

Our Kodak position consists of three different securities that both protect our downside and give us large upside potential from the company's stock price. We are more of a lender than an equity investor for now, and we have strong downside protection as we own the senior-most securities at a company that essentially has a net cash balance sheet available to pay us off at par when our bonds and preferreds mature next year. We have been pleased with the strides that new CEO Jim Continenza has been making. He has reduced costs, bought shares personally along with other insiders and has set the company up for a variety of strategic outcomes. We believe there will be consolidation in the offset printing industry, and Kodak can play a key role. This would also highlight the value of their other, so-far hidden assets, including emerging printing businesses, licensing royalties and tax losses. We remain encouraged by ways that the company can go on offense in the near term, and we see an (admittedly wide but positive) range of FCF per share outcomes in the 50c to 75c range vs. the company's June $2-2.50 stock price. *Note: This discussion of Kodak addresses the Fund's holdings and our views as of June 30, 2020 and does not take into account events after that date.*

A handful of other positions are "overweight," or position sizes greater than our typical average 5%. Mattel, a moderately positive contributor in the quarter, has unique intellectual property (IP) and benefits from a long-term industry tailwind, as the toy and content industries have a history of growing through a variety of environments. The company has made great strides in cost cuts under CEO Ynon Kreiz. The company began the year poised to hit a value growth power curve, but COVID-19 delayed this, as the initial wave of family toy buying focused on games and outdoor toys – both areas where Mattel has lower exposure than its peers. We expect buying patterns will shift as time goes on, and Mattel will return to favor as it focuses on what it can control. To hear more from Mattel's plans for IP monetization and driving future growth, please tune into our recent interview with Ynon Kreiz on the Price-to-Value Podcast, Mattel: Ynon Kreiz on the Enduring Power of Brands and Navigating a Global Pandemic. PotlatchDeltic is perhaps our lowest profile overweight. This company continues to deliver as management sells non-core assets (including the announced sale of

Minnesota acreage in the quarter), continuously improves operations and generally stays in a position to go on offense. We would also include CNX in this group of "overweights," as its price appreciated rapidly, taking it to a much larger overweight in the quarter. We decided to trim it back into strength – demonstrating that we keep an open mind about this group and will not hesitate to sell when necessary to reduce risk and build portfolio dry powder.

In last quarter's letter, we described three buckets of stocks in our portfolios post-COVID: 1) those that have benefitted in at least some way and therefore had little value pain; 2) those that have taken some pain but will survive and can keep growing over the medium term and 3) those that have some real issues to deal with and saw a more material near-term hit leading to permanent value impairment. The percentages for the Fund were 20%/60%/15% in each bucket (+6% cash) the last time we updated you, but today they are 21%/66%/0% (+13% cash). It is likely that the transition away from category 3 to more of a category 1 and 2 portfolio depressed returns in the second quarter as we sold some category 3 positions at a loss. However, that is a trade-off we would make again to position the portfolio for strong future returns. We were careful not to blow out some of those at their worst prices in March and April. We firmly believe that this will lead to better prospective returns from here due to a higher quality portfolio. We would add the following important notes to our current expectations for the various groups of stocks within the COVID-19 environment.

1. Stocks that seem like they are 100% binary today as it relates to the virus might be more nuanced as the year plays out. In March and early April we were deeply concerned about Realogy, as the housing market appeared to freeze. But, through a variety of bottom-up work testing our case and not losing our nerve at this time, we saw encouraging signs that things were getting better and that the company could make it through. CEO Ryan Schneider also deftly navigated the company through the bottom, so that in June the company was able to execute a bond offering to further improve liquidity. We have therefore moved this stock up from bucket 3 to bucket 2, and it contributed strongly in the quarter. Going forward, we could see stocks like ViaSat transition away from virus-correlated large daily price

swings, as large parts of the company's value are much less long-term impacted than the market seems to be saying today.

2. If stocks might stay in the "virus binary" category for a while in the market's perception, then we want to own only those companies that have trophy assets, great partners and balance sheets that let them go on offense. Hyatt, Empire State Realty Trust and Formula One are good examples of this category today.

3. We are also going to see the importance of great partners more than ever. John Malone and Greg Maffei once again made great moves at Formula One to protect the downside and make it more of a pure play focused on the core Formula One business with the sale of their Live Nation stake (at our opinion of fair value) in the quarter.

4. Sometimes surprisingly good things happen to specific investees that don't fall into any of these categories. For example, while it had been a painful wait to see CNX outperform, at long last natural gas sentiment shifted positively due to a variety of hard-to-foresee factors, plus the company delivered another solid quarter based on what was in their control.

5. As we said last quarter: if things change for real (not just a stock moving around day to day), we will change the portfolio accordingly. We had more activity than usual on this front in the quarter.

Contributors/Detractors

(Q2 Investment return; Q2 Fund contribution)

CNX (62%, 3.88%), the Appalachian natural gas producer, was the top contributor in the quarter. The company reported strong free-cash flow and earnings before interest rate, tax, depreciation and amortization (EBITDA) growth in the first quarter. CNX has demonstrated a path to reach $500-$730 million annual pretax cash earnings over the next several years, assuming modest $2.45-$3.00/mcf gas prices. If the commodity price continues to disappoint going forward, CNX maintains the industry's best hedging book, as well as one of its lowest leverage ratios. CNX bonds trade close to par, while inferior exploration and production peers face near-term bankruptcy risks. CNX also recently announced cuts to its six-year capital expenditure plans, which should increase cash profitability on flat gas production. CEO Nick DeIuliis and Chairman Will Thorndike have taken decisive actions to restore long-term profitability during an excruciating year for the energy industry. They have more moves to make this year from a position of relative strength.

Realogy (146%, 3.12%), the real estate brokerage franchise, was another top contributor. Realogy had reported strong performance until March, when the housing market froze and remained dormant until mid-April, resulting in it being the Fund’s largest detractor in the first quarter. Since then, Realogy’s sales have improved each week, as home sales returned and prices increased. Growing prices are the primary driver behind Realogy’s franchise-fee earnings, which make up the majority of the company’s value. At the peak of uncertainty in March, Realogy shares bottomed at a price less than 1.5x our estimated $1.75/share of FCF power. Even after appreciating by over 130%, the share price still trades at around 4x FCF per share and at 50% of our appraisal of the company’s value today. As a result of the pandemic, Realogy’s deal to sell its relocation segment Cartus remains in limbo. But, Realogy recently refinanced its 2021 bonds, substantially reducing the risk to shareholders in the event of a prolonged real estate downturn.

Univar (57%, 1.41%), the largest US chemical distributor, was also a positive contributor. Univar remained profitable across the lockdown with most of its facilities open, as its products include essential alcohols for hand sanitizer, chemicals for cleaning products and drinking water and food additives. Univar’s Energy segment weakened in March, but the rebounding oil price has since helped it stabilize. Beyond a recovering economy, Univar stands to benefit in the years ahead from more chemical manufacturers outsourcing their distribution (today only about 10% of chemicals are moved by third-party distributors), a lack of competition from Amazon and significant remaining cost synergies from its recent Nexeo acquisition. Univar’s debt load is manageable, and cash-flows this year should be positive. The stock still trades at a high-single-digit multiple of normalized FCF.

Lanxess (33%, 1.26%), a German specialty chemical company, was also a positive contributor for the quarter. While its auto-exposed Engineered Materials business, which accounted for mid-teens percent of revenues in FY19, naturally suffered in the COVID-19 environment, its other consumer facing businesses have proven more resilient to the downturn. For example, its Consumer Protection Products business, which manufactures disinfectants and biocides, is likely to benefit from a demand uptick created by COVID-19. Unlike other DAX companies, CEO Matthias Zachert has provided guidance, which speaks to his confidence that Lanxess can deliver even in these trying times. During the quarter, Lanxess strengthened its already robust balance sheet, which should help insulate the company from any continued uncertainty or further COVID-19 impact. Management took the decision to suspend the share buyback program and reduced capital expenditure by €50 million, while also executing cost measures of €50-100 million. The company completed the sale of Currenta in April, which generated an additional €150 million in pre-tax profit participation. This ultimately leaves Lanxess with a total liquidity position of €3 billion (cash and financial assets). Zachert has a strong track record of value-accretive mergers and acquisitions (M&A), and this environment is likely to create some compelling opportunities which Lanxess is well placed to capitalize on once the dust settles.

Liberty Formula One (13%, 1.11%), the motor racing media business, also contributed. After four months of COVID-related delays, the racing season is scheduled to kick off over the first two weekends of July in Austria without fans in attendance. The company will receive all or most of this year's contracted sponsorship and broadcast revenues if it runs 15 races, which now appears likely. Lost earnings from this year's (and maybe next year's) absence of ticket sales will hit near-term earnings but should not inflict any lasting damage on the business. While several Formula One teams have acknowledged financial problems due to the delayed season, none appear likely to leave the sport. In April, Liberty Sirius bought Liberty Formula One's shares in Live Nation Entertainment, the concert promoter and Ticketmaster operator, as well as several smaller assets for about $1.5 billion in cash. The fairly-valued transaction helped ensure that Liberty Formula One has the liquidity to survive a potentially long COVID-19 crisis. In May, Formula One agreed to a critical new spending cap on teams, which promises to increase the competitiveness of the sport and should help attract new fans. CEO Chase

Carey and Chairman Greg Maffei have done fantastic work to position the business for survival, long-term growth in engagement and earnings and a likely strong 2021 rebound despite the extraordinary challenges posed by COVID-19. We trimmed the position in the mid to high 30s in the quarter, as the market got a bit ahead of itself before virus cases began picking up again.

