Longleaf Partners Funds

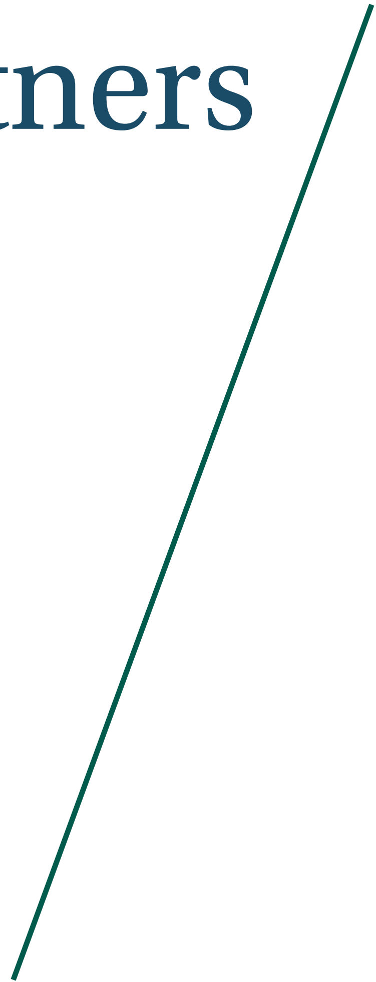
Quarterly Summary Report

For the Quarter Ended
September 30, 2021

Longleaf Partners Funds

LLP001242 expires January 31, 2022

Longleaf Partners Fund



Longleaf Partners Funds

Summary – September 30, 2021

3Q21 Longleaf Partners 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 $11.0 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	US mid-large cap value
Ticker	LLPFX
Inception Date	April 8, 1987
Net Assets	$1.8 billion
Expense Ratio (Gross)	1.03%
Expense Ratio (Net)	0.79%
Turnover (5 yr avg)	25%
Weighted Average Market Cap	$31.3 billion

Holdings (17)

	Activity*	Weight
Lumen	+	11.0%
Affiliated Managers Group		6.3
Mattel		6.0
MGM Resorts		5.6
Hyatt	+	5.3
Fairfax Financial		5.2
Douglas Emmett		5.1
CNH Industrial	-	4.9
CNX Resources		4.8
General Electric		4.7
FedEx	+	4.6
Discovery	NEW	4.6
CK Hutchison		4.4
Williams		4.3
Holcim		4.1
IAC	NEW	4.1
Comcast	-	3.5
Cash		11.5
Total		100.0%

*Full eliminations include the following positions: No complete exits

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, 2022 and may not be terminated before that date without Board approval.

LLP001171 expires January 31, 2022

Sector Composition

Communication Services	23.2%
Industrials	18.6
Consumer Discretionary	16.9
Financials	11.5
Energy	9.1
Real Estate	5.1
Materials	4.1
Information Technology	--
Health Care	--
Consumer Staples	--
Utilities	--
Cash	11.5

Performance Contribution

Top Three	Portfolio Contribution	Return
CNH Industrial	0.11%	2%
MGM Resorts	0.09	1
Hyatt	0.07	-1

Bottom Three	Portfolio Contribution	Return
FedEx	-1.32%	-25%
Holcim	-0.93	-19
CK Hutchison	-0.63	-13

Performance at 9/30/2021

	Total Return (%)			Average Annual Return (%)				
	3Q	YTD	One Year	Five Year	Ten Year	15 Year	20 Year	Since Inception
Partners Fund	-5.70	16.38	42.86	7.38	9.37	4.96	6.74	9.99
S&P 500	0.58	15.92	30.01	16.90	16.63	10.37	9.51	10.53

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.

October 2021

Longleaf Partners Fund Commentary

3Q21

Longleaf Partners Fund fell 5.70% in the third quarter, while the S&P 500 Index returned 0.58%. The Fund remains ahead of the index year-to-date (YTD), up 16.38% vs. the S&P's 15.92%. In the quarter, a handful of our stocks declined double-digits - each for different reasons, which we discuss in more detail below. The majority of our investments reported flat to low-single digit + or - returns. Although our stocks' performance was disappointing in the period, most of the portfolio's companies grew their values. This compounding force should drive material future returns.

The bottom-up progress is far better than market sentiment would indicate, and our corporate management partners are acting on this disconnect. We have also acted on the disconnect in the US large cap market, as declining interest rates, a cooling of COVID reopening excitement in the face of the delta variant and top-down China fear caused many investors to flee into "safe haven" stocks. This created compelling opportunities within our sweet spot of high – and improving, but not yet consensus recognized – quality businesses that have been generally overlooked this year. We have bought three new companies in the portfolio this year, two of which we initiated in the third quarter.

Average Annual Total Returns for the Longleaf Partners Fund (09/30/2021): Since Inception (4/8/87): 9.99%, Ten Year: 9.37%, Five Year: 7.38%, One Year: 42.86%. Average Annual Total Returns for the S&P 500 (09/30/2021): Since Inception (4/8/87): 10.53%, Ten Year: 16.63%, Five Year: 16.90%, One Year: 30.01%. Average Annual Total Returns for the Russell 1000 Value (09/30/2021): Since Inception (4/8/87): 9.94%, Ten Year: 13.51%, Five Year: 10.94%, One Year: 35.01%.

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These purchases improved the qualitative and quantitative positioning of our portfolio, which now trades at approximately 10x free cash flow (FCF). The top-heavy S&P 500, by contrast, trades at over 20X FCF. The Index looks even more overvalued when one considers seven of the 10 largest companies in the index (Apple, Microsoft, Alphabet, Facebook, PayPal and Nvidia) are posting all-time high after-tax margins undergirding hoped-for 2022 earnings that we believe are at risk. In comparison, we expect significant margin growth at our high quality and highly discounted businesses, like General Electric, Mattel, Hyatt, FedEx and others.

The best news and the biggest market reaction surprise in the quarter was at our largest holding Lumen. After much engagement with Southeastern following our amended 13D filed last December, the company announced that it was selling two assets – the slowest growth part of its legacy copper landline business in 21 states in the US and the Latin American (therefore highest discount rate / lowest multiple) part of its enterprise fiber business. At a time when the company was trading at 5.5x EBITDA (earnings before interest, taxes, depreciation and amortization) for all its assets, it sold the legacy landline assets (i.e., the lowest multiple part of its lowest multiple business) for that same 5.5x and the Latin American assets (i.e., the lowest multiple part of its higher multiple business) for 9x. The absolute amount of gross proceeds was almost equal to the company's market cap. We believe the remaining legacy assets are worth greater than 5.5x and the remaining fiber/enterprise assets are worth greater than 9x, especially because infrastructure funds have recently paid mid-teens multiples for similar fiber assets. Thus, we now have a higher quality, higher growth, lower leverage mix of assets at Lumen. But when this news was announced, Lumen's stock price initially went down, due to weak communications around future growth and capital allocation on the conference call. This communication failure can be fixed much more easily than a business failure, and we were encouraged that the company authorized a share repurchase to take advantage of the market's short-term misunderstanding. The stock price stabilized and increased as the quarter went on (although two annoyingly-timed, negative sellside reports hit the stock on September 30), but there is still an enormous gap between price and (growing) value.

Holcim, FedEx and CNX Resources detracted for various reasons in the quarter that are out of whack versus their positive value development this year and likely future actions. At Holcim, old headlines about (now closed) operations in certain Middle

Eastern countries rose up again. The fact is that this problem is much more behind the company than in front of it, given the issues arose under former management, none of whom are still in place today. Holcim is now in the capable hands of CEO Jan Jenisch, who bought shares personally, alongside other executives at Holcim, after the stock dropped due to these headlines. The company also announced yet another divestiture at a solid price when Holcim exited its non-core position in Brazil. Management will continue to focus on the markets where Holcim is strongest (sustainable products in Americas, Europe and India), while tilting its business mix away from less sustainable emerging market cement. FedEx reported a slightly disappointing quarter, as margins decreased due to cost inflation. We wonder if this could be a preview of what happens with other S&P 500 companies in the months to come (FedEx reports late in the quarter). What those companies don't have is the incredible pricing power of FedEx to eventually pass through those costs, and we also still see a path to improved FCF conversion both in absolute terms and vs. core competitor UPS, leading to various ways that the multiple gap between these two companies can close. Finally, had you told us two years ago that CNX would 1) accretively buy in its pipeline assets to be the low-cost player in the basin; 2) further lock in FCF with hedges; 3) buy back a material amount of shares to grow FCF/share power above $2; 4) finally see more E&P industry consolidation, we would not have expected a sub-$12 stock price. But now that gas prices are up, hedges are viewed by the market as a negative, and sellsiders struggle for a short-term "catalyst." We expect CNX to create more catalysts and continue to take advantage of its dramatically undervalued stock price.

Contributors and Detractors

(Q3 Investment return; Q3 Fund contribution)

CNH Industrial (2%, 0.11%), a leading farm equipment and commercial vehicle manufacturer globally, was the top contributor for the quarter. CNH reported strong first half results and meaningfully upgraded its sales and FCF guidance for the year. After years of serving as a headwind, the ag cycle is now firmly in CNH's favor, driven by commodity price strength, healthy farm balance sheets, advanced technology adoption and aging fleet feeding replacement demand. CNH is in the process of spinning off its on-highway business (which includes its IVECO commercial vehicles and FPT powertrain segments), which will create a pure play off-highway company (comprised of the agricultural, construction and specialty vehicles businesses). The spin-off is

expected to be completed by early 2022 and should lead to a narrowing of the discount to net asset value once we have two focused companies valued at peer multiples.

MGM (1%, 0.09%), the casino and iGaming company, was a top contributor. With Vegas and regional casinos open, results in the quarter were strong and above 2019 cash flow levels at many properties. Revenues remain around 70% of 2019 levels and should reach new highs when large conventions return in a year. BetMGM is now the #2 mobile app in its category nationally and has exceeded all our expectations. CEO Bill Hornbuckle also grew MGM's value by selling the real estate of several casinos at great prices and repurchasing shares at a 7% annualized pace. His excellent work over the last two years pulled the company through lockdowns and positioned it to be stronger than ever in 2022 and the years to come.

FedEx (-25%, -1.32%), the B2B and e-commerce global logistics company, was our largest detractor for the quarter. Revenues continued to grow very well across all three segments, with Freight standing out at +23% year-over-year. Yet Ground margins declined by 1.6 percentage points due to the labor shortage and associated wage cost inflation, as FedEx is hiring over 80,000 employees this year. The company therefore cut its full-year earnings guidance by 5% and now trades around 11x earnings per share (EPS). UPS with less growth and much more dangerous Amazon dependence trades at 17x, implying a FedEx value similar to our appraisal. Despite the stock's significant appreciation over the last year, we believe it remains very cheap. We also expect to see capital allocation contribute going forward as the gap between EPS and FCF closes while the company has an outstanding repurchase authorization.

