Longleaf Partners Funds

Quarterly Summary Report

For the Quarter Ended
September 30, 2020

Longleaf Partners Funds

Longleaf Partners Fund

Longleaf Partners Funds

Summary - September 30, 2020

3Q20

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 $9.0 billion. Partnership is core to all that we do, and Southeastern's employees and related entities are the largest investors across the Longleaf Partners Funds. Our 14-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	$1.4 billion
Expense Ratio (Gross/Net)	1.00% / 0.79%
Turnover (5 yr avg)	25%
Weighted Average Mkt. Cap	$32.5 billion

Holdings (15)

	Activity*	Weight
Lumen		10.1%
Mattel		6.9
FedEx	-	5.5
Comcast		5.2
CNH Industrial		5.1
LafargeHolcim		5.1
CNX Resources		5.1
Affiliated Managers Group		4.8
Fairfax Financial		4.7
General Electric	+	4.7
CK Hutchison	+	4.7
Williams		4.4
Hyatt		4.3
DuPont		4.0
MGM Resorts	NEW	3.9
Cash		21.5
Total		100.0 %

*Full eliminations include the following positions: Alphabet and Carrier.

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

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

LLP001113 expires January 31, 2021

Sector Composition

Industrials	20.0%
Communication Services	15.3
Consumer Discretionary	15.1
Financials	9.5
Energy	9.5
Materials	9.1
Cash	21.5

Performance Contribution

Top Three	Portfolio Contribution	Return	Bottom Three	Portfolio Contribution	Return
FedEx	3.44%	81%	AMG	-0.46%	-8 %
Mattel	1.25	21	General Electric	-0.41	-9
Comcast	0.83	18	CK Hutchison	-0.26	-6

Performance at 9/30/2020

	Total Return			Average Annual Return				
	QTR	YTD	One Year	Five Year	Ten Year	15 Year	20 Year	Since Inception
Partners Fund	7.21%	-9.95%	-1.81%	4.52%	5.23%	3.38%	5.23%	9.13%
S&P 500 Index	8.93%	5.57%	15.15%	14.15%	13.74%	9.19%	6.42%	9.99%

Returns reflect reinvested capital gains and dividends but not the deduction of taxes an investor would pay on distributions or share redemptions. Performance data quoted represents past performance; past performance does not guarantee future results. The investment return may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting southeasternasset.com.

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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 12, 2020

Longleaf Partners Fund Commentary

3Q20

Longleaf Partners Fund added 7.21% in the third quarter, while the S&P 500 returned 8.93%. Almost every company in the portfolio produced positive returns in the quarter, with some of those given back in September against a month of broad market declines. Several companies reported double-digit returns, driven by stronger-than-expected results in the quarter. Our cash weighting, which averaged 23% but came down towards the latter end of the quarter as we initiated a new position and added to a couple of our most discounted companies, more than accounted for the relative return gap in the quarter. The Fund's lack of exposure to the S&P 500's top-performing Information Technology sector remains the largest drag on relative returns for the year, while the Fund has benefitted year to date (YTD) from our superior stock selection within the Energy sector (the S&P 500's worst-performing sector by a long shot), which has been a positive contributor to the Fund, thanks to strong performance by CNX Resources and better relative performance by Williams. Although Partners

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Average Annual Total Returns for the Longleaf Partners Fund (9/30/20): Since Inception (4/8/87): 9.13 %, Ten Year: 5.23%, Five Year: 4.52%, One Year: -1.81%. Average Annual Total Returns for the S&P 500 (9/30/20): Since Inception (4/8/87): 9.99%, Ten Year: 13.74%, Five Year: 14.15%, One Year: 15.15%. Average Annual Total Returns for the Russell 1000 Value (9/30/20): Since Inception (4/8/87): 9.27%, Ten Year: 9.95%, Five Year: 7.65%, One Year: -5.03%.

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

Fund trails the momentum-driven S&P 500, the Fund is ahead of the Russell 1000 Value Index on a trailing 1-year basis.

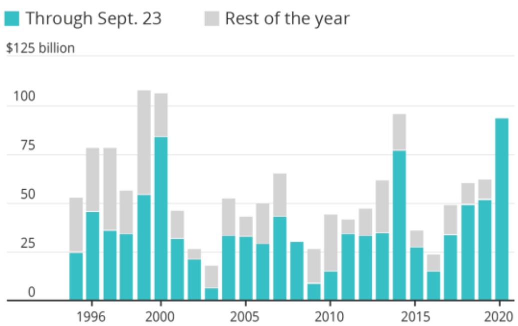
Market Review

Last quarter, we wrote about the two different categories of bear markets we have seen seven times over the last 50+ years – those that were started by an external macro shock (from which value has historically bounced back better than the market after a period of initial underperformance) and those that were started by the popping of a speculative stock market bubble. Over the last three months, we began to see early signs of both our style of investing bouncing back and the speculative bubble popping, or at least letting some air out. While we will highlight strong stock-specific results at the companies we own later, we saw some promising signs that momentum will not drive markets forever. While our previous letter focused more on the quantitative signs of market excess, we thought it might be helpful in this letter to highlight some other, more qualitative reasons things could soon turn our way.

The first sign of market excess to discuss has been the dramatic rise in initial public offerings (IPOs), as the market has continued to first thaw from and then quickly overheat after the initial COVID-19 shock. After seeing sentiment measures reach Global Financial Crisis (GFC)-levels in March, it is pretty amazing to consider that 1999-2000's IPO issuance record is now within reach only six months later, as shown in chart 1 below.

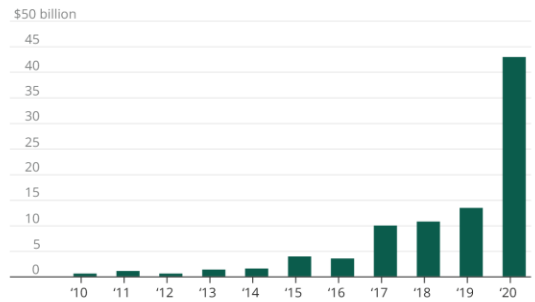
The September 4th MarketWatch headline christening 2020 as "The Year of the SPAC" (special purpose acquisition corporation) is arguably an even starker sign of excess, with the highest issuance of SPACs on record, by a lot, as shown in chart 2 below.