The Fund's Neiman Marcus bonds (-48%, -1.82%), were the largest detractor in the quarter. Our original investment thesis for Neiman focused on the group's competitively advantaged position and brand in the luxury retail space, with a loyal customer base, a higher portion of online sales and lower physical footprint than over-stored peers. With the development of COVID-19, the world changed for all retailers. Neiman's heavy Texas customer base, which has historically been an advantage, was further negatively impacted by the precipitous oil price declines in the first and second quarters. In this environment where retail has essentially been shut-down as customers around the world shelter in place, Neiman became the second US retailer forced to declare bankruptcy. While we still saw potential upside between the bond price and the likely recovery value from Neiman's Mytheresa holding and reorganized retail operations, we sold the position, as there is a wide range of potential equity outcomes from here. We would prefer to hold the cash to serve as dry powder to allocate to new opportunities with a greater margin of safety and potential upside.

Empire State Realty Trust (ESRT) (-19%, -0.88%), the New York City property owner, was another detractor. The Empire State Building's famous observatory, which had grown revenues by 9% per year over the last two decades, is closed and will not recover its past profitability until international tourists feel safe flying. Our appraisal of the company assumes a slow recovery for the observatory, but the wait should be rewarding as the stock's price currently trades at less than half of our value. The company also is dealing with an unprecedented amount of unpaid rent from its office and retail tenants, but this has been improving week-over-week as New York recovers. CEO Tony Malkin's conservative financial approach positioned the company with ample liquidity and low debt ratios as it entered the crisis, and he took advantage of depressed prices to repurchase shares in March and April. The ongoing environment could provide compelling opportunities for ESRT to serve as a liquidity provider to distressed peers through intelligent M&A activity.

Portfolio Activity

This quarter was in many ways the opposite of the first quarter that started with more cash than usual and ended essentially fully-invested, as markets declined. In the second quarter, we started with more ideas than money but ultimately ended up building cash as we sold five companies and trimmed our top performers as the quarter went on. This is frustrating to us, but we must stick to our discipline. We are keenly focused on continually upgrading the quality of the portfolio. We have done the work to build out a compelling on-deck list and can act quickly as stock prices cooperate. We believe that the current environment of uncertainty will yield the necessary price volatility for us to put the cash to work, as we did at the start of the second quarter.

We used proceeds from sales and trims to add to some of our most discounted positions with significant potential upside. We took ESRT to a full position on the stock weakness as described above. We also added slightly to ViaSat, as we feel it remains a "Bucket 1" stock even if the weakness in commercial aerospace (< 20% of the value) gets the headlines now. Our addition to Hyatt in the quarter should be viewed in conjunction with our sale of Park, as discussed above. We effectively swapped out of Park into Hyatt because we believe its fee business is better and higher quality than Park's owned property and its management partners that are better able to go on offense.

We had multiple exits in the quarter that will lead to an improved portfolio from here. In addition to our discussion on Neiman and Dillard's above, we also finished our sale of nitrogen fertilizer business OCI. We exited the company as a result of a combination of people changes (as founder Nassef Sawiris, whom we admire and support, stepped back from day-to-day management of the company) and balance sheet deterioration, amid an environment where the macro swamped the ability for the company to execute on the original case. While industrial tool company Enerpac (formerly Actuant) has a better business than these 3 aforementioned exits and will likely generate cash flow this year, we ultimately concluded that a full sale of the company to a strategic or financial buyer was unlikely in this environment. We were therefore more worried about its capital allocation going forward and sold the position for better opportunities. To the positive, we sold the rest of our GCI Liberty position after quarter end after trimming into strength over the last year. This was a strong contributor for the Fund over our holding period, and we thank our great partners John Malone and Greg Maffei at Liberty for delivering for Southeastern once again. While GCI Liberty owns good businesses, we now feel that their positions in Charter and Lending Tree are priced for perfection, and we worry about the impact low oil prices and reduced tourism will have on their Alaskan operations, so it was time to move on.

Overall, this quarter reminded us of the second half of 2008, when the Fund had similarly higher than normal turnover. Then, as now, we re-evaluated our case for every business and ultimately took some losses by exiting select investments. However, we resisted the urge to blanket sell every detractor, which benefitted us as some of our most seemingly challenged companies at the time went on to be top future performers. We made the right calls then in aggregate to set up a strong next 10 years, and we think we have done the same here.

Outlook

We are confident that our underpriced, good businesses and their competent and shareholder-oriented management teams will produce above average returns. While our on-deck list unsurprisingly has fewer names than we had in March, they are uniquely competitive companies that we believe we will have the opportunity to own. A lot of the work we have done pre-qualifying the qualitative will not have been wasted on those stocks where prices rocketed higher in May and June, as we could get other shots at them and think it more likely than not that these shots could come quickly with the increased market volatility of this year. Some are closer than others, and we expect to see at least one to two new companies in the portfolio the next time we are writing to you. Examples on our on-deck list include an understandable financial company that we have owned before and would love to partner with again. We have been doing work on two new software companies that have not been as high-flying as some of their peers. An interesting media property that we have owned before is coming back in range. While we are wary of the retail industry as discussed above, we think a strong global brand run by owners able to go on offense is getting unfairly lumped in with struggling retailers. We also recently spent time on a diversified company owning a variety of high-quality hard assets in industries to which we currently do not have exposure. And the list goes on.

We made meaningful progress in upgrading the strength and quality of the portfolio this quarter. Today we have approximately 15% in cash to put to work in new opportunities that qualify on our Business, People, Price criteria. We are confident we will have the opportunity to be a liquidity provider amid the current environment of heightened global uncertainty. While many US small cap market favorites have gone to even higher prices on potentially lower earnings, we believe the quality of the businesses we own will be recognized and that our patience will be rewarded. We thank you for your partnership and look forward to delivering for you.

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 Small-Cap 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. Smaller company stocks may be more volatile with less financial resources than those of larger companies.

The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3,000 Index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index. The Russell 2000 Value index is drawn from the constituents of the Russell 2000 based on book-to-price (B/P) ratio. An index cannot be invested in directly.

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.

The Global Financial Crisis (GFC) is a reference to the financial crisis of 2007-2008.

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

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.

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.

As of June 30, 2020, the top ten holdings for the Longleaf Partners Small-Cap Fund: Kodak, 12.8%; CenturyLink, 10.7%; Mattel, 7.5%; PotlatchDeltic, 6.7%; Lazard, 6.1%; CNX Resources, 5.9%;ViaSat, 4.8%; Empire State Realty, 4.8%.; LANXESS, 4.7%%; Graham Holdings, 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.

LLP001060
Expire 10/31/2020

Longleaf Partners International Fund

Longleaf Partners Funds

Summary - June 30, 2020

2Q20

Longleaf Partners International Fund

(800) 445-9469 / southeasternasset.com

Longleaf Partners Funds

Long-Term / Concentrated / Engaged / Value

Founded in 1975, Southeastern Asset Management is an independent, global investment firm managing $9.0 billion. Partnership is core to all that we do, and Southeastern's employees and related entities are the largest investors across the Longleaf Partners Funds. Our 15-person global investment team are generalists, tasked with finding the best bottom-up opportunities across the globe.

The Fund seeks to own a concentrated portfolio of our best 18-22 ideas that meet our Business, People, Price investment criteria. We invest with a 3-5 year investment horizon and take advantage of short-term volatility to own high quality businesses, run by capable management teams, whose stock prices are trading temporarily at a discount. Our extensive, global network allows us to engage with our management partners to help drive long-term value creation.

Fund Profile

Investment Style	International value
Ticker	LLINX
Inception Date	October 26, 1998
Net Assets	$1.0 billion
Expense Ratio (Gross/Net)	1.17% / 1.15%
Turnover (5 yr avg)	34%
Weighted Average Mkt. Cap	$20.0 billion

Holdings (20)

	Activity*	Weight
EXOR		9.4%
Melco International	-	7.3
Domino's Pizza Group (UK)	-	6.3
LANXESS		5.9
Prosus		5.9
Fairfax Financial	+	5.2
Becle	-	4.8
Glanbia	+	4.8
LafargeHolcim		4.7
MinebeaMitsumi	-	4.7
Baidu		4.7
Lazard		4.6
CK Asset Holdings		4.5
Richemont		4.5
Millicom	+	4.0
CK Hutchison		3.7
Accor	NEW	3.7
GRUMA		2.9
Great Eagle	+	2.3
Applus Services	NEW	1.5
Cash		4.6
Total		100.0%

*Full eliminations include the following positions: Bolloré, C&C Group, OCI, and Trip.com

Holdings are subject to change and discussion of holdings are not a recommendation to buy or sell any security. Holdings are subject to risk. Funds distributed by ALPS Distributors, Inc.