Holcim (-19%, -0.93%), the global cement and aggregates company, detracted despite strong first half results, as discussed above.

CK Hutchison (-13%, -0.63%), a conglomerate of telecommunications, health & beauty, infrastructure and global ports, was a detractor. The stock was impacted by market fear in reaction to various events in China in the last six months, sending Chinese and Hong Kong markets tumbling. CK Hutchison's reported results in the first half demonstrated an overall steady recovery from the pandemic last year and the fact that this is not really a "100% China" company. The retail division achieved +35% EBITDA growth. All regions have shown a good rebound year over year, but the segment hasn't

recovered back to the pre-COVID level yet. The telecom division's muted results were driven by intensified competition in Italy as well as the decline of wholesale revenue from Iliad Italia. The merger between Husky Energy and Cenovus was completed in January 2021, and this combined company is now benefitting from commodity price strength. In September, CK Hutchison reached an agreement for another value accretive transaction. Merging the Indonesia telecom business with Indosat elevates the company's local business from a sub-scale player to now the second-largest player in the market with better competitive advantages. The massively value accretive tower sale to Cellnex, first announced in November 2020, is progressing. CK Hutchison has completed five out of the six tower asset disposals and received aggregate proceeds of €6.3 billion so far, nearly 30% of CK Hutchison's market cap. We are encouraged that the board has been deploying a portion of the proceeds for share buyback to take advantage of the current mispricing opportunity, but we think they could do even more.

Portfolio Activity

We added two new holdings in the quarter. We have profitably owned Discovery Communications and Scripps Networks (which merged into Discovery in 2017) multiple times before. We have followed Discovery closely for the last few years and waited to see how the company's high-quality assets would fit into an increasingly confusing video marketplace. We immediately got more interested in the second quarter of this year when Discovery announced its merger with AT&T's Warner Media. Warner has top-notch, highly differentiated media assets including the Warner Bros. library, HBO and CNN. When joined together with Discovery's more niche yet more global assets like Discovery, HGTV and Food, the new company will be a powerful participant in "traditional" media with a much stronger streaming option to compete with Disney and Netflix. We have great confidence that CEO David Zaslav and long-time owner/board member John Malone will navigate this new company to a great position in the years ahead. John Malone is giving up his supervotes to accommodate the merger, a decision benefitting other shareholders and indicating his belief in the deal. Our other addition in the quarter is media and internet holding company IAC. We have followed IAC for years with growing admiration for the capital allocation abilities of the Joey Levin and Barry Diller team. After the spinoffs of Vimeo and Match over the last year plus, we find that the remaining assets of Angi, Dotdash, Care.com, Turo, MGM and other smaller investments are a compelling mix of high quality, understandable and

underpriced businesses. We are still building our position and look forward to talking about this one more in the future. We trimmed some Comcast in the quarter as its price approached value and we found these two new holdings to be more attractive qualitatively and quantitatively. Our on-deck list grew with companies in branded industrials, technology, health care, distribution and consumer products.

Outlook

The Partners Fund in aggregate is more attractive than it was last quarter and also more attractive than it has been post "Pfizer day" almost 11 months ago. The price to value (P/V) is in the mid-60s%, and as mentioned above it is rare to have a portfolio trading at 10x FCF when the S&P 500 is 20x+. While we remain focused on the bottom-up fundamental value of our portfolio holdings, the team has spent a lot of time this year analyzing the much-debated topic of inflation and interest rates, and we will include a more detailed review in our year-end letter.

We are beginning our search for our next North American junior analyst, as Luke Willert has been making strong progress behind the scenes and will be moving up to analyst status next year. We always value input from our shareholders and client partners, who are one of the most important groups within our extensive global network, and we welcome references for this position. We have already gotten some strong applicants and look forward to adding to our talented team.

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.

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.

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.

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

As of September 30, 2021, the top ten holdings for the Longleaf Partners Fund: Lumen, 11.0%; Affiliated Managers Group, 6.3%; Mattel, 6.0%; MGM Resorts, 5.6%; Hyatt, 5.3%; Fairfax Financial, 5.2%; Douglas Emmett, 5.1%; CNH Industrial, 4.9%; CNX Resources, 4.8% and General Electric, 4.7%. 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.
LLP001234
Expires 1/31/2022

Longleaf Partners Funds

Summary - September 30, 2021

3Q21

Longleaf Partners Small-Cap Fund

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Longleaf Partners Funds

Long-Term / Concentrated / Engaged / Value

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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	US small-cap value
Ticker	LLSCX
Inception Date	February 21, 1989
Net Assets	$1.9 billion
Expense Ratio (Gross)	0.96%
Expense Ratio (Net)	0.95%
Turnover (5 yr avg)	29%
Weighted Average Market Cap	$5.7 billion

Holdings (16)

	Activity*	Weight
Lumen		12.7%
Realogy		7.5
Mattel		6.2
Madison Square Garden Sports	+	5.6
Empire State Realty		5.5
CNX Resources		5.5
Liberty Braves Group	+	5.0
GRUMA		5.0
Graham Holdings		4.9
Lazard		4.8
Hyatt	+	4.8
Eastman Kodak		4.7
RenaissanceRe	NEW	4.6
LANXESS		4.2
Idorsia		3.3
Ingles Markets	NEW	0.4
Cash		15.3
Total		100.0%

*Full eliminations include the following positions: Everest Re

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LLP001173 expires January 31, 2022

Sector Composition

Communication Services	23.3%
Consumer Discretionary	15.9
Real Estate	13.0
Financials	9.4
Energy	5.5
Consumer Staples	5.4
Information Technology	4.7
Materials	4.2
Health Care	3.3
Industrials	--
Utilities	--
Cash	15.3

Performance Contribution

Top Three	Portfolio Contribution	Return
Madison Square Garden Sports	0.43%	8%
Everest Re	0.20	4
GRUMA	0.11	2

Bottom Three	Portfolio Contribution	Return
Empire State Realty	-1.01%	-16%
Lumen	-0.91	-7
Mattel	-0.51	-8

Performance at 9/30/2021

	Total Return (%)			Average Annual Return (%)				
	3Q	YTD	One Year	Five Year	Ten Year	15 Year	20 Year	Since Inception
Small-Cap Fund	-4.20	9.10	28.26	7.55	11.93	8.31	10.16	10.50
Russell 2000	-4.36	12.41	47.68	13.45	14.63	9.16	10.29	10.00

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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.

October 2021

Longleaf Partners Small-Cap Fund Commentary

3Q21

Longleaf Partners

Funds

Longleaf Partners Small-Cap Fund fell 4.20% in the third quarter, narrowly ahead of the Russell 2000 Index's 4.36% decline in the period. The Fund has delivered positive absolute returns year-to-date, adding 9.10%, but it trails the Index's 12.41% return for the year. In a volatile quarter for most global markets, the portfolio was fairly steady. Two companies declined double-digits - each for different reasons, which we discuss in more detail below. The majority of our investments reported flat to low-single digit + or - returns. Although our stocks' performance was disappointing in the period, most of the portfolio's companies grew their values. This compounding force should drive material future returns.

The bottom-up progress is far better than market sentiment would indicate, and our partners are acting on this disconnect. We have also acted on the disconnect in the US market, as declining interest rates, a cooling of COVID reopening excitement in the face of the delta variant and top-down China fear drove investors to flee into "safe haven"

Average Annual Total Returns for the Longleaf Partners Small-Cap Fund (9/30/21): Since Inception (2/21/89): 10.50%, Ten Year: 11.93%, Five Year: 7.55%, One Year: 28.26%. Average Annual Total Returns for the Russell 2000 (9/30/21): Since Inception (2/21/89): 10.00%, Ten Year: 14.63%, Five Year: 13.45%, One Year: 47.68%. Average Annual Total Returns for the Russell 2000 Value (9/30/21): Since Inception (2/21/89): 10.60%, Ten Year: 13.22%, Five Year: 11.03%, One Year: 63.92%.

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 May 1, 2021 prospectus, the total expense ratio for the Small-Cap Fund is 0.96%. Effective September 1, 2021, Southeastern has contractually committed to limit operating expenses (excluding interest, taxes, brokerage commissions and extraordinary expenses) to 0.95% of average net assets per year. This agreement is in effect through at least April 30, 2023 and may not be terminated before that date without Board approval.

stocks. This created compelling opportunities within our sweet spot of high – and improving, but not yet consensus recognized – quality businesses that have been generally overlooked this year. We have bought five new companies in the portfolio this year, two of which we initiated in the third quarter. This is the kind of pace that we expect over the long term and need to be fully invested. The new partial positions have taken our cash from 19% at the start of the quarter down to 15% at the time of writing this letter, and we expect to see the portfolio more fully invested as we uncover new opportunities in the current environment.

Some people might look at the Russell 2000's current next 12 months multiple of 15.5 and say that this doesn't look that expensive. If that really were the multiple for 100% of the Russell 2000 in normal, mid-cycle times, then we would probably agree. But the Russell 2000 multiple referenced above excludes 30-40% (depending on how you want to count it) of index companies that are currently unprofitable. This is significantly higher than even 10 years ago, when this was 20% (https://www.wsj.com/articles/small-cap-stocks-may-be-pricier-than-they-appear-11629640805). We continue to believe that our footnotes for certain "non-earning" companies are more conservative than the "adjustments" made for the index constituents. Our non-earners have either free cash flow power in a few years that gets us to much lower than market multiples (like Mattel, Hyatt, Graham Holdings and Idorsia) and/or are asset-rich companies with recent comparable transactions at higher multiples than our appraisals for inferior properties (like Madison Square Garden Sports and Liberty Braves, among others). Many of the market's non-earning favorites are at big multiples of all-time-high gross profit and therefore much larger and more uncertain multiples of free cash flow (FCF). We also carefully select companies with FCF per share that will continue to grow even as margins rebound and improve, when the stock market is often the other way around as after-tax margins are at peak levels.