Chart 1:
Money Raised by US-listed IPOs



Source: Driebusch, C. (2020, September 25). IPO Market Parties Like It's 1999. *Wall Street Journal.* Retrieved from wsj.com; Dealogic

Chart 2:
Money Raised in Blank-Check Company IPOs, Annually



Source: Wursthorn, M. (2020, September 30). Blank-Check Companies Get the ETF Treatment. *Wall Street Journal.* Retrieved from wsj.com; Dealogic

In a way, this signifies an even frothier market than the kind of IPO boom that has typically been associated with traditional market peaks. At least with IPOs you know what you are buying, even if it is at a high multiple and is being sold by someone who knows a lot more about it than you do. Essentially "blank-check companies," SPACs represent shares in a company that has no operations. SPACs are a total leap of faith that markets are only open to when things feel the best, but a big leap off a high peak can lead to a painful splat. The Year of the SPAC was taken to an even greater extreme with the launch of the first SPAC ETF on October 1st. In our view, this unholy union is a sign of peak market mania.

We have also seen a sharp increase in retail stock trading forming part of the zeitgeist, which is yet another sign of a market top. In recent history, we had the great bitcoin Thanksgiving of 2017 (bitcoin trades today at $10,504 vs. its high of $19,783 in December 2017). Similarly, right before the GFC, there was a mania for building and flipping houses (housing starts even in the strong year of 2020 are still on track to be in the 1.5 million range vs. a peak of over 2 million pre-GFC). But, we have to go back to 1999-2000 to see a retail frenzy for certain stocks at similar levels we are seeing today. Putting a sad 2020 twist on the old "shoeshine boy test", one of us recently lost someone close to us but was unable to attend the small funeral service due to COVID restrictions and family obligations. While texting with the family member who was able to attend, she reported back not on the details of the service, but rather on all of the questions about options trading and an electric vehicle stock from the guests in attendance! For contrarians like us, this brought some glimmers of hope to a long day in a long year.

Contributors/Detractors
(Q3 Investment return; Q3 Fund contribution)

FedEx (81%, 3.44%), the transportation and logistics company, was the top contributor after reporting outstanding quarterly performance, with earnings more than 66% above estimates and excellent free cash flow (FCF) conversion. The disappearance of competing passenger airline underbelly capacity helped Express grow volumes 28%, while Ground proved its critical role in e-commerce logistics with a 31% volume increase. CEO Fred Smith's ambitious goal to deliver 100 million e-commerce packages per year is now on track for 2023, years ahead of schedule. FedEx has found a profitable strategy with a long growth runway by working with major e-commerce competitors like Walmart and Target, and FedEx's national retail presence offers an advantage in handling customer returns. Last October, Southeastern's Vice-Chairman Staley Cates interviewed Fred Smith and Alan Graf on the Price-to-Value Podcast, as near maximum pessimism on the company was being priced in by the market. We maintained our conviction and added to the position in 2019, and that has been rewarded. In September, Staley wrote to the research team, "We have had plenty of companies over the past few years show the folly of thinking you know where earnings will go over several quarters, often in a disappointing way. This one again shows the folly of near-term earnings estimates but happily is a radical miss on the upside." For perhaps the first time in our careers, we saw a sell side report price target more than double in a one-quarter period. Despite the stock's rapid appreciation, with the new higher earnings estimates FedEx trades at a mid-teens price to earnings (P/E) multiple and a discount to our appraisal. There is additional upside as the company completes its long-awaited TNT integration and Ground's traditional business-to-business (B2B) volumes return from their April nadir, helping maximize utilization and expand margins.

Mattel (21%, 1.25%), the classic toy company, was another strong contributor in the quarter. Although this year's revenues will be down due to global lockdowns shutting stores, the company is on track to increase its annual earnings before interest, taxes, depreciation and amortization (EBITDA) with higher gross margins and the successful execution of its outsourced manufacturing strategy. Barbie delivered another excellent performance, gaining seven points of U.S. doll market share in the second quarter, while growing its revenues as competitors shrunk. Mattel also released a new Barbie special on Netflix in September, part of a promising long-term push into intellectual property licensing. American Girl, a brand that has struggled for years, doubled its digital sales during the quarter as well. With higher profitability, shoppers returning to stores and a strong new digital media presence behind its biggest brands, CEO Ynon Kreiz's strategy is beginning to pay off.

Carrier (23%, 0.83%), the heating, ventilation and air conditioning (HVAC) and security company, was also a top performer. We added to our position in Carrier when it spun out of United Technologies early last quarter, as it traded at less than half of our appraisal and a 7x trailing P/E against similar competitors that were trading at 13-17x. Carrier CEO David Gitlin and the rest of the management team have done great work in a very difficult situation to preserve cash, deleverage and position the business for a strong rebound as lockdowns eased. Carrier's share price almost doubled over a period of months, and we exited the position in the quarter as it traded through our appraisal.

Comcast (18%, 0.83%), the cable and entertainment company, added to the strong absolute results in the quarter. Cable delivered one of its best quarters of net subscriber additions ever and grew EBITDA 5.5%, while losses from closed small business customers have moderated during reopening from the COVID lockdown. Sky, the European TV and broadband business acquired in 2018, retained subscribers at a high rate despite the extended absence of live sports. CEO Brian Roberts stated that Sky remains on pace to double its EBITDA over the next several years. Comcast's new Peacock streaming service and Universal theme parks are ramping up revenues gradually, presenting more opportunities for Comcast to improve earnings significantly over the next several years. Despite the double-digit returns in the quarter, the company remains discounted. We were encouraged by Roberts's statement in the quarter that he was committed to repurchasing shares again in the near future.

AMG (-8%, -0.46%), the asset management holding company, was the top detractor as the company reported net outflows for the quarter. Over 95% the net outflows came from quantitative strategies, which represent only approximately one quarter of AMG's total AUM and less than 5% of proportionate EBITDA, meaning that the majority of the company's affiliates and earning power did not shrink organically. Market appreciation helped AMG's AUM grow 6%, and our appraisal of the value increased 10% due to the higher recurring fee revenues and substantial FCF in the period. The stock trades at a 5x FCF multiple, which would suggest a permanently impaired, shrinking business. Yet AMG's alternatives managers, particularly its private equity firms, reported an encouraging $3bn of net inflows with long lock-ups. CEO Jay Horgen intelligently repurchased discounted shares at a 6% annualized pace, while borrowing 2030 bonds at a 3.3% coupon and 2060 bonds at a remarkable 4.75%. The encouraging performance from most affiliates and the extreme spread between the stock's 20% earnings yield and low cost of long-term debt suggest a substantial mispricing of the equity.