The total expense ratio for the Longleaf Partners International Fund is 1.17% (gross) and 1.15% (net). The International Fund's expense ratio is subject to a fee waiver to the extent the Fund's normal annual operating expenses exceed 1.15% of average annual net assets.

LLP0001079 expires October 31, 2020

Sector Composition

Consumer Discretionary	27.7%
Financials	19.2
Consumer Staples	12.5
Materials	10.6
Industrials	9.9
Communication Services	8.7
Real Estate	6.8
Cash	4.6

Regional Composition

Europe ex-UK	44.4%
Asia ex-Japan	22.5
North America	17.5
UK	6.3
Japan	4.7
Cash	4.6

Performance Contribution

Top Three	Portfolio Contribution	Return
Melco International	2.36%	36%
Becle	2.08	59
LANXESS	1.81	33

Bottom Three	Portfolio Contribution	Return
C&C Group	-0.29%	-13%
Bolloré	-0.16	25
Millicom	-0.02	-5

Performance at 6/30/2020

	Total Return			Average Annual Return				
	QTR	YTD	One Year	Five Year	Ten Year	15 Year	20 Year	Since Inception
International Fund	16.58%	-20.87%	-16.24%	1.98%	4.10%	2.82%	4.65%	6.33%
MSCI EAFE Index	14.88%	-11.34%	-5.13%	2.05%	5.73%	4.09%	2.91%	4.05%

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 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.

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 southeasternasset.com/account-resources. Please read the Prospectus and Summary Prospectus carefully before investing.

RISKS - The 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-U.S. economic and political developments, exposure to non-U.S. currencies, and different accounting and financial standards. These risks may be higher when investing in emerging markets.
MSCI EAFE Index (Europe, Australasia, Far East) is a broad based, unmanaged equity market index designed to measure the equity market performance of 22 developed markets, excluding the US & Canada. An index cannot be invested in directly.

July 13, 2020

Longleaf Partners International Fund Commentary

2Q20

Longleaf Partners International Fund followed a dismal 1Q with a strong absolute and solid relative bounce back of 16.58% versus MSCI EAFE of 14.88% in the second quarter. Most companies posted positive results in the quarter, with performance broadly dispersed across sector and geography in the portfolio and the market, as stocks broadly rebounded post the COVID-19 lows in March and April. While not owning Information Technology and holding an average 5% cash allocation were both a relative drag on performance in the quarter, strong stock returns outweighed the impact of what we did not own. However, the Fund's year-to-date figures remain frustratingly poor following the first quarter sell-off. Our four largest positions – EXOR, Melco, Domino's Pizza Group and Lanxess – have detracted from year-to-date performance, but they remain among the highest conviction investments for the coming years. We took advantage of the pandemic-led volatility to sell or trim

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Average Annual Total Returns (6/30/20) Longleaf Partners International Fund: Since Inception (10/26/98): 6.33%, Ten Year: 4.10%, Five Year: 1.98%, Three Year: -2.42%, One Year: -16.24%. MSCI EAFE Index: Since (10/26/98): 4.05%, Ten Year: 5.73%, Five Year: 2.05%, Three Year: 0.81%, One Year: -5.13%.

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, 2020, the total expense ratio for the Longleaf Partners International Fund is 1.17% (gross) and 1.15% (net). The expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.15% of average annual net assets.*** *Southeastern has contractually committed to limit operating expenses (excluding interest, taxes, brokerage commissions and extraordinary expenses) to 1.15% of average net assets per year. This agreement is in effect through at least May 1, 2020 and may not be terminated before that date without Board approval.*

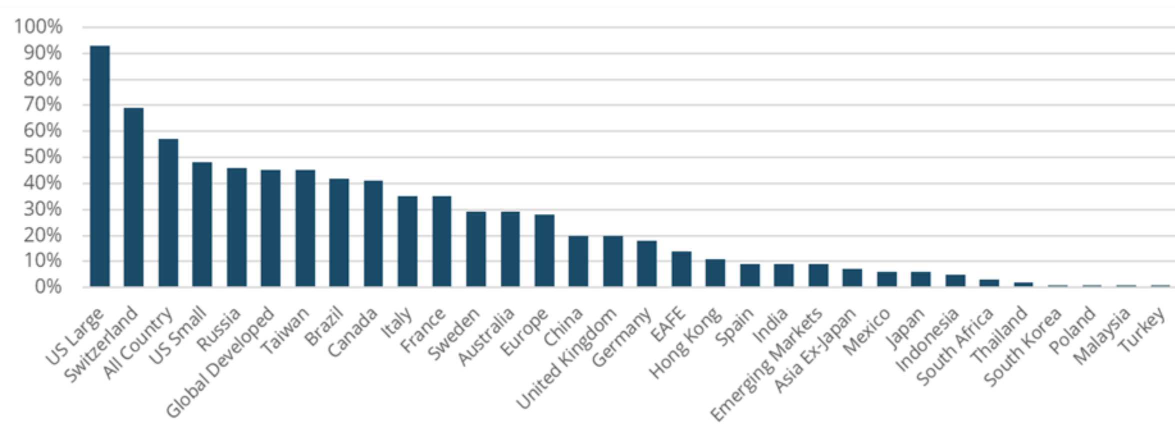
companies that will be most challenged in the current environment and/or that are most fully valued and add multiple high-quality franchises to our portfolio at attractive prices. We believe this has materially improved the portfolio both in terms of quality and margin of safety, which we expect will lead to strong future performance.

Stock markets across the globe rallied sharply in the quarter amid early signs of positive coronavirus trends in some countries and economies reopening, coupled with unprecedented fiscal and monetary stimulus by central banks. While we were encouraged to see the market becoming more of a bottom-up weighing machine - to use Ben Graham's phrase - in April, troubling trends started building in May and June as certain, long-favored parts of the market again felt more like a perpetual motion machine (reminder: there is no such thing!), as what had been going up for years resumed its march upward. We do not invest based on top-down analysis, but as dedicated fundamental investors focusing on the world from the bottom-line numbers. We have a hard time reconciling buoyant market headlines with the situation in the real economy. Nowhere was this more evident than in the US large cap market, as the gap between US and Non-US performance widened even further in the quarter.

As shown in the chart below, the US large cap cyclically adjusted price-to-earnings (CAPE) ratio is near an all-time high versus its own history. Some would say these multiples are supported by rock bottom interest rates. However, a skeptic would have to say that if low interest rates support a trailing CAPE of approximately 30 on the S&P 500, then the passive investor is agreeing to disappointingly low returns for the foreseeable future. An even worse case for the passive investor would be earnings yields regressing to the long-term mean. We constantly see going-in earnings yields compared to current bond yields, as if that constitutes a complete determination of equity valuations. But the math of deriving multiples also includes the important interplay between low growth rates and low discount rates, as well as the issue of terminal multiples. This is why multiples are historically more "sticky" than just tracking the inverse of bond yields. This is also why all shrewd real estate investors don't simply buy properties at any cap rate, which is below the interest rate on their borrowings. One would have to move into less efficient and global markets with lower valuations to begin with to meet their expected return hurdles from the past. You do not have to look long at this chart to note that nearly the entire world outside of the US Large Cap space is priced below its average CAPE today. We are finding plenty of opportunity in these markets.

CAPE Ratio: Current Historic Percentile

Chart shows the percent of time the CAPE ratio has been cheaper than the current CAPE ratio



Source: Research Affiliates. Data as of May 31, 2020

Additionally, the US Dollar (USD) remains heavily overvalued versus much of world, particularly Europe. While a currency translation effect in the face of the ever stronger USD has been a recurring headwind, the Fund benefitted in the quarter as the USD weakened. Today, the UK, Eurozone and Japan are notably inexpensive relative to their historical relationship to the USD, and we believe we could see this shift to a longer-term tailwind. Going forward, we believe we can outperform mostly because of what we own, but we think that avoiding the overvalued parts of the market and the potentially statistically cheap but lower quality parts of the market will also be key.

Shifting to what we own today, in our 1Q letter we discussed the three categories of COVID impact to our portfolio companies: 1) those that have benefitted in at least some way and therefore had little value pain; 2) those that have taken some pain but will survive and can keep growing over the medium term and 3) those that have some real, material issues to deal with, which saw a more material near-term value hit and potential for permanent value impairment. The percentages for the Fund were 26%/64%/4% in each bucket (+6% cash) the last time we updated you, but today they are 30%/66%/0% (+5% cash). As we noted last quarter, we are continually reviewing each existing company and comparing it against opportunities to upgrade the quality and durability of the portfolio with any new additions. While this may look like a small headline shift, a deeper dive shows a material upgrade in the underlying portfolio position. We firmly believe that this will lead to better prospective returns from here due to a higher quality portfolio.