The best news and the biggest market reaction surprise in the quarter was at our largest holding Lumen. After much engagement with Southeastern following our amended 13D filed last December, the company announced that it was selling two assets – the slowest growth part of its legacy copper landline business in certain states in the US and the Latin American (therefore highest discount rate / lowest multiple) part of its enterprise fiber business. At a time when the company was trading at 5.5x EBITDA (earnings before interest, taxes, depreciation, and amortization) for all of its

assets, it sold the legacy landline assets (i.e., the lowest multiple part of its lowest multiple business) for that same 5.5x and the Latin American assets (i.e., the lowest multiple part of its higher multiple business) for 9x. The absolute amount of gross proceeds was almost equal to the company's market cap. We believe the remaining legacy assets are worth greater than 5.5x and the remaining fiber/enterprise assets are worth greater than 9x, especially because infrastructure funds have recently paid mid-teens multiples for similar fiber assets. Thus, we now have a higher quality, higher growth, lower leverage mix of assets at Lumen. But when this news was announced, Lumen's stock price initially went down, due to weak communications around future growth and capital allocation on the conference call. This communication failure can be fixed much more easily than a business failure, and we were encouraged that the company authorized a share repurchase to take advantage of the market's short-term misunderstanding. The stock price stabilized and increased as the quarter went on (although annoyingly-timed, negative sellside reports hit the stock on September 30), but there is still an enormous gap between price and our (growing) value.

Empire State Realty Trust (ESRT) and CNX Resources also detracted for various reasons in the quarter that are out of whack vs. their positive value development this year and likely future actions. ESRT's stock price traded down and back up in the quarter as the delta variant waxed and waned. We had neither banked on a speedy return to the office nor an immediate resumption of international tourists filling the Empire State Building Observatory, so our value was not impacted. We would point to how the company has a demonstrated history of repurchasing shares below net asset value. We recorded a new episode of the Price-to-Value Podcast with Small-Cap portfolio manager, CEO and Head of Research Ross Glotzbach interviewing ESRT CEO Tony Malkin in the quarter, and we would encourage you to listen to the episode here.

If you had told us two years ago that CNX would 1) accretively buy in its pipeline assets to be the low cost player in the basin; 2) further lock-in FCF with hedges; 3) buyback a material amount of company shares to grow FCF/share power above $2; 4) finally see more E&P industry consolidation, we would not have expected a sub-$12 stock price. But now that gas prices are up, hedges are viewed by the market as a negative, and sellsiders struggle for a short-term "catalyst". We expect CNX to create more catalysts and continue to take advantage of its dramatically undervalued stock price.

Contributors and Detractors

(Q3 Investment Return; Q3 Fund contribution)

MSG Sports (8%, 0.43%), the Knicks and Rangers holding company, was the top contributor in the quarter. The Knicks raised season ticket prices for the first time in seven years, and both teams maintained excellent 94% renewal rates. The National Hockey League's (NHL) new media rights deal should also more than double the Rangers' national broadcasting revenues. Recently transacted minority stakes in the Lakers and Warriors have attributed over $5bn enterprise values to both of those teams, while all of MSG Sports trades for $5.1bn. The stock attributes zero value to a controlling stake in the Knicks being worth materially more than those teams and/or for the Rangers against a widely accepted private-market value above our $1.5 billion appraisal. MSG management also confirmed in the quarter that MSG Sports will not be recombining with other MSG entities, further allaying fears on capital allocation.

Everest Re (4%, 0.20%), the insurance company, contributed. Underwriting results were excellent in a cyclically strong market with an 89% combined ratio for the quarter, 39% growth in net written reinsurance premiums, and a 26% increase in primary lines. The fund has successfully owned Everest Re shares on and off since 2004 and we have rarely witnessed better conditions in the reinsurance market. However we were disappointed again by Everest's capital allocation, particularly swapping a long-held conservative bond allocation into private equity at a moment of extremely risky high valuations. We sold the position for a solid gain after five quarters of ownership because Renaissance Re (Ren Re) presented a superior opportunity in the industry. Ren Re has a strong underwriting engine as well as a growing third-party capital segment with recurring fee-income worth a significantly higher multiple than the company's 11x price to earnings ratio (P/E) price at the time of our purchase.

Empire State Realty Trust (-16%, -1.01%), the iconic New York City commercial real estate and tourism company, was the top detractor, as discussed above. A retail tenant filing for bankruptcy hurt the stock, but we expect its Empire State Building office space to be quickly re-leased at a higher rent due to Manhattan's post-COVID reopening and rebounding office market. Observatory tickets are up to 30% of the 2019 level and should continue rebounding over the next year plus. We also believe the company remains on offense when it comes to capital allocation.

Lumen (-7%, -0.91%), the global fiber company, was also a top detractor, even as our value grew meaningfully in the period, as discussed in detail above.

Mattel (-8%, -0.51%), the global toy and intellectual property franchisor, detracted despite strong quarterly performance that increased our appraisal of the value by 5%. Sales grew 40% above weak 2020 comps, with particularly encouraging results in American Girl, the doll brand that had been struggling for years before CEO Ynon Kreiz initiated a successful turnaround. Despite some cost inflation, the consolidated gross margin increased nearly 4%. We think Mattel will earn $1.50/share next year and the multiple remains too low despite two years of price appreciation. The company has recently announced 13 feature films, 18 TV shows, and 24 other projects in development. The intellectual property (IP) efforts create substantial earnings power but haven't contributed much yet. These are some of the best non-earning assets in our portfolio and we expect many of them to be realized within the next few years.

Portfolio Activity

We added two new holdings in the quarter. We made a swap in the insurance world – buying a position in RenaissanceRe (RenRe) and selling our position in Everest Re at a 30% gain. We believe this was an upgrade on Business, People and Price. We prefer how RenRe has built a growing fee business that will continue to improve return on equity (ROE) and reduce volatility going forward. We also prefer RenRe management's capital allocation, which is much more focused on discounted buybacks at the moment. All this is for a better price-to-value than Everest Re, which has been a solid performer since we purchased it for a second time in 2020. We believe the next several years will be bright for RenRe, even if fears about near-term losses due to floods and hurricane moved the stock this quarter. We also initiated a position in a company that is a unique mix of steady consumer brand and strong real estate network. We have followed the business for a long time (some of that time as a competitor to one of our successful holdings). We are still building out the position and look forward to sharing more details on the company next quarter. While we moved our new holdings off the on-deck list in the quarter, we found more replacements for overall on-deck growth. Current highlights include names in distribution, media (both traditional and digital), durable goods and real estate.

Outlook

The Small Cap Fund in aggregate is more attractive than it was last quarter and also more attractive than it has been post-“Pfizer day” almost 11 months ago. The price to value (P/V) is in the low-60s%, and as mentioned above it is rare to have a portfolio that on average is close to 10x FCF when the index is closer to 20x+ on a comparable basis. While we remain focused on the bottom-up fundamental values of our individual portfolio holdings, the team has spent a lot of time this year analyzing the much-debated topic of inflation and interest rates, and we will include a more detailed review in our year-end letter.

We are beginning our search for our next North American junior analyst, as Luke Willert has been making strong progress behind the scenes and will be moving up to analyst status next year. We always value input from our shareholders and client partners, who are one of the most important groups within our extensive global network, and we welcome references for this position. We have already gotten some strong applicants and look forward to adding to our talented team.

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.

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.

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

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.

P/V ("price to value") is a calculation that compares the prices of the stocks in a portfolio to Southeastern's appraisal of their intrinsic values. The ratio represents a single data point about a Fund and should not be construed as something more. P/V does not guarantee future results, and we caution investors not to give this calculation undue weight.

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

As of September 30, 2021, the top ten holdings for the Longleaf Partners Small-Cap Fund: Lumen, 12.7%; Realogy, 7.5%; Mattel, 6.2%; Madison Square Garden Sports, 5.6%; Empire State Realty 5.5%; CNX Resources, 5.5%; Liberty Braves Group, 5.0%; Gruma, 5.0%; Graham Holdings, 4.9%; and Lazard, 4.8%. Fund holdings are subject to change and holding

discussions are not recommendations to buy or sell any security. Current and future holdings are subject to risk.

Funds distributed by ALPS Distributors, Inc.

LLP001233
Expires 1/31/2022

Longleaf Partners Funds

Summary – September 30, 2021

3Q21
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 $11.0 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	$1.3 billion
Expense Ratio (Gross)	1.20%
Expense Ratio (Net)	1.15%
Turnover (5 yr avg)	30%
Weighted Average Market Cap	$31.8 billion

Holdings (22)

	Activity*	Weight
EXOR	-	8.9%
Glanbia		6.4
Lazard		5.1
Domino's Pizza Group (UK)	-	5.1
LANXESS		4.9
Fairfax Financial		4.7
GRUMA		4.7
Accor		4.7
Prosus		4.6
Millicom	+	4.6
Richemont		4.6
Melco International	+	4.5
GREE	+	4.4
CK Hutchison		4.1
Holcim		3.6
Applus Services	+	3.2
Alibaba	+	3.1
Premier Foods	+	3.1
CK Asset Holdings	-	2.9
Jollibee		2.9
WH Group	NEW	2.4
Great Eagle	-	1.6
Cash		5.9
Total		100.0%

*Full eliminations include the following positions: Baidu

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 1.20% (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.

LLP001174 expires January 31, 2022

Sector Composition

Consumer Discretionary	33.9%
Financials	18.7
Consumer Staples	16.6
Materials	8.5
Industrials	7.3
Communication Services	4.6
Real Estate	4.5
Health Care	--
Information Technology	--
Energy	--
Utilities	--
Cash	5.9

Regional Composition

Europe Ex-UK	45.5%
Asia Ex-Japan	25.9
North America	14.5
UK	8.2
Cash	5.9

Performance Contribution

Top Three	Portfolio Contribution	Return
EXOR	0.36%	5%
Glanbia	0.13	2
Premier Foods	0.12	5

Bottom Three	Portfolio Contribution	Return
Melco International	-2.30%	-36%
Alibaba	-1.33	-35
Prosus	-0.92	-18

Performance at 9/30/2021

	Total Return (%)			Average Annual Return (%)				
	3Q	YTD	One Year	Five Year	Ten Year	15 Year	20 Year	Since Inception
International Fund	-9.59	-2.36	19.83	5.90	6.27	2.88	4.75	6.89
MSCI EAFE	-0.45	8.35	25.73	8.81	8.10	4.10	6.55	5.53

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.