General Electric (GE) (-9%, -0.41%), the industrial conglomerate, was also a detractor in the quarter due to the slow recovery of the commercial aerospace industry, where monthly departures are improving but are still down 40% against last year. GE Aviation's commercial engine and maintenance revenues have fallen by half, and the segment will not approach its 2019 profits for another few years. We have taken down our appraisal value to reflect this new reality. CEO Larry Culp has responded with necessary cost cuts and announced that consolidated GE will be cash profitable in the second half of this year and 2021. In Healthcare, where GE's quarterly revenues fell 4%, scanning procedures and pharmaceutical diagnostics sales are recovering. GE Power, despite reporting -9% revenues for the quarter, has begun receiving significant new orders in natural gas and renewable energy equipment, while service sales rebound back near normal levels. We expect each one of GE's segments to keep improving revenues and profitability over the next several years, helping the company to reach its target of high-single digit FCF margins. Today, the stock trades at less than half of our conservative appraisal value for this world-class collection of businesses.

Portfolio Activity

Cash built in the first two months of the quarter, as we sold and trimmed strong performers, but we began to put more money to work in September. We fully exited two investments that we first bought in 2015 – Alphabet, back when it was still called Google, and Carrier, as discussed above. Our ownership of United Technologies (UTX) and its spin-outs, including Carrier, was a pretty "standard" Southeastern investment – i.e., a misunderstood conglomerate with strong positions in 100+-year old industries, run by a value-per-share focused CEO, Greg Hayes. There were a few twists and turns along the way until this year, but overall, it was a boringly profitable investment until

COVID hit right before the company was scheduled to split into three businesses: Otis (elevators), Raytheon Technologies (commercial aerospace and defense) and Carrier (HVAC and security). As discussed last quarter, we sold Otis after it spun out at a price above our fair value, and we sold Raytheon below our fair value, as we concluded that the business had changed for the worse. As noted above, we bought more Carrier at a steep discount and sold the company after it nearly doubled in a short period, driving a material improvement in the overall return of our UTX investment to a respectable 115% in total.

Unlike with UTX, we got many surprised looks and quite a few questions from clients when Google first showed up in our portfolio. While this investment might have looked like a “tech stock”, when it traded at a mid-teens to low double-digit core FCF multiple, it was also right up our alley. Its main business of Search had - and still has - an understandable moat, with a management team that were owner operators with a proven track record, and it traded at a significant discount when we did our work to back out the then-undisclosed losses on non-core businesses. Since then, the company’s primary businesses of Search, YouTube, Maps and the Play Store grew profits at double-digit rates, while newer businesses in cloud/software, autonomous driving and healthcare grew their value from very little to over $100bn. CEO Sundar Pichai and CFO Ruth Porat have been good partners. Alphabet is a good example of incorporating lessons learned from past examples of exiting a growing business too early. Our global research team worked together to continually review our case for the business, focusing on future value growth (our appraisal value grew 16% per annum over our holding period) instead of a single point in time price-to-value discount to avoid “cutting our flowers” too early, to quote Warren Buffett. However, we did not get so carried away that we were willing to hold it forever at any price or pile into other market favorites over the last few years at nosebleed multiples. Ultimately, we reluctantly sold the position after more than five years of ownership and a 222% return, as the price to free cash flow multiple reached a long-term high point, and the threat of economically destructive regulation seems to loom closer. We learned a lot from this investment that we look forward to putting to use in the years to come.

We bought a new investment in the Fund that we are not ready to disclose yet, as we are still building the position. The company is in an industry we know well and have invested successfully in across our strategies. We had never been able to get comfortable on the “People” side of things until a big change in the last quarter, which made the company qualify on all three Business, People, Price criteria.

Outlook

After another quarter of strong market returns, we were excited to see increased volatility and share prices pulling back a bit in the last month, when we were able to start putting some of our cash to work again. Our research team has been busy, and our on-deck list of potential new investments grew substantially in the last three months. We have over five ideas that are fully vetted and being closely watched across a variety of industries. These companies range from healthcare to telecom to real estate to retail to defense/aerospace to consumer-packaged goods to financial services to even technology. They have all been discounted for idiosyncratic reasons. With more market volatility, we expect we will be able to put more cash to work into at least some of these businesses at good prices.

Continuing the theme of this letter, it feels like things are closer to coming our way, mostly because it felt, for the first two months of this quarter, that market sentiment had rarely been worse for bottom-up, value investors like us. It will be an interesting rest of the year for all of the reasons that we are all tired of hearing about. We can imagine a grid of outcomes with the best possible (but not the most likely) “cube” being [vaccine that works well and is rolled out smoothly and swiftly over the next 6-9 months] + [“normal” (we give some leeway with those quotes) US election] + [nothing else bad happening], but we are aware that there are a lot of other cubes in this grid. Of course there are always large outcome grids like this (that’s life), but it is rare to find so many consequential and sharply divergent paths compressed into so few months, and it feels like the market is pricing in a scenario much closer to the ideal cube for a lot of market sectors that have been seemingly priced for perfection for years now. Where the market is more doubtful, we feel that the vast majority of the pain has already been taken, including in some of our portfolio holdings, like Lumen (the recently renamed CenturyLink) and General Electric, to name a few. We have maintained our cash discipline as the market melted up, meaning we have cash available to be a liquidity provider in the next market downdraft, and we will not be afraid to put it to work when investments qualify. For those reasons, we are confident our portfolio will work from here in a variety of outcomes and look forward to speaking with you again after year end. Thank you for your continued partnership, and we hope you and your families remain safe and healthy.

See following page for important disclosures.

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RISKS

The Longleaf Partners Fund is subject to stock market risk, meaning stocks in the Fund may fluctuate in response to developments at individual companies or due to general market and economic conditions. Also, because the Fund generally invests in 15 to 25 companies, share value could fluctuate more than if a greater number of securities were held. Mid-cap stocks held by the Fund may be more volatile than those of larger companies.