We noted in the letter that EXOR was categorized in the second bucket but that “it could quickly move to the first category if the two recently announced deals – the merger of FCA and Peugeot and the sale of PartnerRe to Covea - continue as planned.” The PartnerRe deal was originally an unsolicited opportunistic bid that management could not pass up given the premium, rather than a targeted asset divestiture. It was disappointing to see Covea back out of the agreement in the quarter. Our view on reinsurance was steadily improving during the same period they made the decision to break the deal. The COVID impact on top of an already firming price environment is translating to the hardest (most positive) reinsurance pricing environment in years. We believe this is a good time to be allocating capital to the space. That is also part of the calculus in investing in Fairfax and its Odyssey reinsurance subsidiary, with whom our long history also informs our current bullish view. We are disappointed not to receive deal liquidity at what would have been an opportune time, but we were happy to see CEO John Elkann’s discipline in refusing to negotiate a lower, fire sale price in the face of a dramatically improving business environment. PartnerRe is well positioned to thrive over the next few years and ultimately be worth more than Covea’s offer. We believe that EXOR’s firm stance on refusing to re-open discussions demonstrates conclusively what sort of negotiator Mr. Elkann will be in seeing through the more strategically important FCA-PSA deal. In prior situations, EXOR has gone out of its way to stand by its commitments despite changing environments. This high integrity and conviction increase the probability of a successful conclusion in the fourth quarter of 2020 or by the first quarter of next year. Our appraisal value was never dependent upon the deals closing, and we remain highly confident in John Elkann as the right partner for navigating EXOR through the current environment to come out even stronger on the other side.

The third bucket, which held C&C Group and OCI, was the most important category for us to address, as we sought to upgrade the portfolio. We exited both companies in the second quarter, though for somewhat different reasons. The common denominator was people changes, a decline in the business outlook amidst the COVID-19 environment and balance sheet deterioration.

C&C is the most singularly impacted investment in the fund from COVID-19. After being a top contributor in 2019, our outlook for the business and view on the people changed entirely in a short two-month period. First, CEO Stephen Glancey announced his surprise retirement in February. Glancey was a key part of our case, given his strong track record of value creation as an owner-operator. We put in the order to sell half our position as soon as the announcement was made and began revisiting the facts of the case. Only a number of weeks later, the pandemic drove the closure of all pubs across C&C's markets in Ireland, England, Scotland and Wales. The high margin on-trade business in these markets contributed over 60% of C&C's profits on paper but even higher than that when factory utilization and corporate overheads are taken into account. The balance sheet rapidly deteriorated given the monthly operating losses, and as the normal negative working capital balance became a significant liquidity drain, and payables came due with no receivables to keep working capital in balance, the result was dramatically rising debt levels. We believe there is a material risk that the balance sheet stress could persist into 2021, at which point the risk of a capital raise to repair the balance sheet rises. As the facts of the case changed dramatically in a short period, we sold the full position in the quarter.

We also completed our exit of OCI in the second quarter, as a result of a combination of people changes (as founder Nassef Sawiris, whom we admire and support, stepped back from day-to-day management of the company) and balance sheet deterioration, amid a particularly challenging macroeconomic backdrop. OCI was a smaller position than C&C but was a longer-standing disappointment in the portfolio. We have maintained an engaged dialog with management on the potential to create value through asset sales or to potentially sell the business over the course of our ownership, but ultimately the macro swamped the ability for the company to execute on the original case. The outcome reminded us of the business quality lesson wisely summed up by Warren Buffett: "When a management with a reputation for brilliance tackles a business with a reputation for bad economics, it is the reputation of the business that remains intact."

Finally, we sold Bolloré Group, which we bought in August 2018 but have followed for years, tracking back to our investment in Vivendi in 2011-12. The original thesis was based on generational change to new leadership being a catalyst to unlock the latent value of this conglomerate of attractive businesses. However, we grew concerned over our alignment with the controlling family. We concluded that there were better places to allocate our capital given all the opportunities the COVID-19 pandemic provided.

We used the proceeds from these three sales to initiate two new positions – Accor and another company, which remains undisclosed while we build out the position. Both companies fall into category 2, and we believe help further upgrade the portfolio's long-term upside. We discuss Accor in more detail below in the portfolio activity section. We continue to monitor the portfolio and our on-deck list and will take advantage of identified opportunities to increase the portfolio quality, margin of safety and potential performance upside.

Contributors/Detractors

(Q2 Investment return; Q2 Fund contribution)

Melco International (36%, 2.36%), the Macau casino and resort holding company, was the top contributor for the quarter, after being the largest detractor in the first quarter. Melco's operating subsidiary Melco Resorts (MLCO) reported better than expected results in the first quarter, with gross gaming revenue (GGR) market share growing quarter-over-quarter. This, combined with optimism on potential easing of travel restrictions, led to a strong price rebound from depressed levels. The Macau operating environment remains challenging due to COVID-19 induced travel restrictions in the region. With China, Hong Kong and Macau borders effectively closed, Q2 GGR was down over 95% year-over-year. Macau has been very effective in containing the spread of the virus, but the casinos are virtually empty and will remain so as long as there is a 14-day quarantine requirement by the neighboring Chinese province of Guangdong, which accounts for nearly half of all Chinese visitation to Macau. Hong Kong has seen a minor second wave of COVID-19 and extended the border restrictions into August.

There is increasing optimism, partly fueled by comments from Macau's Chief Executive Ho Iat Seng, of a travel bubble formation between Guangdong and Macau, which could jumpstart the recovery. MLCO management is managing its balance sheet and cash flows well during these tough times, reducing daily cash costs, liquidating its stake in Crown, reducing capex for the year and cancelling quarterly dividends. Today, MLCO has $3.2 billion of available liquidity, which is equivalent to almost two years of fully-loaded cash burn in a zero-revenue scenario. We are encouraged to see our partner CEO Lawrence Ho invested over $50 million of his personal capital in Melco International shares during the quarter - the highest amount of open market purchases by him ever.

Becle Sab de Cv (59%, 2.08%), the tequila and spirits holding company, added to the quarter's strong returns. The first quarter featured particularly good results from Becle's Jose Cuervo Tequila brands, with volume and pricing up significantly in constant currency over the last two years. Our appraisal of the company's value increased, even as the lockdown froze most of Becle's on-premise (bar and restaurant) sales. However, 87% of Becle's US dollar-value is consumed off-premise, and US at-home spirits consumption (particularly of tequila) has accelerated significantly during the lockdown. Tequila and Irish Whiskey (Becle owns Bushmills as well) have taken share from beer and vodka for years, and the trend appears to be accelerating. Becle's Mexican business, representing <20% of the company's revenues, has however been weaker recently, and Becle's consolidated gross margins remain depressed due to cyclically high agave prices. However, when the commodity's supply catches up and pulls down pricing over the next several years, Becle margins should increase significantly. Rumors of a potential Campari acquisition at a significant premium also helped drive the stock's price appreciation in the quarter.

Lanxess (33%, 1.81%), a German specialty chemical company, was also a positive contributor for the quarter. While its auto-exposed Engineered Materials business, which accounted for a mid-teens percent of revenues in FY19, naturally suffered in the COVID-19 environment, its other consumer facing businesses have proven more resilient to the downturn. For example, its Consumer Protection Products business, which manufactures disinfectants and biocides, is likely to benefit from a demand uptick created by COVID-19. Unlike other DAX companies, CEO Matthias Zachert has provided guidance, which speaks to his confidence that Lanxess can deliver even in these trying times. During the quarter, Lanxess strengthened its already robust balance sheet, which should help insulate the company from any continued uncertainty or further COVID-19 impact. Management took the decision to suspend the share buyback program and reduced capital expenditure by €50 million, while also executing cost measures of €50-100 million. The company completed the sale of Currenta in April, which generated an additional €150 million in pre-tax profit participation. This ultimately leaves Lanxess with a total liquidity position of €3 billion (cash and financial assets). Zachert has a strong track record of value-accretive M&A, and this environment is likely to create some compelling opportunities which Lanxess is well placed to capitalize on once the dust settles.

Prosus (33%, 1.54%), a global consumer internet group, was another top contributor in the quarter and the strongest year-to-date contributor. The company's 31% stake in Tencent demonstrated significant resilience during the pandemic. Tencent's online advertising and gaming businesses grew revenues by 30% last quarter, as consumers spent more time on their mobile phones during the lockdown. Prosus has both the discipline and financial strength to navigate the current uncertain environment. Over the past year, Prosus made only 54 investments after evaluating over 5,000 potential transactions. At a time when cash is king, Prosus has $4.5 billion in net cash and has access to an undrawn $2.5 billion revolving credit facility. Furthermore, the company has no debt maturing until 2025. Despite a strong track record and solid fundamentals, Prosus continues to trade at a significant discount to its net asset value. Management's compensation is tied to getting shareholder value recognized, and we expect that they will continue to work to close the gap between price and value.

Portfolio Activity

As discussed above, we sold OCI, C&C and Bolloré and established two new positions in the quarter. Both new positions are "recycled" companies that we know well and have successfully invested in before. One position remains undisclosed, as we have a small position currently but hope to increase it. The second is in the global hotel operator, Accor.