October 2021

Longleaf Partners Funds

Longleaf Partners International Fund Commentary

3Q21

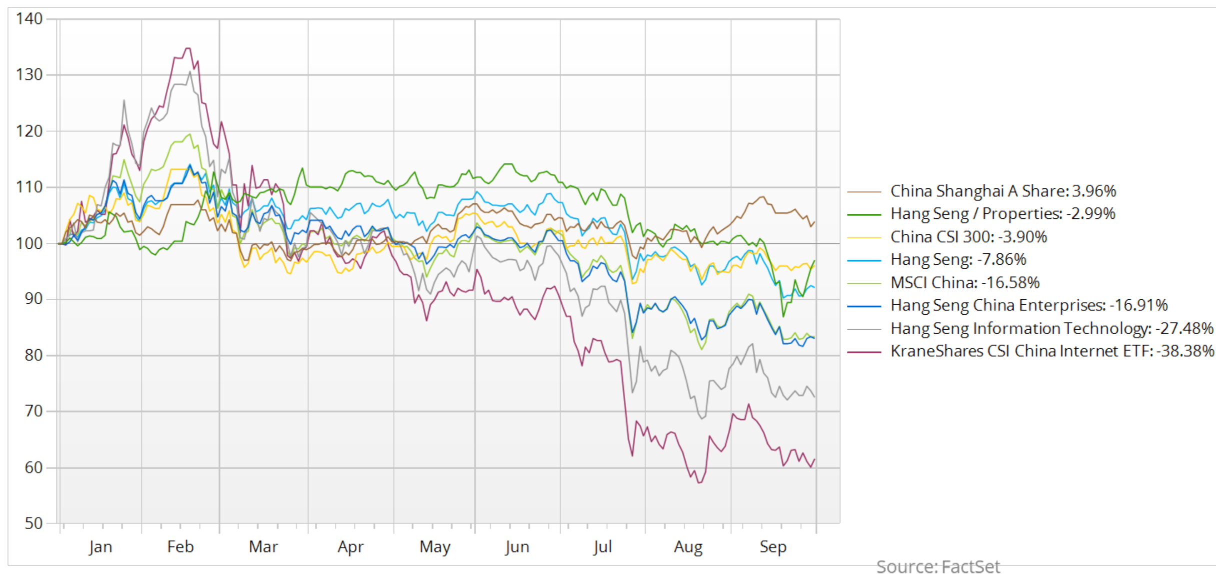
Longleaf Partners International Fund fell 9.59% in the third quarter vs. the MSCI EAFE Index's 0.45% decline, taking the Fund's year-to-date figure to -2.36% vs. the EAFE Index at 8.35%. The Fund's Hong Kong and China-listed businesses, together with two China-linked companies listed in Europe, drove the relative and absolute decline in the quarter. The rest of the portfolio essentially treaded water, with a handful of positive contributors in Europe and the Americas. The last six months in Asia have been reminiscent of the Asian Crisis in the late 1990's, when we first seeded the International Fund and established an office on the ground in Asia. We are no strangers to volatility in the region. As value investors, we recognize that macro-driven market swings can seriously impair some businesses overnight, while simultaneously creating compelling, historically discounted opportunities in others over the long term. We draw upon insights from our team on the ground in Asia and our extensive network of regional and industry experts, current and former investee company management teams and boards, asset management peers and clients to help inform our view. In addition to working with this network, we have been reviewing the portfolio's exposure and evaluating any potential value impact on a bottom-up, case-by-case basis.

Average Annual Total Returns for the Longleaf Partners International Fund (9/30/21): Since Inception (10/26/98): 6.98%, Ten Year: 6.27%, Five Year: 5.90%, One Year: 19.83%. Average Annual Total Returns for the MSCI EAFE (9/30/21): Since Inception (10/26/98): 5.53%, Ten Year: 8.10%, Five Year: 8.81%, One Year: 25.73%.

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 1.20%. The International Fund's expense ratio is subject to a fee waiver to the extent the Fund's normal operating expenses (excluding interest, taxes, brokerage commissions and extraordinary expenses) exceed 1.15% of average net assets per year.

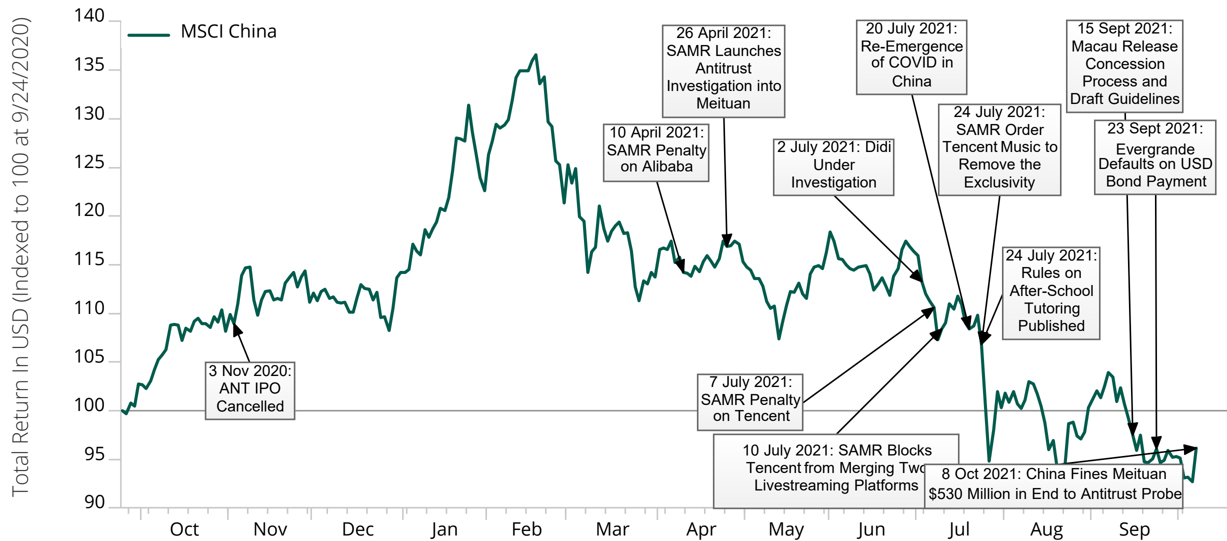
China: What happened?

Over the last seven months, both the Chinese government increasing regulation across multiple sectors and a fear of Evergrande being China's Lehman moment combined to result in a spike in market volatility and the largest decline in Chinese equity markets since the Global Financial Crisis, as shown in the chart below.



In retrospect, China's most recent regulatory crackdown started in November 2020 when the Ant initial public offering was suspended, stoking fears about the tech sector being regulated, even if these fears subsided as 2021 began. Over the last seven months, market concern increased due to a variety of events detailed below:

China Major Market Events



Source: FactSet

After an initial decline off market highs in February that seemed like a healthy correction and some milder regulatory actions in the spring that were manageable, markets took another leg down in July as the regulatory crackdown widened. First Didi and then the private education industry received scrutiny. After the private education sector was nearly put out of business due to harsh new regulations at the end of July, market declines accelerated. The market began to sell off anything that could be viewed as threatening China's social stability and security agenda. Our portfolio was further punished with both the release of guidelines for the Macau concession process (which has been planned for June 2022 for years, is unrelated to the tech crackdown and is discussed in more detail below) and Chinese real estate developer Evergrande defaulting on its USD bond payment in mid-to-late September, which further impacted our real estate and construction-related holdings. To further compound volatility created by regulatory action, COVID re-emerged in China, leading to restrictions and lockdowns across numerous cities in China.

Macau

It has been known for years that all six Macau casino operators' licenses are scheduled to expire in June 2022. Right on schedule in mid-September, the Macau Special Administrative Region (SAR) announced that the government would overhaul the

primary regulation governing the casino industry, kicking off a 45-day consultation period for amendments to the gaming law in preparation for the much-expected re-licensing process. The consultation paper released indicated tighter (but not unexpectedly tighter in many operators' opinions) supervision and regulation to come with new licenses, creating uncertainty and ultimately a sell-off across the sector. The consultation covers nine main topics, with a few primary areas causing market concern: increased local ownership requirements; dividend restrictions; government oversight changes.

We do not view the license retender process as a new crackdown on Macau, which already underwent a "common prosperity" transformation in 2014 to 2016 when Xi Jinping's anti-corruption reform campaign dramatically shrunk the VIP junket business. The Macau gaming industry contributes 70-80% of the government's tax revenue and over 55% of gross domestic product (GDP) and is the largest employer in Macau. If you include ancillary businesses, such as hotel, food and beverage and retail, the industry's contribution is even higher. The gaming sector is an important pillar of the economy of the Macao SAR and accounts for over 17% of employment of the total employed population in Macau, underscoring the importance of the sector.

In the past few weeks, connected insiders have started to buy shares in their own Macau gaming companies at Galaxy and SJM, giving us further confidence in the prospects for Macau. We remain confident in our holding in Melco International, which is led by a local operator with strong ties to Macau and Mainland China. We discuss Melco in more detail below.

China and Hong Kong Property

China's multi-year policy to deleverage the real estate sector took another meaningful step forward when the government imposed financial covenants last year on developers and severely restricted access to bank financing for developers who failed to meet the "3 Red Lines" leverage tests. The Chinese government is seeking to avoid a "Lehman Moment." It has been aggressively tackling the leverage and speculation in the real estate market to prevent an unhealthy misallocation of capital towards the real estate sector. Contagion fears spread from Evergrande to other Hong Kong-listed developers (and equity markets globally). Hong Kong property developers also weakened in September in reaction to a Reuters news article on September 17

claiming that mainland officials met with Hong Kong developers to redirect resources to help solve the housing shortage in Hong Kong. Fears of a "Common Prosperity" agenda, leading to housing price controls and the confiscation of idle landbank caused the Hang Seng Property Index to plunge. This volatile situation will likely create opportunity for the surviving businesses to acquire attractive property assets at a discount, but we recognize this could take some time.

Insider Purchases and Share Buybacks on the Rise

We have seen a notable spike in insider buying across the region this year as prices have collapsed, including by Macau gaming operators, as discussed above. On top of higher levels of insider buying in sectors we own, we have seen a significant rise in share repurchase by companies run by owner-operators as share prices have corrected. Prosus (and underlying holding Tencent), Alibaba, Gree Electric, WH Group and CK Hutchison are buying back record amounts of shares. Gree is the largest share repurchaser in China after buying back almost 9% of the company, while paying out an 8.4% dividend yield at current prices. CK Hutchison's buybacks are running at 10x the previous year's levels. The companies and their management teams themselves know the situation far better than anyone else, and it is thus encouraging to see the ramped-up pace in share buybacks by owner-manager led companies at advantageous prices.

How are We Reflecting this in Our Portfolio?

The chain of events highlighted above and splashed across headlines this year have had a strong impact on the share prices of our underlying holdings. We have been acutely focused on stress testing the portfolio and assessing the potential value impact to the businesses we own.

In the last six months, the research team has spoken with numerous contacts within our extensive global network of regional, sector and/or company-specific experts, management teams and boards, investment peers and clients, who have all helped us frame our understanding of what this environment means for our portfolio holdings. These insights range from how the world really has changed dramatically for something like the Chinese education sector (which we reviewed deeply this year but did not invest in) to how various other China-facing businesses will likely have lower growth in the near term but not be permanently impaired to how one of our long-time

Macau contacts described an item or two as “a bit out of the blue” but overall viewed this as in line with expectations and more of a “couple of months” problem.