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

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

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

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

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

As of September 30, 2020, the top ten holdings for the Longleaf Partners Fund: Lumen, 10.1%; Mattel, 6.9%, FedEx, 5.5%; Comcast, 5.2%; CNH Industrial, 5.1%; LafargeHolcim, 5.1%; CNX Resources, 5.1%; Affiliated Managers Group, 4.8%; Fairfax, 4.7%; GE, 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.
LLP001091
Expires 1/31/2021

Longleaf Partners Small-Cap Fund

Longleaf/ Partners Funds

Summary - September 30, 2020

3Q20

Longleaf Partners Small-Cap Fund

(800) 445-9469 / southeasternasset.com

Fund Profile

Investment Style	US small-cap value
Ticker	LLSCX
Inception Date	February 21, 1989
Net Assets	$1.9 billion
Expense Ratio (Gross/Net)	0.93%
Turnover (5 yr avg)	30%
Weighted Average Mkt. Cap	$4.5 billion

Holdings (16)

	Activity*	Weight
Lumen		10.9%
Eastman Kodak	-	10.0
Mattel	-	8.4
Lazard		7.1
CNX Resources		6.5
Graham Holdings		4.9
LANXESS		4.7
Realogy		4.4
Empire State Realty		4.3
Univar Solutions		4.1
Hyatt		4.1
PotlatchDeltic	-	4.0
Everest Re	NEW	3.5
Liberty Braves Group	NEW	2.7
Formula One Group	-	2.5
Summit Materials	NEW	0.3
Cash		17.6
Total		100.0 %

*Full eliminations include the following positions: GCI Liberty and ViaSat.

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LLP001115 expires January 31, 2021

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.

Sector Composition

Consumer Discretionary	17.4%
Communication Services	16.1
Real Estate	12.7
Financials	10.6
Information Technology	10.0
Energy	6.5
Materials	5.0
Industrials	4.1
Cash	17.6

Performance Contribution

Top Three	Portfolio Contribution	Return
Eastman Kodak	14.53%	120%
Mattel	1.63	21
Realogy	1.41	27

Bottom Three	Portfolio Contribution	Return
Empire State Realty	-0.64%	-13 %
Undisclosed	-0.02	0
Univar Solutions	0.01	0

Performance at 9/30/2020

	Total Return			Average Annual Return				
	QTR	YTD	One Year	Five Year	Ten Year	15 Year	20 Year	Since Inception
Small Cap Fund	22.16%	-11.41%	-3.16%	6.84%	9.71%	7.64%	9.08%	9.98%
Russell 2000 Index	4.93%	-8.69%	0.39%	8.00%	9.85%	7.03%	6.88%	8.98%

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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 12, 2020

Longleaf Partners Small-Cap Fund Commentary

3Q20

Longleaf Partners Small-Cap Fund added 22.16% in the third quarter, far surpassing the Russell 2000's 4.93% return for the period, and going a long way towards closing the relative return gap for the year. Almost every company in the portfolio produced positive returns in the quarter, with several companies reporting double-digit returns, driven by stronger-than-expected results. Kodak was by far the largest contributor, accounting for two-thirds of the positive absolute returns and 85% of the relative outperformance in the quarter. The Fund still trails the index slightly year to date (YTD), with our investments in Neiman Marcus and Dillard's more than accounting for the small remaining shortfall. We have already taken the pain in these investments, selling both last quarter, as we determined that the long-term business case for each materially deteriorated in the COVID-19 environment. Although the Small-Cap Fund trails the momentum-driven Russell 2000 in the near-term, the Fund is ahead of the Russell 2000 Value Index on a trailing 1, 3, 5, 10-year and since inception basis. We are highly confident in the portfolio today and believe we have significant upside potential from here.

Average Annual Total Returns for the Longleaf Partners Small-Cap Fund (9/30/20): Since Inception (2/21/89): 9.98%, Ten Year: 9.71%, Five Year: 6.84%, One Year: -3.16%. Average Annual Total Returns for the Russell 2000 (9/30/20): Since Inception (2/21/89): 8.98%, Ten Year: 9.85%, Five Year: 8.00%, One Year: 0.39%. Average Annual Total Returns for the Russell 2000 Value (9/30/20): Since Inception (2/21/89): 9.27%, Ten Year: 7.09%, Five Year: 4.11%, One Year: -14.88%.

Returns reflect reinvested capital gains and dividends but not the deduction of taxes an investor would pay on distributions or share redemptions. Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting southeasternasset.com. ***As reported in the Prospectus dated May 1, 2020, the total expense ratios for the Longleaf Partners Small-Cap Fund is 0.93%.***

Performance Review: Update on Kodak

We have fielded multiple calls and emails on Kodak since the news first broke on July 28, 2020 about the company receiving a potential $765 million loan under the Defense Production Act to produce ingredients used in a variety of key generic medicines.

When we first invested in Kodak in 2016, one of the most compelling but hardest to value parts of our case was the strategic upside in the Eastman Business Park (EBP) in Rochester, NY. This facility encompasses over 1200 acres and millions of square feet of buildings. But the vast majority of it was lying dormant at the time of our investment. One of the many good things about the news of the loan was that it could rejuvenate this asset in a win/win for both Kodak and the United States. The loan would not be a gift, but rather an investment that achieves a good return for both parties by bridging the EBP from an underutilized asset to a productive facility that can handle much more than just the drug ingredients contract initially announced.

It was discouraging that after the news of the potential loan broke, Kodak and CEO Jim Continenza had to endure multiple headlines alleging various improprieties, while the company was unable to publicly defend itself in the midst of a review of the events of the last few months by well-respected law firm Akin Gump. When Akin Gump's 88-page report finding no illegal behavior by Kodak management came out, there was less coverage, but the good news is that the facts appear to speak for themselves. Importantly, through release of this report, our view is that Jim Continenza and the Kodak board of directors were able to clear the air as it relates to his options granted this year and to potential insider trading. We will continue to monitor any developments regarding these issues.