We first invested in Accor in mid-2008 through March 2013. This period saw external pressure by Colony Capital, led by Sebastien Bazin, to shift to an asset-light business model of hotel operations and spin out the "hidden gem" independent voucher business, which became Edenred. We supported both of these actions and developed an appreciation for Mr. Bazin's successful approach. After we exited the position when it reached our appraisal value, he was appointed CEO of Accor. The transition from external capital allocator to operating executive was not a simple process. We kept up with him and the company in the intervening years, but the discount to value and business/people opportunity never aligned until COVID-19 disrupted the hospitality scene. Today, Accor runs an asset-light management and franchise model on 96% of rooms. The company has an even stronger portfolio of brands post its Fairmont Raffles and Movenpick acquisitions. These deals complete the company line up. An expanding focus and pipeline in high-quality luxury and upscale, which comprises 41% of fee income, with the pipeline skewed further towards this category, is coupled with the strongest liquidity in the global hotel industry with over €2bn cash on hand. Our past and current experience with Mr. Bazin indicate a shareholder value-focused management. He has a history of buybacks and has returned 20% of the market cap to shareholders via buybacks and dividends over the last three years. We do not profess to know how the pandemic will ultimately play out, but we are confident that asset-light, large scale hotel brands will still be valuable franchises on the other side. Accor is well placed to take advantage. Over the long term, it could be a consolidation target.

Outlook

The second half of 2020 has the potential for additional geopolitical drama and market uncertainty. A presidential election in the US in the face of a continuing global pandemic and a developing cold war between the US and China, coupled with unprecedented monetary and fiscal intervention, translates into an extraordinarily broad range of possible outcomes. While we cannot predict the direction or shape that markets will take in the near-term, our decades of experience tell us that the best place to be in an uncertain environment is in high-quality, well-financed, owner-oriented companies bought at a discount to intrinsic value held for the long term. The portfolio trades at a price-to-value (P/V) ratio in the low-60s%, the Fund is close to fully invested with 5% cash and our on-deck list remains robust. Even after a strong relative and absolute second quarter, the first three months of the year left us in a hole on our near-term trailing performance numbers. We are confident that ground can continue to be recovered, and the 22-year track record of value creation will show through again.

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 southeasternasset.com/account-resources Please read the Prospectus and Summary Prospectus carefully before investing.

RISKS
The Longleaf Partners International 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 EAFE Index (Europe, Australia, Far East) is a broad based, unmanaged equity market index designed to measure the equity market performance of 22 developed markets, excluding the US & Canada. An index cannot be invested in directly.

The MSCI EAFE Growth Index captures large and mid-cap securities exhibiting overall growth style characteristics across developed markets countries around the world, excluding the US and Canada. The MSCI EAFE Value Index captures large and mid-cap securities exhibiting overall value style characteristics across Developed Markets countries around the world, excluding the US and Canada.

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.

CAPE Ratio is an acronym for the cyclically-adjusted price-to-earnings ratio. The ratio is calculated by dividing a company's stock price by the average of the company's earnings for the last ten years, adjusted for inflation.

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

As of June 30, 2020, the top ten holdings for the Longleaf Partners International Fund: EXOR, 9.4%; Melco, 7.3%; Domino's, 6.3%; LANXESS, 5.9%; Prosus, 5.9%; Fairfax, 5.2%; Becele, 4.8%; Glanbia, 4.8%; LafargeHolcim, 4.7 %; MinebeaMitsumi, 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.
LLP001061
Expires 10/31/2020

Longleaf Partners Global Fund

Longleaf Partners Funds

Summary - June 30, 2020

2Q20

Longleaf Partners Global Fund

(800) 445-9469 / southeasternasset.com

Fund Profile

Investment Style	Global value
Ticker	LLGFX
Inception Date	December 12, 2012
Net Assets	$0.3 billion
Expense Ratio (Gross/Net)	1.32% / 1.20%
Turnover (5 yr avg)	36%
Weighted Average Mkt. Cap	$62.7 billion

Holdings (19)

	Activity*	Weight
EXOR	+	8.7%
CenturyLink		7.4
FedEx	-	6.5
Melco International		5.4
Fairfax Financial	+	5.1
Prosus		5.0
Williams	-	4.8
CNX Resources	-	4.7
Carrier	+	4.3
General Electric		4.2
DuPont	-	4.1
CK Hutchison		4.1
MinebeaMitsumi	-	3.8
CK Asset Holdings		3.8
LafargeHolcim		3.6
Comcast		3.5
Millicom	+	2.6
Alphabet	-	2.6
CNH Industrial	-	0.6
Cash		15.2
Total		100.0%

*Full eliminations include the following positions: OCI, Otis, Raytheon

Holdings are subject to change and discussion of holdings are not a recommendation to buy or sell any security. Holdings are subject to risk. Funds distributed by ALPS Distributors, Inc.

The total expense ratio for the Longleaf Partners Global Fund is 1.32% (gross) and 1.20% (net). The Global Fund's expense ratio is subject to a fee waiver to the extent the Fund's normal annual operating expenses exceed 1.20% of average annual net assets.

LLP001057 expires October 31, 2020

Longleaf Partners Funds

Long-Term / Concentrated / Engaged / Value

Founded in 1975, Southeastern Asset Management is an independent, global investment firm managing $9.0 billion. Partnership is core to all that we do, and Southeastern's employees and related entities are the largest investors across the Longleaf Partners Funds. Our 15-person global investment team are generalists, tasked with finding the best bottom-up opportunities across the globe.

The Fund seeks to own a concentrated portfolio of our best 18-22 ideas that meet our Business, People, Price investment criteria. We invest with a 3-5 year investment horizon and take advantage of short-term volatility to own high quality businesses, run by capable management teams, whose stock prices are trading temporarily at a discount. Our extensive, global network allows us to engage with our management partners to help drive long-term value creation.

Sector Composition

Industrials	23.5%
Communication Services	16.1
Financials	13.8
Consumer Discretionary	10.4
Energy	9.5
Materials	7.7
Real Estate	3.8
Cash	15.2

Regional Composition

North America	47.2%
Europe ex-UK	20.5
Asia ex-Japan	13.3
Japan	3.8
Cash	15.2

Performance Contribution

Top Three	Portfolio Contribution	Return
CNX Resources	3.33%	63%
Carrier	2.42	57
DuPont	2.42	57

Bottom Three	Portfolio Contribution	Return
General Electric	-1.01%	-14%
Fairfax Financial	-0.04	1
Millicom	0.06	-4

Performance at 6/30/2020

	Total Return			Average Annual Return				
	QTR	YTD	One Year	Five Year	Ten Year	15 Year	20 Year	Since Inception
Global Fund	19.40%	-15.54%	-9.87%	3.13%	na%	na%	na%	4.08%
MSCI World Index	19.36%	-5.77%	2.84%	6.90%	na%	na%	na%	8.99%

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 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.

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 southeasternasset.com/account-resources. Please read the Prospectus and Summary Prospectus carefully before investing.

RISKS - The 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-U.S. economic and political developments, exposure to non-U.S. 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.

July 13, 2020

Longleaf Partners Global Fund Commentary 2Q20

Longleaf Partners Global Fund rebounded from a challenging first quarter with a strong absolute return of 19.40% in the second quarter, roughly equal to the MSCI World's 19.36%. Most companies posted positive results in the quarter, as stocks broadly rebounded post the COVID-19 lows in March and April. While not owning Information Technology and holding an average 10% cash allocation were collectively a 3.7% drag on relative performance in the quarter, strong stock returns outweighed the impact of what we did not own. However, the Fund's year-to-date figures remain frustratingly poor following the first quarter sell-off. While our investments performed nicely from the lows, this was not significant enough to offset the declines in the first quarter. We are confident in the quality of our businesses and in our aligned

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Average Annual Total Returns (6/30/20): Longleaf Partners Global Fund: Since Inception (12/27/12): 4.08%, Ten Year: na, Five Year: 3.13%, One Year: -9.87%. MSCI World Returns (6/30/20): Since Inception: 8.99%, Ten Year: na, Five Year: 6.90%, One Year: 2.84%.

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, 2020, the total expense ratio for the Longleaf Partners Global Fund is 1.32% (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.*** *Southeastern has contractually committed to limit operating expenses (excluding interest, taxes, brokerage commissions and extraordinary expenses) to 1.20% of average net assets per year. This agreement is in effect through at least May 1, 2020 and may not be terminated before that date without Board approval.*

management teams' ability to build significant future value and drive returns for the Fund. In this letter, we will focus first on what drove performance, what detracted and discuss what we do not own (and are happier than ever to avoid today, even as this has contributed to the Fund trailing the index). Finally we will end with what is most important: what we own today, how we have upgraded the portfolio, and why we believe this sets us up for stronger returns going forward.