Our contrarian instincts and our data going back many years suggest that when it feels the easiest to give up on an entire region, it is often the exact wrong time to do so. There are clear negatives on multiple fronts in China this year, but the resulting volatility has also created clear opportunity. The key learning from the past is that we must not squint on quality at a time like now. We are taking advantage of the current environment to upgrade the quality of what we own, just as we did coming out of COVID last year and in previous tough periods.

We have initiated three new investments – Alibaba, Gree and WH Group – in 2021 that have been thrown up by China-related volatility. While we were early in these businesses and felt some initial price pain as we built out the positions, we feel great about the long-term prospects of these three companies and their respective management. Alibaba has non-earning assets which are still in money-losing investment mode (including the cloud business and community group buying), so returns and profitability are deeply understated. As these businesses grow and scale up, they should generate high margins that will accelerate profitability and return on equity (ROE) going forward, despite regulatory pressures at the margin. In the meantime, Alibaba bought $3.7 billion (bn) discounted shares since April 2021, and the company upsized its approved buyback plan, first from $6bn to $10bn in December 2020, and again to $15bn in August 2021. WH Group (the largest pork company in the world) and Gree (the dominant air conditioner player in China), on the other hand, are free from the current regulatory uncertainty. Both companies are poised to benefit from the structural consumption upgrade in China, and the market volatility gave us the opportunity to buy these leading businesses at single-digit free cash flow (FCF) multiples. As discussed above, Gree initiated its first major share buyback program in 2020 and has since repurchased just under 9% of the company.

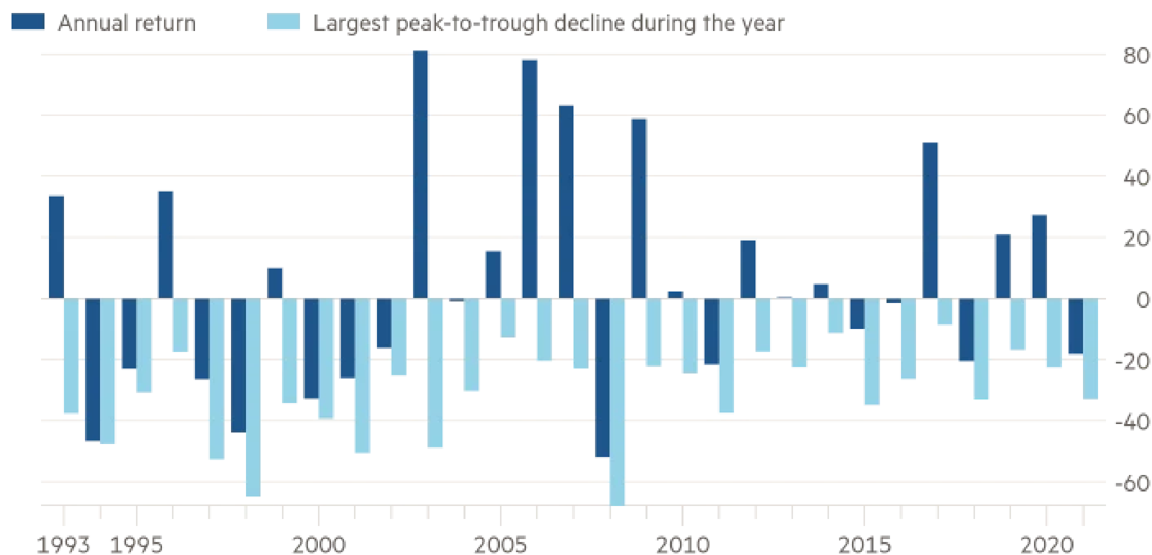
We sold our position in Baidu, as we believed there were better uses of Fund capital that did not face as strong of headwinds to value recognition. We reduced our position in Baidu early in the year in the wake of a dramatic price spike in mid-February, resulting in the stock producing a modest gain over our full holding period. We trimmed our positions in CK Asset and Great Eagle. We continue to own several

existing businesses in Asia where we remain confident in our original thesis and feel the market is simply over-reacting to short-term information. Prosus, CK Hutchison and Melco International are all down heavily for the year, collectively accounting for 40% of the Fund's relative shortfall in the quarter. Each of these companies are led by owner/operators with track records of shareholder-friendly behavior, buying back stock opportunistically and exploring value creating strategic moves. We are optimistic about each company from today's depressed levels.

It is important to remember that volatility in China is nothing new. As shown in the chart below, MSCI China Index's 2021 peak-to-trough drawdown is not far off the average annual drawdown over the past 20 years. The Chinese market has historically snapped back quickly, with annualized total returns outperforming most global markets and rewarding the long-term investor for stomaching the volatility. We believe that the companies we own can provide strong future returns over the long term that will compensate for the short-term pain felt this year.

There are bear markets in Chinese stocks most years - but strong returns compensate for volatility

Change in MSCI China index (%)



Sources: Charles Schwab, Factset
© FT

Contributors and Detractors

(Q3 Investment Return; Q3 Fund contribution)

EXOR (5%, 0.36%), the European holding company of the Agnelli family, was the top contributor for the quarter after reporting a first half NAV ahead of market estimates and 12.5% higher than year-end 2020. During the first half of 2021 EXOR focused on an increase in early-stage company investments, investing a further €122 million in EXOR Seeds, a division committing capital to promising early-stage companies. It also signed a €300mn partnership in June 2021 with World-Wide Investment Company Limited, a leading Hong Kong Family office, in order to invest in Italian medium-sized consumer goods companies. This trend is viewed positively by the market as it allows EXOR to potentially acquire exposure to more growth companies and to diversify its portfolio of unlisted assets. EXOR's, wholly-owned reinsurance company, PartnerRe, remains well positioned in a healthy insurance pricing environment for its rated paper balance sheet and for the nascent third party capital, fee generating business.

Glanbia (2%, 0.13%), the Irish-listed global nutrition company, was also a top contributor for the quarter. Performance Nutrition (GPN) delivered organic revenue growth of 27.8% for the first half of the year with growth driven by all markets on the back of channel reopening post lockdowns. EBIT (earnings before interest and taxes) margins were strong at 14% driven by price increases, operating leverage and benefits from the GPN transformation programme. Organic revenue growth for Nutritional Solutions (NS) was 16.7% with continued strong growth from the high margin premix business. This robust earnings momentum, coupled with the commencement of a renewed share buyback programme, was well received by the market. We believe Glanbia remains well positioned for the back half of the year and into 2022 and expect positive earnings revisions and more strategic developments.

Melco International (-36%, -2.30%), the Macau casino and resort operator, was a top detractor in the quarter. Melco's quarterly results were largely in-line with our expectations, but that was inconsequential in the context of ongoing travel restrictions and the market's misunderstanding of the news around the long-expected license renewal process. However, Melco is well positioned for the increased local ownership requirements, dividend restrictions and government oversight changes laid out in the government consultation. The local ownership requirements apply strictly towards the gaming concession company (in Melco's case, Melco Resorts Macau), and not the

publicly listed holding companies. Melco already meets these requirements, as CEO and Managing Director (and Macau permanent resident) Lawrence Ho holds 10% voting rights (no economic rights) at the concession company level and a majority equity interest in Melco International. Although the Macau government will now need to approve dividends under the new rules, we believe the goal is to make sure that proper investment is being made in Macau's gaming industry. Melco has a strong track record of both investing in the development of Macau and allocating capital intelligently elsewhere, including opportunistic buybacks at the right time. Finally, we view the requirement for a government representative to be a minimal change, as Macau gaming operations are already highly regulated, and the casino operators are already closely working with the Gaming Inspection and Coordination Bureau (DICJ).

Alibaba (-35%, -1.33%), the largest online retail platform in China, was also a core detractor in the quarter, as it was whipsawed by the events discussed above. Alibaba’s China marketplace-based core commerce revenue grew 14% year-over-year (YOY) despite a high base but is expected. Q1 growth of 29% YOY in Alibaba’s cloud business was below market expectations, but if we exclude the negative impact of a single customer (which had to terminate its Ali Cloud relationship in international markets due to geopolitical pressure), the growth has remained in the 40-50% range contrary to the market's bearish view. Alibaba has a proven track record of incubating new businesses that develop into multibillion-dollar franchises, and we are confident that current investments can achieve attractive internal rates of return (IRR) over time. In August, China passed PIPL (Personal Info Protection Law in China) which is China's version of Europe's GDPR (data protection and privacy). We believe its impact on Alibaba is relatively small compared to the audience targeting platforms. Alibaba is a private marketplace platform where consumers come with an intent to purchase. Alibaba does contextual marketing and does not engage in buying and selling data/traffic. While these new regulations could lower return on investment (ROI) on marketing dollars for merchants, the relative impact on e-commerce platforms like Alibaba will be lower than social networking, short video and livestreaming platforms. At today's depressed stock price, the underlying core China marketplace business, which we expect will compound at low to mid-teens rate in coming years, is only trading at a mid-single digit FCF. It is noteworthy that Alibaba is increasing its buyback authorization from $10bn in December 2020 to $15bn, which indicates management's positive view on Alibaba's growth prospects.

Prosus (-18%, -0.92%), a global consumer internet group, was another top detractor in the quarter. There are two key components to Prosus's NAV - its 29% stake in Tencent (which represents the majority of its appraisal) and the global e-commerce portfolio (which includes the food delivery, classifieds, payments and education technology investments). Tencent was impacted by increasing regulatory headwinds for the global online platform industry, as strict time restrictions were introduced for underage players, and new game approvals were halted. However, Tencent's longstanding control measures are already stricter than regulatory requirements, and spending by players under 16 on Tencent's games accounts for low-single digits of its China game grossing. We expect limited impact from further restrictions. More importantly, Tencent game has repositioned from a primarily China-centric business to a truly global business and therefore has more than tripled the addressable market. Its international game revenue has been growing at over 30% YOY in local currency and contributed 25% of the segment mix in the second quarter of 2021. For Prosus, we see a huge option value too with its fast-growing global e-commerce portfolio. The company has significantly invested in building the leading internet operations in the emerging markets, which have been delivering over 20% IRRs. The recent Naspers-Prosus share exchange transaction added complexity and resulted in a deeper price discount, even though the transaction was value-accretive to Prosus shareholders. We believe this level of discount is unwarranted, and the company continues to execute its second $5bn share buyback program.