It is not clear whether the government loan will still go through at this point, but Kodak has confirmed that commercial parties were interested in doing business with the company in this drug ingredients field before the government loan came into view, thus showing that there are multiple paths with and without a government loan to value realization here. Jim Continenza has been working hard to grow value per share since he became CEO of the company last year. Jim has dramatically cut costs, simplified the business and sharpened its focus. We are confident that he will continue to explore a broader array of strategic options for Kodak's other assets, like its digital printing business, its brand licensing stream and its under-monetized materials science patents from a position of strength.

We were not able to share details with you on our active trading in the midst of the extreme share price volatility, given regulatory restrictions and the sensitivity of the situation. We can now share more of those details and how we managed the position through the news cycle.

We exited our small common stock position the day the deal was announced and then worked with the company to convert our convertible bonds to common shares over the course of the next several days. As noted in Kodak's 8K filed on August 3rd, we received just under 30 million shares of common stock and $5.6 million in accumulated interest in cash upon conversion. We subsequently sold all of the converted shares to take advantage of the price appreciation and reduce an outsized position, as reported in our Schedule 13G filed on September 10th. Today, we still retain ownership in the preferreds, which represent 10% of the portfolio as of quarter end.

Our investment in Kodak has been mostly done as a lender first with equity upside second because of what we viewed to be a much wider than usual range of outcomes at this company. We chose to live with less near-term liquidity in exchange for this downside protection, coupled with large potential upside. We understood that this could lead to more short-term volatility in the stock price given the small market cap at the time we invested, but we can't say that we expected a range of $2 to $60 in two days and now $9 two months later. We will always view volatility like this as a gift from Mr. Market, as Ben Graham and Warren Buffett would say. We have also long focused on being approximately right instead of precisely wrong in our appraisals. We have been monitoring the situation and updating our view in real time, and the range of the Kodak value per share today is both higher and wider than it was three months ago. It is likely that the replacement cost of EBP today is an extremely large number. This value needs to be added to Kodak's other assets that we thought were worth at least $500-750 million, including cash. We can see a path to meaningfully positive free cash flow (FCF) at Kodak over the next few years that can be worth at least a mid-high teens market multiple. With the conversion of our bonds into equity, our preferred investment is now an even higher quality credit, and when the time is right, we will explore various ways to monetize or modify this investment before it matures next year. In the meantime, this investment provides dividends and solid value as a safe credit.

It is important to note that the gains locked in on Kodak are offset by realized losses in the Fund, so the sale has not created a capital gains distribution. We did have 2019 capital gains during the spillback period (i.e., capital gains from fiscal year 2019 that were not distributed in last year's November distribution). As of September 30th, the estimated capital gain distribution for the Fund is 0.70 per share, based entirely on the 2019 spillback period, not related to Kodak.

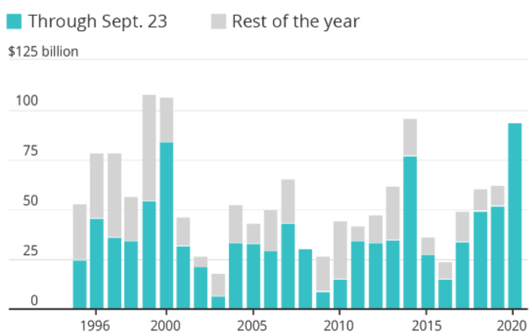
Market Review

Last quarter, we wrote about the two different categories of bear markets we have seen seven times over the last 50+ years – those that were started by an external macro shock (from which value has historically bounced back better than the market after a period of initial underperformance) and those that were started by the popping of a speculative stock market bubble. Over the last three months, we began to see early signs of both our style of investing bouncing back and the speculative bubble popping, or at least letting some air out. While we will highlight strong stock-specific results at the companies we own later, we saw some promising signs that momentum will not drive markets forever. While our previous letter focused more on the quantitative signs of market excess, we thought it might be helpful in this letter to highlight some other, more qualitative reasons things could soon turn our way.

The first sign of market excess to discuss has been the dramatic rise in initial public offerings (IPOs), as the market has continued to first thaw from and then quickly overheat after the initial COVID shock. After seeing sentiment measures reach Global Financial Crisis (GFC)-levels in March, it is pretty amazing to consider that 1999-2000's IPO issuance record is now within reach only six months later, as shown in chart 1 below.

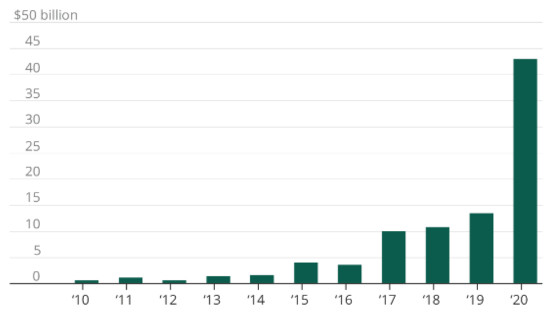
The September 4th MarketWatch headline christening 2020 as "The Year of the SPAC" (special purpose acquisition corporation) is arguably an even starker sign of excess, with the highest issuance of SPACs on record, by a lot, as shown in chart 2 below.

Chart 1:
Money Raised by US-listed IPOs



Source: Driebusch, C. (2020, September 25). IPO Market Parties Like It's 1999. *Wall Street Journal.* Retrieved from wsj.com; Dealogic

Chart 2:
Money Raised in Blank-Check Company IPOs, Annually



Source: Wursthorn, M. (2020, September 30). Blank-Check Companies Get the ETF Treatment. *Wall Street Journal.* Retrieved from wsj.com; Dealogic

In a way, this signifies an even frothier market than the kind of IPO boom that has typically been associated with traditional market peaks. At least with IPOs you know what you are buying, even if it is at a high multiple and is being sold by someone who knows a lot more about it than you do. Essentially "blank-check companies," SPACs represent shares in a company that has no operations. SPACs are a total leap of faith that markets are only open to when things feel the best, but a big leap off a high peak can lead to a painful splat. The Year of the SPAC was taken to an even greater extreme with the launch of the first SPAC ETF on October 1st. In our view, this unholy union is a sign of peak market mania.

We have also seen a sharp increase in retail stock trading forming part of the zeitgeist, which is yet another sign of a market top. In recent history, we had the great bitcoin Thanksgiving of 2017 (bitcoin trades today at $10,504 vs. its high of $19,783 in December 2017). Similarly, right before the GFC, there was a mania for building and flipping houses (housing starts even in the strong year of 2020 are still on track to be in the 1.5 million range vs. a peak of over 2 million pre-GFC). But, we have to go back to 1999-2000 to see a retail frenzy for certain stocks at similar levels we are seeing today.