Performance Review

Although most companies posted positive results in the quarter as markets rebounded, a handful of our companies declined. As we started the year, we felt that the companies we owned were broadly well-prepared for a downturn, but we had not taken into account the possibility for a once every 50 to 100 years pandemic-led downturn, which uniquely hit some businesses. At General Electric, the abrupt stoppage in air travel has hit GE Aviation worse than in previous downturns (when profits were actually flat to up). Additionally, Fairfax Financial (FFH), which was a star in the global financial crisis (GFC) downturn, has so far disappointed from a stock price perspective in the current downturn. From a relative perspective, FFH also suffered as a cloud hangs over many insurers due to the ongoing business interruption insurance debate over COVID-19. FFH was also grouped with emerging market stocks after a decade of value-accretive investments outside of North America amidst an environment where US large cap companies have continued to dominate global markets. We took our time to reassess our FFH case and ultimately decided to buy more, a decision which was bolstered further when CEO/Founder Prem Watsa stepped up with a personal investment of over $100 million. We have filtered through the tough reality of the "new normal" environment into our appraisals for each business and made changes in our portfolio positioning where appropriate to reflect our new outlook.

To the positive, our relative energy overweight and better stock specific performance by natural gas company CNX and pipeline operator Williams was a bright spot for absolute and relative performance. We have built on lessons learned in previous downturns in that industry and avoided optically discounted oil companies. Additionally, our newer positions in DuPont and Carrier (which spun out of United

Technologies (UTX) at the start of the quarter) were also both top contributors. Our decision to upgrade the portfolio by adding to Carrier is already paying off.

Market Review: What We Do Not Own

Last quarter, we wrote to you about the extreme dislocation in markets and the virtues of not panicking at the bottom. As we said then:

> The stock market typically reacts most to the second derivative of a curve – are things accelerating, decelerating or flattening out? While the absolute number of cases and deaths will grow in the near term, there is a chance that the worldwide rate of growth could begin decelerating with aggressive global mitigation measures being taken. This could be perceived positively by markets… [Also], as the number of cases and testing increases around the world, this larger sample size gives the world more data to analyze…. The market hates uncertainty, so while more data very likely will lead to more immediate negatives, the fact that there will be fewer “unknown unknowns” in the months to come will likely be a positive. Additionally, the worldwide focus on developing a COVID-19 vaccine gives us confidence that, as we look into 2021 and beyond, the market should begin discounting a more “normal” world, even if the new definition of normal looks very different than it did in 2019.

Today, we have a different message. While we were encouraged to see the market becoming more of a bottom-up weighing machine - to use Ben Graham’s phrase - in April, troubling trends started building in May and June as certain, long-favored parts of the market again felt more like a perpetual motion machine (reminder: there is no such thing!), as what had been going up for years resumed its march upward.

We are now into the seventh bear market of the last 50+ years. The first six can be broadly grouped into two different categories: those that were started by an external macro shock and those that were started by the popping of a speculative stock market bubble. Four of the six were driven by external shocks and were less kind to value investing in their beginnings. This current downturn has thus far been the fifth in this group. The other two downturns more directly involving bubbles were kinder to value investors initially. We do not have much to add to this great article, which we highly

recommend as educational reading:
https://www.researchaffiliates.com/en_us/publications/articles/808-value-in-recessions-and-recoveries.html. The good news for the go forward for our portfolio is two-fold: 1) value investing *did* bounce back better than the market in the previous four macro-shock downturns after the initial pain and 2) we think it is likely that there is still a speculative bubble to pop in the near term. We hate how painful it has been over the last decade to get to this point, but we do think that this is a rare moment that is measured in generations.

We believe we can outperform mostly because of what we own, but we think that avoiding the overvalued parts of the market and the potentially statistically cheap but lower quality parts of the market will also be key. As growth stocks continue to drive the market upwards, we have seen higher multiple, higher return on equity (ROE) stocks particularly outperform. The market has moved from discounting these businesses at a high-single-digit discount rate to a mid-single-digit or lower rate over the last several years. It is also likely that terminal multiples have gone up as well, signaling a dangerous level of overconfidence about what the world will look like 5-10+ years from now for each of these stocks vs. the broader market.

In order to put some more detailed numbers on this concept, meet the “20/20 Club” – those stocks with a PE ratio > 20x and an existing ROE > 20%. Much like how the market became infatuated with stocks like this in the early ‘70s “Nifty Fifty” and again in the late ‘90s with the “Dotcoms”, a period of easy money has served as rocket fuel for these stocks. Here is how the 20/20 Club out of several indices has fared over the last five years:

Name	# w/ Returns	3 Month	USD Return (%) 1 Year	3 Year	5 Year	Annualized 3 Year	5 Year
S&P 500		19.87	6.91	35.01	65.53	10.52	10.61
S&P 500 20/20	107	20.16	7.32	67.79	160.79	16.46	16.92
S&P 500 Non-20/20	395	17.56	-10.43	8.53	39.60	0.26	3.77
Russell 2000		22.92	-8.48	4.03	20.90	1.33	3.87
Russell 2000 20/20	73	30.08	16.42	277.21	433.07	31.35	21.61
Russell 2000 Non-20/20	1889	25.53	-14.19	5.97	16.97	-6.28	-3.45
MSCI EAFE		14.82	-5.18	2.40	10.64	0.79	2.04
MSCI EAFE 20/20	97	21.50	12.47	55.61	163.81	13.13	16.24
MSCI EAFE Non-20/20	819	16.03	-6.75	5.15	29.38	-0.77	2.43

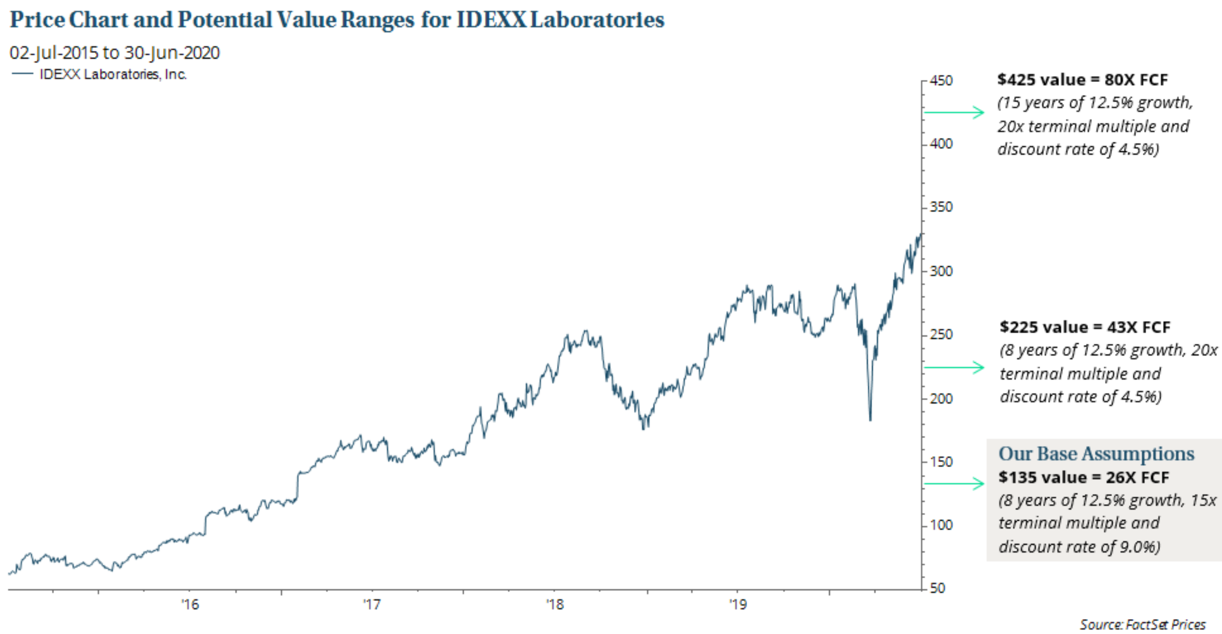
Source: Factset

If anything, this effect is understated because money-losing or barely-earning yet high-flying tech and healthcare companies do not make the cut because of their current ROEs. The 20/20 Club now has a forward PE of 32 vs. the rest of the index at 17 & the Fund at 14.4. This gap is enormous and very rare historically.

We thought it might help to illustrate this point in more detail with a specific company that we love qualitatively but don't own: Idexx, the great animal diagnostics company. It is near the top of our list in terms of growth runway and competitive position, and we expect the company to continue to meet its projected low double-digit profit growth in the near term.

We know that owning stocks with growing earnings per share (EPS) is good at the right price. But what is "low double-digit profit growth for a while" worth? In analyzing Idexx, we start by running our typical discounted cash flow (DCF) model, with the high end of our usual conservative assumptions: 12.5% profit growth for 8 years, discounted back at 9%, using a relatively high by our standard 15x terminal value because the quality of the business is so great. Over the last decade, we have stuck to an average high single digit discount rate, rather than chasing down to the low single digits, because the equity risk premium has averaged 300-500bps as far back as there are records. Even in the context of today's 30-year US treasury yield of 140bps and 10-year yield of 65bps, we still believe a 4-6% risk free rate (RFR) makes sense vs. a long look back at history and/or a 1% population growth + 1-2% productivity growth + 2-3% inflation. We have also stuck to an initial term of 5-10 years of growth because things can change a lot beyond that timeframe. Finally, we cap our max terminal value at around the long-run average market price-to-earnings (P/E) ratio, defined roughly as "mid-teens". Using our typical approach gives you a 26x free cash flow (FCF), or a conservative value of approximately $135.