Holcim (-19%, -0.79%), the global cement and aggregates company, was the only meaningful detractor not driven by China volatility in the quarter. Despite strong first half results, old headlines about the (now closed) operations in certain Middle Eastern countries rose up again and weighed on stock performance. The fact is that this problem is much more behind the company than in front of it, given the issues arose under former management, none of whom are still in place today. Holcim is now in the capable hands of CEO Jan Jenisch, who bought shares personally, alongside other executives at Holcim, after the stock dropped due to these headlines. The company also announced yet another divestiture at a solid price when Holcim exited its non-core position in Brazil. Management will continue to focus on the markets where Holcim is strongest (sustainable products in Americas, Europe and India), while tilting its business mix away from less sustainable emerging market cement.

Gree Electric Appliances (-21%, -0.76%), the dominant air conditioner manufacturer in China, was a new position in the second quarter and a top detractor in the third quarter. We are familiar with Gree and its industry from a past investment in our Asia Pacific strategy in Midea, the other major Chinese air conditioning manufacturer. We believe the Chinese air conditioning industry is attractive as one of the few categories that has plenty of room for penetration upside, premiumization potential and market share gain. The top two players, Gree and Midea, have over 60% market share, and we expect their share to increase further, given the new energy efficiency standards coming into effect in the second half of 2020 and the current raw material cost hike headwinds for the industry. Despite net cash representing the majority of Gree's book value, the company has historically delivered over 20% ROE, which understates the very attractive return on capital of the business. We believe that Gree is underearning as it restructures its channel distribution system and clears out inventory. Furthermore, the company's governance and capital allocation policies are substantially improving as long-term shareholder Hillhouse Capital Group bought a 15% stake previously held by a state-owned enterprise shareholder, making it the largest Gree shareholder. We think the process of clearing out excess inventory in the distribution channel is almost over and that we are close to reaching an inflection point in earnings. The brand power of Gree remains strong, with its products selling at a premium to Midea's, and the channel restructuring this year should provide a good base for future growth and profitability. It is worthwhile to note that Gree has executed three consecutive share repurchase programs and ramped up the buyback pace after the share price corrected.

Portfolio Activity

As discussed above, we exited Baidu in the quarter and trimmed CK Asset and Great Eagle to reduce our China exposure overall. We initiated a new position in WH Group and added to our new in 2021 positions in Gree and Alibaba to take advantage of high-quality opportunities created by the China volatility. We also trimmed positive performers EXOR and Domino's Pizza Group and increased our position in newer position in British company Premier Foods and existing European holding Millicom.

We believe that the extreme volatility in China has created the opportunity to own high quality businesses trading at a record discount. But we aren't looking only there, as our

on-deck list is currently extremely strong with prospective investments across multiple regions and industries. For example, we have done deep work on two (very different) continental European companies that are lumped with other "financials" but are actually high-quality fee driven businesses. We are close on a diversified UK company with strong management alignment. We have been closely watching the Spanish infrastructure industry again. We also have multiple Americas companies that are getting more interesting. And, of course, there are plenty more ideas in Asia (not just China) ranging from beverages to electronics.

Outlook

Collectively our investments in China and Hong Kong have been a relative drag over the last decade at the current endpoint. This decade has been marked by cycle after cycle of volatility in Asia that just makes a lot of people want to give up. Ironically, this is the same kind of sentiment that led to the launch of the Fund over 20 years ago and that we saw in another rough period when Europe was similarly depressed 10 years ago. We improved the portfolio and our process out of both of those periods and delivered subsequently both times. With hindsight, we wish we were positioned differently going into this recent downcycle, but that doesn't make the go forward opportunity any less attractive. We acted quickly to update the quality of the portfolio by shifting our China exposure to businesses that we believe can navigate the current environment and deliver even more compelling future value as a result. Although our Europe and Americas-based stocks' performance was muted in the quarter, most of the companies grew their values.

For multiple letters we have pounded several important themes: non-US will revert and have its outperformance versus the US, just as we have seen in every cycle through history, and value will eventually out and have its day of relative outperformance against growth. We believe that the world outside of the US could be poised for a major reversal of long-in-the-tooth trends: US vs. non-US; large cap vs. small cap; steady dividends and readily apparent earnings per share (EPS) vs. no dividends and FCF/share power greater than current EPS; value vs. growth. Within this broader opportunity outside the US, the lower multiple and high (but hidden) quality companies where we are focused are doubly compelling. Current discounts are most extreme in Hong Kong and China, and we are not afraid to have a different weighting in this region than the index has. We also are not afraid to change our mind as things progress,

recognizing the ever-evolving nature of investments in China. We are excited for the opportunity the portfolio offers today and are adding to the Fund personally. We are confident that the Southeastern investment approach delivers on its promise of adding value and that this is a historically attractive relative and absolute opportunity to allocate funds outside of the US.

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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.

P/V ("price to value") is a calculation that compares the prices of the stocks in a portfolio to Southeastern's appraisal of their intrinsic values. The ratio represents a single data point about a Fund and should not be construed as something more. P/V does not guarantee future results, and we caution investors not to give this calculation undue weight.

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

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.

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.

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

ROI (Return on Investment) measures the gain or loss generated on an investment relative to the amount of money invested.

As of September 30, 2021, the top ten holdings for the Longleaf Partners International Fund: EXOR, 8.9%; Glanbia, 6.4%; Lazard, 5.1%; Domino's Pizza Group (UK), 5.1%; Lanxess, 4.9%; Fairfax, 4.7%; GRUMA, 4.7%: Accor, 4.7%; Prosus, 4.6%; and Millicom, 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.

LLP001235
Expires 01/31/2022

Longleaf Partners Global Fund

Longleaf Partners Funds

Summary – September 30, 2021

3Q21

Longleaf Partners Global 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 $11.0 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	Global Value
Ticker	LLGLX
Inception Date	December 27, 2012
Net Assets	$0.4 billion
Expense Ratio (Gross)	1.33%
Expense Ratio (Net)	1.15%
Turnover (5 yr avg)	31%
Weighted Average Market Cap	$35.0 billion

Holdings (23)

	Activity*	Weight
Lumen	+	11.0%
EXOR		10.2
Prosus	+	5.9
CK Hutchison		5.4
CNX Resources		4.9
General Electric		4.7
Millicom		4.7
FedEx	+	4.6
Discovery	NEW	4.6
Fairfax Financial	-	4.5
Williams		4.3
MGM Resorts		4.3
IAC	NEW	4.0
Holcim LTD		3.9
Credit Suisse	+	3.6
Melco International	+	3.4
Hyatt	+	2.7
Affiliated Managers Group		2.7
Accor	+	2.7
Comcast	-	2.5
GREE		1.7
Ferrovial		1.6
WH Group	NEW	1.2
Cash		0.9
Total		100.0%

*Full eliminations include the following positions: No complete exits

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 1.33% (Gross) and 1.15% (net). The Global Fund's expense ratio is subject to a fee waiver to the extent the Fund's normal annual operating expenses exceed 1.15% of average annual net assets.

Sector Composition

Communication Services	26.8%
Financials	21.0
Consumer Discretionary	20.7
Industrials	16.3
Energy	9.2
Materials	3.9
Consumer Staples	1.2
Information Technology	--
Health Care	--
Real Estate	--
Utilities	--
Cash	0.9

Regional Composition

North America	54.8%
Europe Ex-UK	32.6
Asia Ex-Japan	11.7
Cash	0.9

Performance Contribution

Top Three	Portfolio Contribution	Return
EXOR	0.42%	5%
MGM Resorts	0.07	1
Comcast	0.06	-1

Bottom Three	Portfolio Contribution	Return
Melco International	-1.72%	-36%
FedEx	-1.31	-25
Prosus	-0.91	-17

Performance at 9/30/2021

	Total Return (%)			Average Annual Return (%)				
	3Q	YTD	One Year	Five Year	Ten Year	15 Year	20 Year	Since Inception
Global Fund	-8.36	5.05	23.40	7.10	--	--	--	6.52
MSCI World	-0.01	13.04	28.82	13.74	--	--	--	11.78

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.

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MSCI World Index is a broad-based, unmanaged equity market index designed to measure the equity market performance of 24 developed markets, including the United States. An index cannot be invested in directly.

October 2021

Longleaf Partners Global Fund Commentary

3Q21

Longleaf Partners Global Fund fell 8.36% in the third quarter, while the MSCI World Index declined 0.01% in the period. After a very disappointing quarter of performance, the Fund trails the index year-to-date, adding 5.05% vs. the MSCI World Index at 13.04%. The Fund's Hong Kong and China-linked businesses drove approximately half the relative and absolute decline in the quarter. Additionally, a handful of our stocks in the US and Europe declined double digits, each for different reasons, which we discuss in more detail below. The majority of our investments reported flat to low-single digit + or - returns. Although our stocks' performance was disappointing in the period, most of the portfolio's companies grew their values. This compounding force should drive material future returns.

The bottom-up progress is far better than market sentiment would indicate, and our corporate management partners are acting on this disconnect. We have also acted on the disconnect in the market, as declining interest rates, a cooling of COVID reopening excitement in the face of the delta variant and top-down China fear caused many investors to flee into "safe haven" stocks. This created compelling opportunities within our sweet spot of high – and improving, but not yet consensus recognized – quality

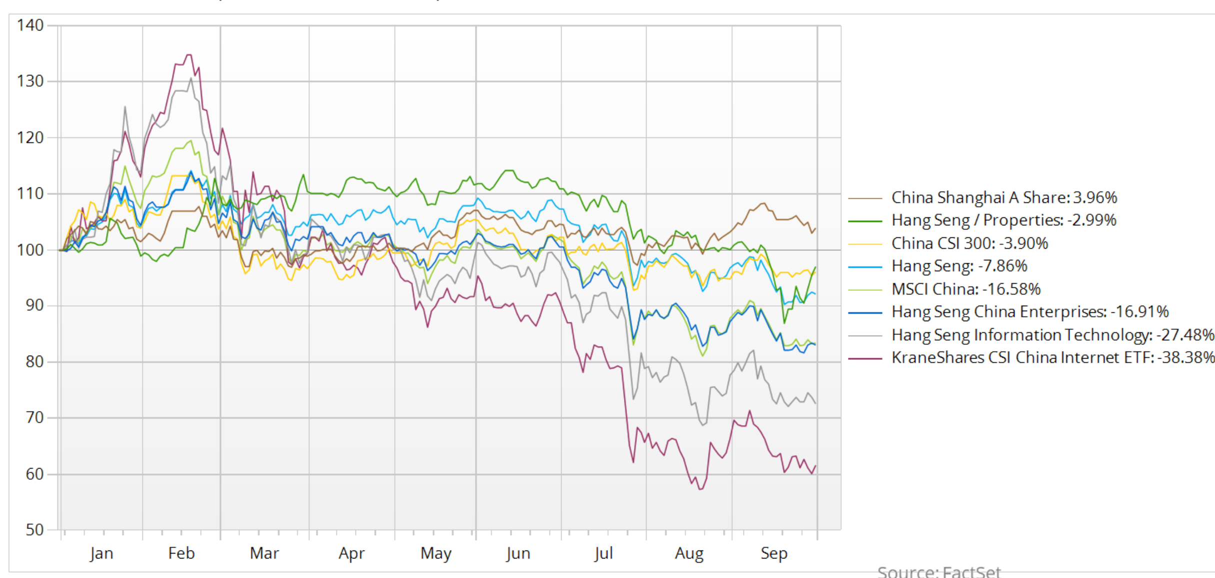
Average Annual Total Returns for the Longleaf Partners Global Fund (9/30/21): Since Inception (12/27/12): 6.52%, Ten Year: N/A, Five Year: 12.60%, One Year: 23.40%. Average Annual Total Returns for the MSCI World (9/30/21): Since Inception (12/27/12): 11.78%, Ten Year: N/A, Five Year: 13.74%, One Year: 28.82%.