Putting a sad 2020 twist on the old “shoeshine boy test”, one of us recently lost someone close to us but was unable to attend the small funeral service due to COVID restrictions and family obligations. While texting with the family member who was able to attend, she reported back not on the details of the service, but rather on all of the questions about options trading and an electric vehicle stock from the guests in attendance! For contrarians like us, this brought some glimmers of hope to a long day in a long year.

Contributors/Detractors

(Q3 Investment return; Q3 Fund contribution)

As discussed above, Kodak (121%, 15.45%) was the largest contributor to performance in the quarter.

Mattel (21%, 1.63%), the classic toy company, was another strong contributor in the quarter. Although this year’s revenues will be down due to global lockdowns shutting stores, the company is on track to increase its annual earnings before interest, taxes, depreciation and amortization (EBITDA) with higher gross margins and the successful execution of its outsourced manufacturing strategy. Barbie delivered another excellent performance, gaining seven points of US doll market share in the second quarter, while growing its revenues as competitors shrunk. Mattel also released a new Barbie special on Netflix in September, part of a promising long-term push into intellectual property licensing. American Girl, a brand that has struggled for years, doubled its digital sales during the quarter as well. With higher profitability, shoppers returning to stores and a strong new digital media presence behind its biggest brands, CEO Ynon Kreiz’s strategy is beginning to pay off.

Realogy (27%, 1.41%), the residential brokerage franchisor, was another strong contributor. Although quarterly numbers in both the Franchise and Owned Brokers businesses appeared anemic due to April’s nearly frozen market, home sales picked up by the end of the second quarter and have surged in the third. The company amended its credit covenants to allow for another year of higher leverage ratios on depressed trailing annual EBITDA until its sales normalize. Realogy’s Title business also cashed in on the refinance boom and doubled its EBITDA contribution during the quarter. CEO

Ryan Schneider deserves credit for not panicking in the worst moments in March and April, and the company is poised to de-lever rapidly in today's healthy homes sales market.

Lazard (17%, 0.96%), the global asset management and investment banking company, was also a top contributor. During the quarter, Lazard's AUM grew 11% as international markets rallied, and management revealed a strong backlog of new accounts to drive future inflows. Financial advisory revenues declined 11% YOY with the depressed number of M&A transactions outweighing strong growth in restructuring work. CEO Ken Jacobs has done excellent work to maintain the company's profitability by reducing costs more than 10% in a challenging market environment. As earnings rebound with an improving 2021 M&A environment, we expect further strong appreciation from Lazard's undervalued shares. In the meantime, Lazard's free cash flow funds a hefty 5% dividend. The recent news of Morgan Stanley acquiring an inferior peer to Lazard Asset Management for a high multiple, as well as activists taking stakes in peers Janus Henderson and Invesco, should help to highlight the value of Lazard's differentiated international asset management business. Lazard remains highly discounted versus our appraisal value, which has been growing again after the initial COVID pain.

Graham Holdings (18%, 0.94%), the media, education and manufacturing conglomerate also contributed to positive returns. With small businesses slashing marketing expenses, Graham's quarterly TV revenues fell 17% excluding the election-year growth in political advertising. However, the TV revenues bottomed in April and have since shown marked improvement. In Education, Kaplan International constant-currency revenues decreased 9% due to the freeze in international travel and campus closures, but this result was better than feared and the segment's margins held up well. Kaplan Higher Education, a joint venture with Purdue, grew strongly, as did the company's wood treating and podcasting subsidiaries. CEO Tim O'Shaughnessy took advantage of a highly discounted price by repurchasing at a 7% annualized pace and announced in September the board's new repurchase authorization of up to 500,000 shares.

Empire State Realty Trust (ESRT) (-13%, -0.64%) was the only detractor of note in the quarter. New York City is just beginning to emerge from COVID, so its office buildings remain only about 10% full, and the Empire State Building Observatory – while outperforming other observatories in the area by a significant margin – is still well off its 2019 levels due to a dramatic fall-off in tourist traffic. It will take time for the company to rebound to full strength, but a dire scenario is already priced in, and our value in the mid-teens per share assumes a slow ramp back. The good news is that ESRT has a best in class balance sheet, and our great CEO partner Tony Malkin is poised to go on offense in a market that is ripe with opportunities.

Portfolio Activity

Cash built in the first two months of the quarter, as we sold and trimmed strong performers, but we began to put more money to work in September. We exited GCI Liberty in July for an 81% return over two years of ownership. Charter Communications, the cable company that is GCI Liberty's largest holding, grew its value consistently with improved EBITDA and FCF, and Charter's share price roughly doubled in the last two years. GCI's Alaskan cable business faced a seemingly endless series of unforeseen challenges but navigated them well. Once again, CEO Greg Maffei and Chairman John Malone proved to be exemplary partners. We also exited our position in satellite communications company ViaSat, which was a small performance detractor but a longer-term opportunity cost given its six-year holding period. Over the course of our holding, ViaSat shrunk its subscriber churn and raised prices, as we had originally believed they would. Its government business consistently grew revenues and profits very well, and ViaSat Inflight signed up over 2000 airplanes. But the company will not produce positive FCF for several more years due to the ongoing investment demands of its next-gen satellites. Threats from new entrants have emerged from the likes of Amazon that are difficult for us to quantify. We have also disagreed with management on certain items over our holding period. There is a wide range of outcomes from here for the business, but we felt we could deploy the capital elsewhere with less downside risk.

We initiated three new investments in the quarter, all of which remain undisclosed as we build out the positions. We have successfully owned all or parts of these businesses before (sometimes in different forms) and are confident that they have improved qualitatively since we last owned them. We also had positive people changes at two of them.

Outlook

After another quarter of strong market returns, we were excited to see increased volatility and share prices pulling back a bit in the last month, when we were able to start putting some of our cash to work again. Our research team has been busy, and our on-deck list of potential new investments grew substantially in the last three months. If we are able to fill out the open orders for 3 positions in the portfolio that are currently sub 5%, this would quickly take cash from 18% to 10%. We have over five ideas that are fully vetted and being closely watched across a variety of industries. These companies range from branded apparel to diversified infrastructure to diversified industrials to financial services to media/entertainment. They have all been discounted for idiosyncratic reasons. With more market volatility, we expect we will be able to put more cash to work into at least some of these businesses at good prices.