But, what if we are being too conservative? The chart below shows what happens when we change the assumptions in the model. Tinkering with the inputs can quickly yield much higher - though we would submit unsustainably so - outputs:



Change up the growth numbers a bit for other market favorites beyond FAAANM, like Visa, Master Card, Workday, ServiceNow, Intuit, Autodesk, Adobe, Shopify, Dollar General, Costco, Wal-Mart, Zoetis, Rollins, Brown Forman, etc., and you can see how they get their current multiples and how the S&P 500 P/E multiples quickly get into nosebleed territory. There are non-US equivalents in certain cases, but the S&P 500 is home to the most overvaluation today. These specific examples are all great companies. Value investors, like ourselves, have undoubtedly suffered by missing out on their run. However, we believe there is a big difference between "owning a great company at a fair price" and owning these companies that have been the prime driver of the market over the last few years at today's full valuations. Today, these stocks are reminiscent of the aforementioned bubbles in the mid-late '90s and the early-mid '70s, when stock performance became way too concentrated as people paid up for "certainty."

On the other side of the coin, not all low-multiple stocks are created equal. While we evaluate every company on a bottom-up basis and are hesitant to rule out entire sectors of the market, there are certain industries that make up a meaningful part of the index we intentionally remain relatively underweight. Some of the lower multiple groups in the MSCI World are mature health care companies, oil majors and banks. We have trouble capitalizing some of the high returns in mature health care these days, as the US health system is not working for its high cost. There is a greater than 50% probability we will see an administration change coming out of the November elections, which would likely lead to further changes to the system. That said, we do have one on-deck company that we have vetted within this industry, which we think could be unique. We have always had a hard time understanding why the oil majors trade where they do and still struggle with them today. It seems possible that these are owned for their (now even more unsustainable) dividends and/or for shadow-indexing purposes. The world has changed in a big way for companies focused on oil and for many others in the energy industry that do not have strong balance sheets. Banks also look statistically cheap now. The current downturn looks like it could be uniquely bad for this industry, as banks are hit from a variety of angles in the small business, consumer and real estate lending worlds, growing digital trends are eroding their brand power and finally a potential administration change could put their dividends at risk. We also see higher tax rate risk for all three of these industries. Our relative underweight will likely have a strong impact on our relative returns going forward because these groups make up over 20% of the market cap of the MSCI World Index and approximately 18% of the stocks in this index, and we often see value peers owning even greater weightings than this.

A key lesson that we have learned over the past decade is that future value growth is more important than a single point in time price discount. Our greatest investment successes have come from companies where our appraisal value has steadily grown, and our management teams have taken steps to get that value recognized. Our greatest mistakes have come from focusing too much on the discounted price at the expense of business and people quality and value growth. Today, we are firmly focused on future value growth, but we doubly benefit from deep discounts across the board in the current environment.

What We Do Own: Looking to the Future

Back to what we do own, in last quarter's letter, we described three buckets of stocks in our portfolios post-COVID: 1) those that have benefitted in at least some way and therefore had little value pain; 2) those that have taken some pain but will survive and can keep growing over the medium term and 3) those that have some real, material issues to deal with, which saw a more material near-term value hit and potential for permanent value impairment. The percentages for the Fund were 31%/57%4% in each bucket (+8% cash) the last time we updated you, but today they are 30%/55%/1% (+15% cash). While this looks like a small headline shift, a deeper dive shows a material upgrade in the underlying portfolio position. We firmly believe that this will lead to better prospective returns from here due to a higher quality portfolio.

We noted in the 1Q letter that EXOR was categorized in the second bucket but that "it could quickly move to the first category if the two recently announced deals – the merger of FCA and Peugeot and the sale of PartnerRe to Covea - continue as planned." The PartnerRe deal was originally an unsolicited opportunistic bid that management could not pass up given the premium, rather than a targeted asset divestiture. It was disappointing to see Covea back out of the agreement in the quarter. Our view on reinsurance was steadily improving during the same period they made the decision to break the deal. The COVID impact on top of an already firming price environment is translating to the hardest (most positive) reinsurance pricing environment in years. We believe this is a good time to be allocating capital to the space. We are disappointed not to receive deal liquidity in what would have been an opportune time, but we were happy to see CEO John Elkann's discipline in refusing to negotiate a lower, fire sale price in the face of a dramatically improving business environment. PartnerRe is well positioned to thrive over the next few years and ultimately be worth more than Covea's offer. We believe that EXOR's firm stance on refusing to re-open discussions has to be a positive factor in seeing the more strategically important FCA-PSA deal through. Mr. Elkann has demonstrated conclusively what sort of negotiator he will be. In prior situations, EXOR has gone out of its way to stand by its commitments despite changing environments. This high integrity and conviction increase the probability of a successful conclusion in the fourth quarter of 2020 or by the first quarter of next year. Our appraisal value was never dependent upon the deals closing, and we remain highly confident in John Elkann as the right partner for navigating EXOR through the current environment to come out even stronger on the other side.

The third bucket, which held OCI, was the most important category for us to address, as we sought to upgrade the portfolio. We exited the company in the second quarter, as a result of a combination of people changes (as founder Nassef Sawiris, whom we admire and support, stepped back from day-to-day management of the company) and balance sheet deterioration, amid an environment where the macro swamped the ability for the company to execute on the original case.

We would add the following important notes to our current expectations for the various groups of stocks within the COVID-19 environment.

1. Stocks that seem like they are 100% binary today as it relates to the virus might be more nuanced as the year plays out. For example, when Carrier spun out of UTX at the start of the quarter, it was viewed as an overleveraged company that was vulnerable to the economy stopping as people deferred HVAC (heating, ventilation and air conditioning) spending. That perception changed quickly however, as HVAC spend has so far hung in better than expected, the company renegotiated a debt covenant, management purchased shares personally and the market began to focus on the best in class Carrier brand name's long term staying power. Going forward, we could see stocks like GE transition out of the virus-correlated large daily price swings, as large parts of GE's value are much less long-term impacted than the market seems to be saying today.

2. If stocks might stay in the "virus binary" category for a while in the market's perception, then we want to own only those companies that have trophy assets, great partners and balance sheets that let them go on offense. Melco International is a good example in this category.

3. We are also going to see the importance of great partners more than ever. It has been wonderful to see big owners like Prem Watsa at FFH and Lawrence Ho at Melco step up with big insider buys. Additionally, John Elkann made the

difficult yet long-term correct decision not to renegotiate the sale of PartnerRe to Covea.

4. Sometimes surprisingly good things happen to specific investees that do not fall into any of these categories. For example, while it had been a painful wait to see CNX outperform, at long last natural gas sentiment shifted positively due to a variety of hard-to-foresee factors, plus the company delivered another solid quarter based on what was in their control.

5. As we said last quarter: if things change for real (not just a stock moving around day to day), we will change the portfolio accordingly. We had more activity than usual on this front in the quarter.

Contributors/Detractors

(Q2 Investment return; Q2 Fund contribution)

CNX (63%, 3.33%), the Appalachian natural gas producer, was the top contributor in the quarter. The company reported strong free-cash flow and earnings before interest rate, tax, depreciation and amortization (EBITDA) growth in the first quarter. CNX has demonstrated a path to reach $500-$730 million annual pretax cash earnings over the next several years, assuming modest $2.45-$3.00/mcf gas prices. If the commodity price continues to disappoint going forward, CNX maintains the industry’s best hedging book, as well as one of its lowest leverage ratios. CNX bonds trade close to par, while inferior exploration and production peers face near-term bankruptcy risks. CNX also recently announced cuts to its six-year capital expenditure plans, which should increase cash profitability on flat gas production. CEO Nick DeIuliis and Chairman Will Thorndike have taken decisive actions to restore long-term profitability during an excruciating year for the energy industry. They have more moves to make this year from a position of relative strength.

Carrier (57%, 2.42%), the HVAC manufacturer that was spun out of United Technologies at the beginning of April, was a positive contributor. Though it was initially overshadowed by the simultaneous spin of more expensive Otis Elevators, which we sold soon after its distribution, Carrier is a high-quality business. We bought additional

Carrier shares when the stock traded at less than half our appraisal and a 7x trailing P/E, against similar competitors trading at 13-17x. Carrier owns strong brands and has a reasonable debt load. As a result of COVID shutdowns and abnormally high growth in last year's first quarter, Carrier's first-quarter 2020 organic revenue declined 9% year-over-year, and its operating income 12%. The company still earned healthy FCF. In March and April, CEO Dave Gitlin conserved cash by deferring capital expenditures and implementing permanent cost savings. We expect Carrier's financial performance to improve significantly for the next several years as a focused independent company.