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 1.33%. The Global Fund's expense ratio is subject to a fee waiver to the extent the Fund's normal operating expenses (excluding interest, taxes, brokerage commissions and extraordinary expenses) exceed 1.15% of average net assets per year.

businesses that have been generally overlooked this year. We have bought seven new companies in the portfolio this year, three of which we initiated in the third quarter, taking cash levels down to less than 1% at quarter end.

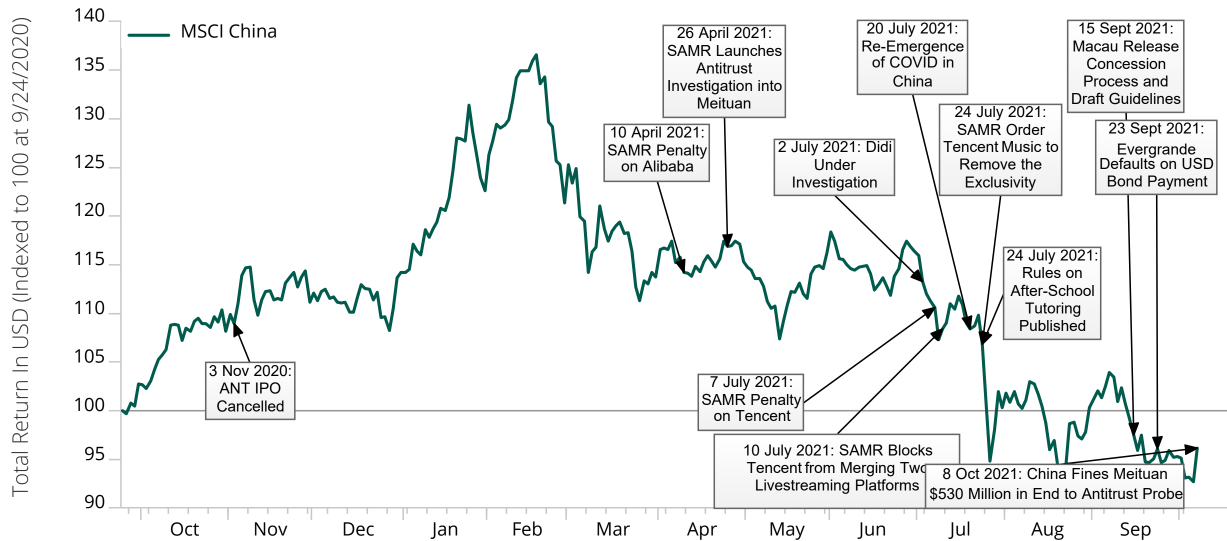
China: What happened?

Over the last seven months, both the Chinese government increasing regulation across multiple sectors and a fear of Evergrande being China's Lehman moment combined to result in a spike in market volatility and the largest decline in Chinese equity markets since the Global Financial Crisis, as shown in the chart below.



In retrospect, China's most recent regulatory crackdown started in November 2020 when the Ant initial public offering was suspended, stoking fears about the tech sector being regulated, even if these fears subsided as 2021 began. Over the last seven months, market concern increased due to a variety of events detailed below:

China Major Market Events



Source: FactSet

After an initial decline off market highs in February that seemed like a healthy correction and some milder regulatory actions in the spring that were manageable, markets took another leg down in July as the regulatory crackdown widened. First Didi and then the private education industry received scrutiny. After the private education sector was nearly put out of business due to harsh new regulations at the end of July, market declines accelerated. The market began to sell off anything that could be viewed as threatening China's social stability and security agenda. Our portfolio was further punished with both the release of guidelines for the Macau concession process (which has been planned for June 2022 for years, is unrelated to the tech crackdown and is discussed in more detail below) and Chinese real estate developer Evergrande defaulting on its USD bond payment in mid-to-late September. To further compound volatility created by regulatory action, COVID re-emerged in China, leading to restrictions and lockdowns across numerous cities in China.

Insider Purchases and Share Buybacks on the Rise

We have seen a notable spike in insider buying across the region this year as prices have collapsed, including by Macau gaming operators. On top of higher levels of insider buying in sectors we own, we have a seen a significant rise in share repurchase by companies run by owner-operators as share prices have corrected. Prosus (and

underlying holding Tencent), Gree Electric and CK Hutchison are buying back record amounts of shares. Gree is the largest share repurchaser in China after buying back almost 9% of the company, while paying out an 8.4% dividend yield at current prices. CK Hutchison's buybacks are running at 10x the previous year's levels. The companies and their management teams themselves know the situation far better than anyone else, and it is thus encouraging to see the ramped-up pace in share buybacks by owner-manager led companies at advantageous prices.

How are We Reflecting this in Our Portfolio?

The chain of events highlighted above and splashed across headlines this year has had a strong impact on the share prices of our underlying holdings. We have been acutely focused on stress testing the portfolio, reviewing our exposure to China and assessing the potential value impact to the businesses we own.

In the last six months, the research team has spoken with numerous contacts within our extensive global network of regional, sector and/or company-specific experts, management teams and boards, investment peers and clients, who have all helped us frame our understanding of what this environment means for our portfolio holdings. These insights range from how the world really has changed dramatically for something like the Chinese education sector (which we reviewed deeply this year but did not invest in) to how various other China-facing businesses will likely have lower growth in the near term but not be permanently impaired to how one of our long-time Macau contacts described an item or two as "a bit out of the blue" but overall viewed this as in line with expectations and more of a "couple of months" problem.

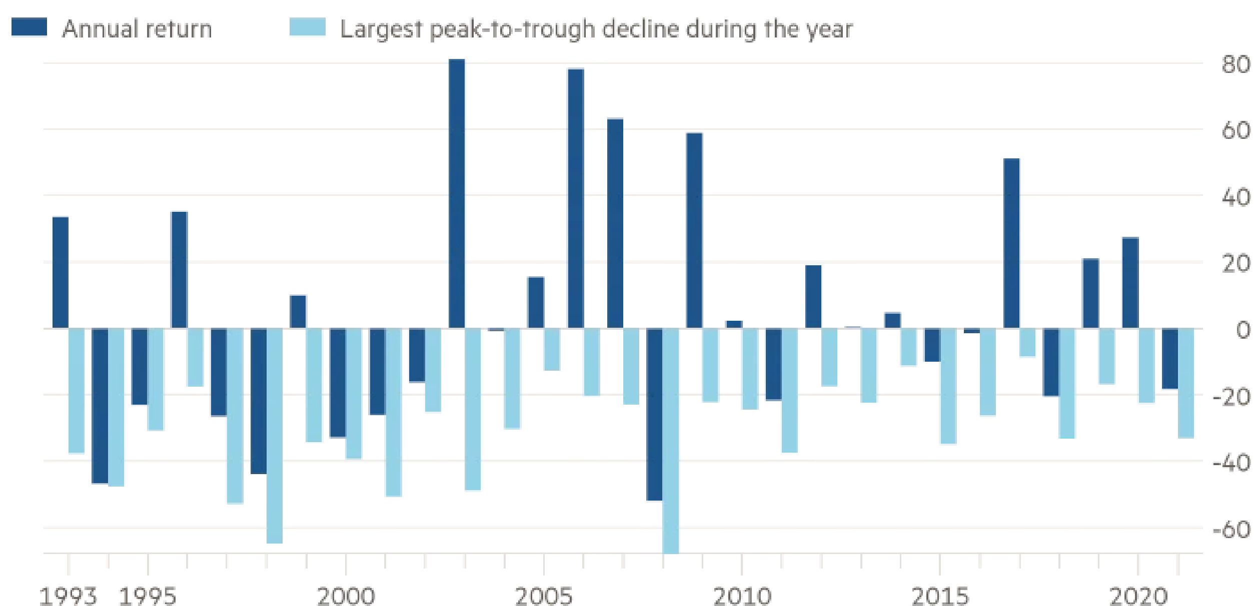
Our contrarian instincts and our data going back many years suggest that when it feels the easiest to give up on an entire region, it is often the exact wrong time to do so. There are clear negatives on multiple fronts in China this year, but the resulting volatility has also created clear opportunity. The key learning from the past is that we must not squint on quality at a time like now. We are taking advantage of the current environment to upgrade the quality of what we own, just as we did coming out of COVID last year and in previous tough periods.

We added a new investment in 2021 in Gree, which was thrown up by China-related volatility. While we were early and felt some initial price pain as we built out the

position, we feel great about the long-term prospects of the company and its management team. Gree (the dominant air conditioner player in China) is free from the current regulatory uncertainty and is poised to benefit from the structural consumption upgrade in China. The market volatility gave us the opportunity to buy this leading business at a single-digit free cash flow (FCF) multiple. As discussed above, Gree initiated its first major share buyback program in 2020 and has since repurchased just under 9% of the company. We also began buying the world's largest pork producer, WH Group; however, we sold the small position shortly after quarter-end, as company-specific news emerged that resulted in positive changes to the management and board but is likely to elongate WH Group's recovery. We reallocated to other opportunities that we felt were a better immediate use of capital.

We sold our position in Hong Kong property developer CK Asset in 1Q 2021, as we believed there were better uses of Fund capital that did not face as strong of headwinds to value recognition. We continue to own several existing businesses in Asia where we remain confident in our original thesis and feel the market is simply over-reacting to short-term information. Prosus, CK Hutchison and Melco International are all down heavily for the year, collectively accounting for approximately 40% of the Fund's relative shortfall in the quarter. Each of these companies are led by owner-operators with track records of shareholder-friendly behavior, buying back stock opportunistically and exploring value creating strategic moves. We are optimistic about each company from today's depressed levels.