Continuing the theme of this letter, it feels like things are closer to coming our way, mostly because it felt for the first two months of this quarter that market sentiment had rarely been worse for bottom-up, value investors like us. It will be an interesting rest of the year for all of the reasons that we are all tired of hearing about. We can imagine a grid of outcomes with the best possible (but not the most likely) "cube" being [vaccine that works well and is rolled out smoothly and swiftly over the next 6-9 months] + ["normal" (we give some leeway with those quotes) US election] + [nothing else bad happening], but we are aware that there are a lot of other cubes in this grid. Of course there are always large outcome grids like this (that's life), but it is rare to find so many consequential and sharply divergent paths compressed into so few months, and it feels like the market is pricing in a scenario much closer to the ideal cube for a lot of market sectors that have been seemingly priced for perfection for years now. Where the market is more doubtful, we feel that the vast majority of the pain has already been taken, including in some of our portfolio holdings, like Lumen (the recently renamed CenturyLink) and Empire State Realty Trust, to name a few. We have maintained our cash discipline as the market melted up, meaning we have cash available to be a liquidity provider in the next market downdraft, and we will not be afraid to put it to work when investments qualify. For those reasons, we are confident our portfolio will work from here in a variety of outcomes and look forward to speaking with you again after year end. Thank you for your continued partnership, and we hope you and your families remain safe and healthy.

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.

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

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

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

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

As of September 30, 2020, the top ten holdings for the Longleaf Partners Small-Cap Fund: Lumen, 10.9%; Kodak, 10.0%; Mattel, 8.4%; Lazard, 7.1%; CNX Resources, 6.5%;Graham Holdings, 4.9%; LANXESS, 4.7%; Realogy, 4.4%; Empire State Realty, 4.3%.; Univar 4.1%. Fund holdings are subject to change and holding discussions are not recommendations to buy or sell any security. Current and future holdings are subject to risk.

Funds distributed by ALPS Distributors, Inc.

LLP001092
Expires 1/31/2021

Longleaf Partners International Fund

Longleaf Partners Funds

Summary - September 30, 2020

3Q20

Longleaf Partners International Fund

(800) 445-9469 / southeasternasset.com

Longleaf Partners Funds

Long-Term / Concentrated / Engaged / Value

Founded in 1975, Southeastern Asset Management is an independent, global investment firm managing $9.0 billion. Partnership is core to all that we do, and Southeastern's employees and related entities are the largest investors across the Longleaf Partners Funds. Our 14-person global investment team are generalists, tasked with finding the best bottom-up opportunities across the globe.

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

Fund Profile

Investment Style	International value
Ticker	LLINX
Inception Date	October 26, 1998
Net Assets	$1.0 billion
Expense Ratio (Gross/Net)	1.17%/1.15%
Turnover (5 yr avg)	30%
Weighted Average Mkt. Cap	$19.2 billion

Holdings (21)

	Activity*	Weight
EXOR	-	8.3%
Domino's Pizza Group (UK)	-	7.7
Melco International		6.6
Prosus		5.9
Lazard		5.4
LANXESS	-	5.0
Fairfax Financial		5.0
Accor	+	4.9
Millicom		4.6
Baidu	-	4.6
LafargeHolcim	-	4.6
Glanbia	+	4.5
Richemont		4.3
Becle	-	4.3
MinebeaMitsumi	-	4.0
CK Asset Holdings		3.8
CK Hutchison		3.5
GRUMA		3.0
Applus Services	+	2.5
Undisclosed	NEW	2.1
Great Eagle		2.1
Cash		3.3
Total		100.0 %

*Full eliminations include the following positions: None

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

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

LLP001096 expires January 31, 2021

Sector Composition

Consumer Discretionary	31.5%
Financials	18.7
Consumer Staples	11.8
Industrials	10.0
Materials	9.6
Communication Services	9.2
Real Estate	5.9
Cash	3.3

Regional Composition

Europe Ex-UK	44.6%
Asia Ex-Japan	22.7
North America	17.7
UK	7.7
Japan	4.0
Cash	3.3

Performance Contribution

Top Three	Portfolio Contribution	Return
Domino's	1.51%	24%
Lazard	0.76	17
Millicom	0.56	14

Bottom Three	Portfolio Contribution	Return
CK Asset	-0.80%	-18 %
Melco International	-0.74	-10
EXOR	-0.45	-6

Performance at 9/30/2020

	Total Return			Average Annual Return				
	QTR	YTD	One Year	Five Year	Ten Year	15 Year	20 Year	Since Inception
International Fund	1.72%	-19.51%	-10.02%	5.37%	2.70%	2.41%	4.26%	6.34%
MSCI EAFE Index	4.80%	-7.09%	0.50%	5.26%	4.62%	3.73%	3.58%	4.22%

Returns reflect reinvested capital gains and dividends but not the deduction of taxes an investor would pay on distributions or share redemptions. Performance data quoted represents past performance; past performance does not guarantee future results. The investment return 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 12, 2020

Longleaf Partners International Fund Commentary

3Q20

Longleaf Partners International fund returned 1.72% in the third quarter versus the MSCI EAFE Index's 4.80%. For the full year, the Fund's return remains behind the Index after an extremely challenging first quarter. While we are disappointed in the Fund's near-term absolute and relative results, we are confident that our long-term, concentrated, value-oriented investment style will not be out of favor forever. Throughout our history, our largest short-term detractors have typically gone on to be the most meaningful drivers of longer-term outperformance. Over half of the companies in the portfolio produced positive returns in the quarter, particularly our European businesses. However, our overweight to Hong Kong was the largest absolute and relative detractor in the period, with all of the Hong Kong-listed companies we own declining in the quarter. We believe these businesses offer some of the most compelling future upside from today's overly discounted prices.