DuPont (57%, 2.42%), the industrial conglomerate, was another strong contributor to performance. Coronavirus-driven lockdowns led to 10-15% revenue declines across its businesses in April, but revenues have improved quickly in May and June. In Transport, revenues declined the most as auto production froze, while Safety & Construction and Electronics were more resilient as demand for Tyvek wrap and semiconductors held steady. Recently returned CEO Ed Breen took advantage of the crisis by shrinking DuPont's unnecessarily wide product assortments, while simultaneously increasing the company's investments into sales and R&D. The actions set up DuPont for better profitability and growth for years to come. DuPont's Nutrition segment is also on track to close its value-growing merger with highly-valued International Flavors and Fragrances. DuPont has no significant debt maturities until the end of 2023 and is well positioned to navigate even an extended crisis.

Williams (38%, 2.34%), the natural gas pipeline company, was also a top performer. The company's midstream assets in the Gulf of Mexico, Northeast and Transco (arguably the best pipeline in the world, carrying Texas gas to much of the US) grew EBITDA by a mid-single digit percentage. Natural gas demand has remained strong throughout the last several months. One of the reasons we had the opportunity to buy Williams at a discount was its exposure to customer Chesapeake Energy. However, when Chesapeake's bankruptcy became official at the end of the quarter, Williams' stock barely reacted as the market is coming to understand that this is not going to significantly impact Williams' long term FCF and value per share. Despite the Williams stock appreciation this quarter, shares still trade for a significantly higher dividend yield and lower EBITDA multiple than the industry's and stock's own historical averages. The majority of Williams' pipelines are growing their cash flows this year, and the company's leverage is conservative.

Melco International (36%, 1.76%), the Macau casino and resort holding company, was a top contributor for the quarter, after being the largest detractor in the first quarter. Melco's operating subsidiary Melco Resorts (MLCO) reported better than expected results in the first quarter, with gross gaming revenue (GGR) market share growing quarter-over-quarter. This, combined with optimism on potential easing of travel restrictions, led to a strong price rebound from depressed levels. The Macau operating environment remains challenging due to COVID-19 induced travel restrictions in the region. With China, Hong Kong and Macau borders effectively closed, Q2 GGR was down over 95% year-over-year. Macau has been very effective in containing the spread of the virus, but the casinos are virtually empty and will remain so as long as there is a 14-day quarantine requirement by the neighboring Chinese province of Guangdong, which accounts for nearly half of all Chinese visitation to Macau. Hong Kong has seen a minor second wave of COVID-19 and extended the border restrictions into August. There is increasing optimism, partly fueled by comments from Macau's Chief Executive Ho Iat Seng, of a travel bubble formation between Guangdong and Macau, which could jumpstart the recovery. MLCO management is managing its balance sheet and cash flows well during these tough times, reducing daily cash costs, liquidating its stake in Crown, reducing capex for the year and cancelling quarterly dividends. Today, MLCO has $3.2 billion of available liquidity, which is equivalent to almost two years of fully-loaded cash burn in a zero-revenue scenario. We are encouraged to see our partner CEO Lawrence Ho invested over $50 million of his personal capital in Melco International shares during the quarter - the highest amount of open market purchases by him ever.

Prosus (33%, 1.33%), a global consumer internet group, was another top contributor in the quarter and a strong year-to-date contributor. The company's 31% stake in Tencent demonstrated significant resilience during the pandemic. Tencent's online advertising and gaming businesses grew revenues by 30% last quarter, as consumers spent more time on their mobile phones during the lockdown. Prosus has both the discipline and financial strength to navigate the current uncertain environment. Over the past year, Prosus made only 54 investments after evaluating over 5,000 potential transactions. At a time when cash is king, Prosus has $4.5 billion in net cash and has access to an undrawn $2.5 billion revolving credit facility. Furthermore, the company has no debt maturing until 2025. Despite a strong track record and solid fundamentals, Prosus continues to trade at a significant discount to its net asset value. Management's compensation is tied to getting shareholder value recognized, and we expect that they will continue to work to close the gap between price and value.

General Electric (-14%, -1.01%), the industrial conglomerate, was the only significant detractor in the quarter. GE's Aviation segment, its most valuable, manufactures and maintains commercial and military jet engines. Aviation revenues will take years to recover back to 2019 levels, though they have already bottomed, and passengers have gradually begun to fly again. CEO Larry Culp responded to the COVID-19 crisis with decisive steps to control costs, and long-term GE Aviation earnings before interest and taxes (EBIT) margins should recover to over 20% once the industry recovers. With leading positions in narrow-body jets, GE Aviation has decades of strong growth ahead despite COVID-19's sharply negative impact. GE's Healthcare and Power sales slowed during the first quarter as hospitals postponed elective surgeries and plants deferred maintenance services, but the revenues of both businesses should bounce back later this year. COVID-19 has delayed GE's ability to deleverage to its 2.5x industrial net debt/EBITDA target, but the balance sheet is strong enough to survive the downturn, and GE recently issued bonds with a 2050 maturity. Our appraisal of the value declined moderately and assumes a slow multi-year rebound for Aviation but is still more than 80% above the stock's current price.

Portfolio Activity

This quarter was in many ways the opposite of the first quarter that started with more cash than usual and ended essentially fully-invested, as markets declined. In the second quarter, we started with more ideas than money but ultimately ended up building approximately 10% cash, as we sold three companies and trimmed several top performers as the quarter went on. This is frustrating to us, but we must stick to our discipline. We are keenly focused on continually upgrading the quality of the portfolio. We have done the work to build out a compelling on-deck list and can act quickly as stock prices cooperate. We believe that the current environment of uncertainty will yield the necessary price volatility for us to put the cash to work, as we did at the start of this quarter.

We took advantage of the chance to increase our position in Carrier early in the quarter, as it spun out of United Technologies (UTX) at a deep discount to its absolute value and inferior peers. As the stock appreciated later in the quarter, we trimmed some of our holding as price approached value. We also added to FFH as it was unfairly punished vs. its insurance peers. It was great to see CEO/Founder Prem Watsa join us with a massive personal purchase of over $100 million in the quarter.

We exited Otis as it spun out of UTX at or above our opinion of its fair value and joined the 20/20 Club. It was a harder decision to exit Raytheon Technologies, as it did not reach fair value in the quarter (although still a higher price to value (P/V) than most other holdings), but we ultimately concluded that the commercial aerospace business was changed for the worse and we already had a superior business in that industry at GE. The now more important defense business was not one we are as comfortable with for multiple reasons – especially given social concerns around the missile business and some of its key customers. Additionally, we felt the solid management team did not have enough ways to go on offense. As discussed above, we also finished our sale of OCI, as our outlook for the business weakened amid COVID-19, and management's ability to go on offense deteriorated.

Outlook

We are confident that our underpriced, good businesses and their competent and shareholder-oriented management teams will produce above average returns. While our on-deck list unsurprisingly has fewer names than we had in March, they are uniquely competitive companies that we believe we will have the opportunity to own. A lot of the work we have done pre-qualifying the qualitative will not have been wasted on those stocks where prices rocketed higher in May and June, as we could get other shots at them and think it more likely than not that these shots could come quickly with the increased market volatility of this year. Some are closer than others, and we expect to see at least one to two new companies in the portfolio the next time we are writing to you. Examples on our on-deck list include the aforementioned large health care company, and we also have pre-qualified but are waiting on price another company that would be classified as health care but is really more of a consumer product company. We also did a good amount of work on a company that is transitioning from hardware to software and are excited about its business and people, but its price has not cooperated. A real estate/resources company has been on our radar for a long time but needs to show further progress on capital allocation, and we are monitoring management's next steps closely. We have delved into a company with good people that we feel is unfairly lumped in with balance-sheet-heavy financials when it is actually more of a fee business, but the price is not right yet. A communications/media conglomerate is undergoing positive changes, so we are doing more work to get to the right decision. And the list goes on.

Our portfolio of competitively-entrenched and growing – but currently out of favor – businesses now has a forward P/E of 14.4 vs. the index at 21.9. We made meaningful progress in upgrading the strength and quality of the portfolio this quarter. Today we have approximately 15% in cash to put to work in new opportunities that qualify on our Business, People, Price criteria. We are confident we will have the opportunity to be a liquidity provider amid the current environment of heightened global uncertainty. While US large cap market favorites have gone to even higher prices on potentially lower earnings, we believe the quality of the businesses we own will be recognized and that our patience will be rewarded. We thank you for your partnership and look forward to delivering for you.

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.

The Global Financial Crisis (GFC) is a reference to the financial crisis of 2007-2008.

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

Free Cash Flow (FCF) is a measure of a company's ability to generate the cash flow necessary to maintain operations. Generally, it is calculated as operating cash flow minus capital expenditures.

Return on equity (ROE) is a measure of profitability that calculates how many dollars of profit a company generates with each dollar of shareholders' equity.

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

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.*

The risk-free rate of return is the interest rate an investor can expect to earn on an investment that carries zero risk.

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.

As of June 30, 2020, the top ten holdings for the Longleaf Partners Global Fund: EXOR, 8.7%; CenturyLink, 7.4%; FedEx, 6.5%; Melco, 5.4%; Fairfax, 5.1%; Prosus, 5.0%; Williams, 4.8%; CNX Resources, 4.7%, Carrier, 4.3%; GE, 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.

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