It is important to remember that volatility in China is nothing new. As shown in the chart below, MSCI China Index's 2021 peak-to-trough drawdown is not far off the average annual drawdown over the past 20 years. The Chinese market has historically snapped back quickly, with annualized total returns outperforming most global markets and rewarding the long-term investor for stomaching the volatility. We believe that the companies we still own can provide strong future returns over the long-term that will compensate for the short-term pain felt this year.



Contributors and Detractors

(Q3 Investment Return; Q3 Fund contribution)

EXOR (5%, 0.42%), the European holding company of the Agnelli family, was the top contributor for the quarter after reporting a first half net asset value (NAV) ahead of market estimates and 12.5% higher than year-end 2020. During the first half of 2021 EXOR focused on an increase in early-stage company investments, investing a further €122 million (mn) in EXOR Seeds, a division committing capital to promising early-stage companies. It also signed a €300mn partnership in June 2021 with World-Wide Investment Company Limited, a leading Hong Kong Family office, in order to invest in Italian medium-sized consumer goods companies. This trend is viewed positively by the market as it allows EXOR to potentially acquire exposure to more growth companies and to diversify its portfolio of unlisted assets. EXOR's, wholly-owned reinsurance company, PartnerRe, remains well positioned in a healthy insurance

pricing environment for its rated paper balance sheet and for the nascent third party capital, fee generating business.

Melco International (-36%, -1.72%), the Macau casino and resort operator, was the top detractor in the quarter. Melco's quarterly results were largely in-line with our expectations, but that was inconsequential in the context of ongoing travel restrictions and the market's misunderstanding of the news around the long-expected license renewal process. It has been known for years that all six Macau casino operators' licenses are scheduled to expire in June 2022. Right on schedule in mid-September, the Macau Special Administrative Region (SAR) announced that the government would overhaul the primary regulation governing the casino industry, kicking off a 45-day consultation period for amendments to the gaming law in preparation for the much-expected re-licensing process. The consultation paper released indicated tighter (but not unexpectedly tighter in many operators' opinions) supervision and regulation to come with new licenses, creating uncertainty and ultimately a sell-off across the sector. The consultation covers nine main topics, with a few primary areas causing market concern: increased local ownership requirements; dividend restrictions; government oversight changes.

We do not view the license retender process as a new crackdown on Macau, which already underwent a "common prosperity" transformation in 2014 to 2016 when Xi Jinping's anti-corruption reform campaign dramatically shrunk the VIP junket business. The Macau gaming industry contributes 70-80% of the government's tax revenue and over 55% of gross domestic product (GDP) and is the largest employer in Macau. If you include ancillary businesses, such as hotel, food and beverage and retail, the industry's contribution is even higher. The gaming sector is an important pillar of the economy of the Macao SAR and accounts for over 17% of employment of the total employed population in Macau, underscoring the importance of the sector.

Melco is well positioned for the increased local ownership requirements, dividend restrictions and government oversight changes laid out in the government consultation. The local ownership requirements apply strictly towards the gaming concession company (in Melco's case, Melco Resorts Macau), and not the publicly listed holding companies. Melco already meets these requirements, as CEO and Managing Director (and Macau permanent resident) Lawrence Ho holds 10% voting rights (no

economic rights) at the concession company level and a majority equity interest in Melco International. Although the Macau government will now need to approve dividends under the new rules, we believe the goal is to make sure that proper investment is being made in Macau's gaming industry. Melco has a strong track record of both investing in the development of Macau and allocating capital intelligently elsewhere, including opportunistic buybacks at the right time. Finally, we view the requirement for a government representative to be a minimal change, as Macau gaming operations are already highly regulated, and the casino operators are already closely working with the Gaming Inspection and Coordination Bureau (DICJ).

FedEx (-25%, -1.31%), the B2B and e-commerce global logistics company, was also a top detractor for the quarter. Revenues continued to grow very well across all three segments, with Freight standing out at +23% year-over-year (YOY). Yet Ground margins declined by 1.6 percentage points due to the labor shortage and associated wage cost inflation, as FedEx is hiring over 80,000 employees this year. The company therefore cut its full-year earnings guidance by 5% and now trades around 11x. UPS with less growth and much more dangerous Amazon dependence trades at 17x, implying a FedEx value similar to our appraisal. Despite the stock's significant appreciation over the last year, we believe it remains highly discounted. We also expect to see capital allocation contribute going forward as the gap between earnings per share (EPS) and FCF closes while the company has an outstanding repurchase authorization.

Prosus (-17%, -0.91%), a global consumer internet group, was another top detractor in the quarter. There are two key components to Prosus's NAV - its 29% stake in Tencent (which represents the majority of its appraisal) and the global e-commerce portfolio (which includes the food delivery, classifieds, payments and education technology investments). Tencent was impacted by increasing regulatory headwinds for the global online platform industry, as strict time restrictions were introduced for underage players, and new game approvals were halted. However, Tencent's longstanding control measures are already stricter than regulatory requirements, and spending by players under 16 on Tencent's games accounts for low-single digits of its China game grossing. We expect limited impact from further restrictions. More importantly, Tencent gaming has repositioned from a primarily China-centric business to a truly global business and therefore has more than tripled the addressable market. Its international game revenue has been growing at over 30% YOY in local currency and

contributed 25% of the segment mix in the second quarter of 2021. For Prosus, we see a huge option value too with its fast-growing global e-commerce portfolio. The company has significantly invested in building leading internet operations in various markets, which have been delivering over 20% internal rate of return (IRR). The recent Naspers-Prosus share exchange transaction added complexity and resulted in a deeper price discount, even though the transaction was value-accretive to Prosus shareholders. We believe this level of discount is unwarranted, and the company continues to execute its second $5 billion share buyback program.

Holcim (-20%, -0.87%), the global cement and aggregates company, detracted in the quarter. Despite strong first half results, old headlines about the (now closed) operations in certain Middle Eastern countries rose up again and weighed on stock performance. The fact is that this problem is much more behind the company than in front of it, given the issues arose under former management, none of whom are still in place today. Holcim is now in the capable hands of CEO Jan Jenisch, who bought shares personally, alongside other executives at Holcim, after the stock dropped due to these headlines. The company also announced yet another divestiture at a solid price when Holcim exited its non-core position in Brazil. Management will continue to focus on the markets where Holcim is strongest (sustainable products in Americas, Europe and India), while tilting its business mix away from less sustainable emerging market cement.

Portfolio Activity

We bought three new companies in the portfolio in the third quarter. We have profitably owned Discovery Communications and Scripps Networks (which merged into Discovery in 2017) multiple times in the Longleaf Partners Funds before. We have followed Discovery closely for the last few years and waited to see how the company's high-quality assets would fit into an increasingly confusing video marketplace. We immediately got more interested in the second quarter of this year when Discovery announced its merger with AT&T's Warner Media. Warner has top-notch, highly differentiated media assets like the Warner Bros. library, HBO and CNN. When joined together with Discovery's more niche yet more global assets like Discovery, HGTV and Food, the new company will be a powerful participant in "traditional" media with a much stronger streaming option to compete with Disney and Netflix. We have great

confidence that CEO David Zaslav and long-time owner/board member John Malone will navigate this new company to a great position in the years ahead. John Malone is giving up his supervotes to accommodate the merger, a decision benefitting other shareholders and indicating his belief in the deal. Our other US company addition in the quarter is media and internet holding company IAC. We have followed IAC for years with growing admiration for the capital allocation abilities of the Joey Levin and Barry Diller team. After the spinoffs of Vimeo and Match over the last year plus, we find that the remaining assets of Angi, Dotdash, Care.com, Turo, MGM and other smaller investments are a compelling mix of high quality, understandable and underpriced businesses. We are still building our position and look forward to talking about this one more in the future. We also initiated but subsequently sold a smaller position in WH Group, as discussed above.

We believe that the extreme volatility in China has created the opportunity to own high quality businesses trading at a record discount. But we aren't looking only there, as our on-deck list is currently extremely strong with prospective investments across multiple regions and industries. For example, we have done deep work on two (very different) continental European companies that are lumped with other "financials" but are actually high-quality fee driven businesses. We are close on a diversified UK company with strong management alignment. We have been closely watching the Spanish infrastructure industry again. In the US, we are working on a broad range of companies across branded industrials, technology, health care, distribution and consumer products. We also have multiple Americas companies that are getting more interesting. And, of course, there are plenty more ideas in Asia (not just China) ranging from beverages to electronics.

Outlook

Collectively our investments in China and Hong Kong have been a relative drag over the last decade at the current endpoint. This decade has been marked by cycle after cycle of volatility in Asia that just makes a lot of people want to give up. With hindsight, we wish we were positioned differently going into this recent downcycle, but that doesn't make the go forward opportunity any less attractive. We acted quickly to update the quality of the portfolio by shifting our China exposure to businesses that we believe can navigate the current environment and deliver even more compelling future value as a result. Although price performance in our US, Europe and Americas-

based stocks' performance was muted in the quarter, most of the companies grew their values.

We believe that our carefully selected global portfolio could be poised for a major reversal of long-in-the-tooth trends: US vs. non-US; large cap vs. small cap; steady dividends and readily apparent EPS vs. no dividends and FCF/share power greater than current EPS; value vs. growth. Within this broader opportunity outside the US, the lower multiple and high (but hidden) quality companies where we are focused are doubly compelling. Current discounts are most extreme in Hong Kong and China, and we are not afraid to have a different weighting in this region than the index has. We also are not afraid to change our mind as things progress, recognizing the ever-evolving nature of investments in China. We are excited for the opportunity the portfolio offers today and are confident that the Southeastern investment approach delivers on its promise of adding value.

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 Global Fund is subject to stock market risk, meaning stocks in the Fund may fluctuate in response to developments at individual companies or due to general market and economic conditions. Also, because the Fund generally invests in 15 to 25 companies, share value could fluctuate more than if a greater number of securities were held. Investing in non-U.S. securities may entail risk due to non-US economic and political developments, exposure to non-US currencies, and different accounting and financial standards. These risks may be higher when investing in emerging markets.

MSCI World Index is a broad based, unmanaged equity market index designed to measure the equity market performance of 24 developed markets, including the United States. An index cannot be invested in directly.

P/V ("price to value") is a calculation that compares the prices of the stocks in a portfolio to Southeastern's appraisal of their intrinsic values. The ratio represents a single data point about a Fund and should not be construed as something more. P/V does not guarantee future results, and we caution investors not to give this calculation undue weight.

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

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.

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

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

As of September 30, 2021, the top ten holdings for the Longleaf Partners Global Fund: Lumen, 11.0%; EXOR, 10.2%; Prosus, 5.9%; CK Hutchison, 5.4%; CNX Resources,4.9%; General Electric, 4.7%; Millicom International, 4.7%%: FedEx, 4.6%; Discovery Communications, 4.6%; and Fairfax, 4.5%. 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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