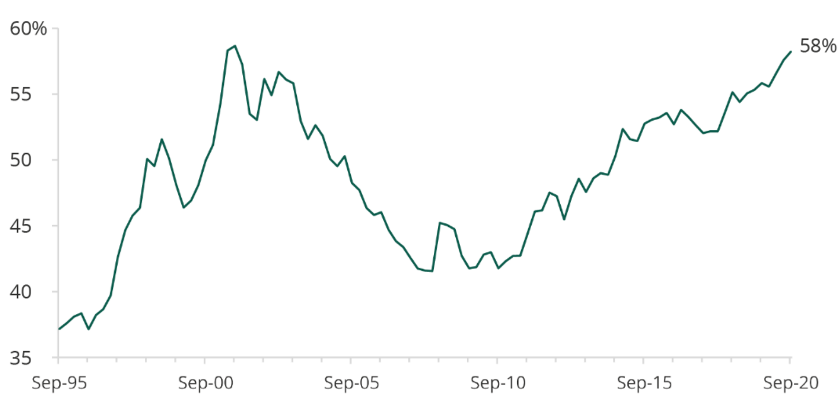
Average Annual Total Returns (9/30/20) Longleaf Partners International Fund: Since Inception (10/26/98): 6.34%, Ten Year: 2.70%, Five Year: 5.37%, Three Year: -3.64%, One Year: -10.02%. MSCI EAFE Index: Since (10/26/98): 4.22%, Ten Year: 4.62%, Five Year: 5.26%, Three Year: 0.62%, One Year: 0.50%.

Returns reflect reinvested capital gains and dividends but not the deduction of taxes an investor would pay on distributions or share redemptions. Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting southeasternasset.com. ***As reported in the prospectus, dated May 1, 2020, the total expense ratio for the Longleaf Partners International Fund is 1.17% (gross) and 1.15% (net). The expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.15% of average annual net assets.*** *Southeastern has contractually committed to limit operating expenses (excluding interest, taxes, brokerage commissions and extraordinary expenses) to 1.15% of average net assets per year. This agreement is in effect through at least May 1, 2021 and may not be terminated before that date without Board approval.*

Today, we believe the portfolio is heavily weighted towards "coiled springs", companies with depressed stock prices where the underlying businesses are performing and the people are taking intelligent, value-accretive action. In addition to the three Hong Kong-listed positions described in more detail below, companies in the tightly-coiled camp include: Exor, Lanxess, Great Eagle, Glanbia, Baidu, Accor, Fairfax and Applus. Perhaps not surprisingly, these represent the companies that have been among the worst contributors to performance this year and/or are among our newest purchases. This is a collection of extraordinarily discounted, high-quality companies with strong management partners at the helm. The return potential embedded in this group, collectively trading well below 60% of appraisal value, combine to represent over half of the portfolio. Alongside this group of deeply discounted companies primed for what we believe could be significant upside, we own companies like Prosus, Domino's, Gruma and Becle. These businesses have been lockdown beneficiaries that have been among the largest contributors to performance year to date (YTD). All four companies remain attractively discounted, and we believe they are primed for continued value growth in the coming years.

Last quarter we highlighted the disparity between US markets and nearly every other equity market in the world on normalized cyclically-adjusted price-to-earnings ratios (CAPE). Today, US equity markets have reached a new threshold of “relative market share” at nearly 60% of global equity market capitalization. This level was last touched around the turn of the millennium, setting off a 7-year period of non-US outperformance relative to US equities.

US Market Cap as a Percentage of MSCI World
Quarterly

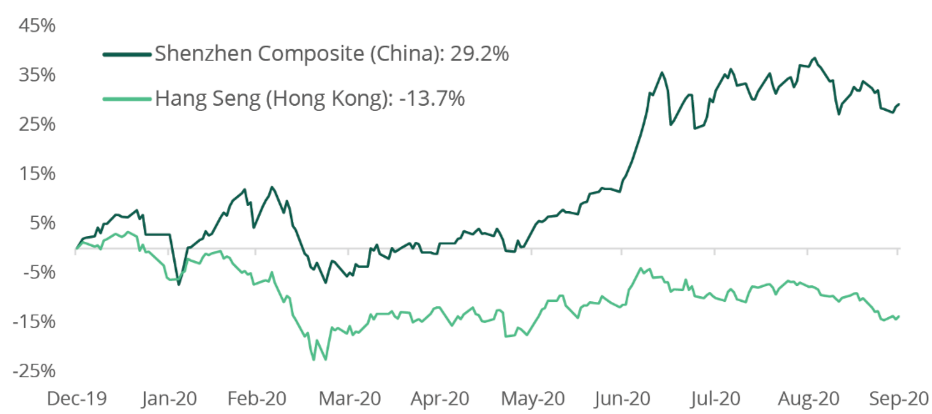


Source: Bloomberg

Performance Review

Hong Kong particularly stands out as a relative performance laggard when it comes to non-US markets, which we have seen reflected in our portfolio returns YTD. Hong Kong's Hang Seng Index has declined 13.7% YTD (USD), among the worst-performing stock exchanges in North Asia. The Hang Seng Index's weak performance contrasts with strong performance in Mainland China. The Shenzhen Stock Exchange Composite Index, is up 29.2% YTD (USD), while the CSI 300 index has appreciated 17.1% YTD (USD).

China Stock Market vs Hong Kong Stock Market
Year-to-Date ending 30 September 2020



Source: Bloomberg

In addition to a heavy weighting towards more value-oriented sectors – in the form of financials, property and utilities – which have underperformed growth globally, the Hong Kong stock market has been buffeted by continued tensions between the US and China and the closure of borders to non-residents since March. Strength in technology sector names, such as Alibaba, Tencent, and Xiaomi, and biotech names, such as Wuxi Biologics and Sino Biopharmaceutical, was insufficient to offset heavy exposure to old economy sectors such as utilities, banks, and properties (retail, office, hotels), which account for more than half of the market and depend more on open borders and inflow of mainland Chinese visitors and companies.

Last year, Hong Kong had about 56 million visitors, with 78% coming from Mainland China. In the current environment in the face of COVID-19, YTD visitation numbers through August are down 92% year-over-year (YoY), to the detriment of businesses that benefit from tourism.

Hong Kong-listed conglomerates CK Asset (CKA) and CK Hutchison (CKH) and Macau casino operator Melco International were deeply affected by negative sentiment in Hong Kong and the closure of borders in Hong Kong and Macau. Both CKA and CKH reduced their interim dividends, which weakened their share prices. In our view, the dividend cuts were unnecessary and overly conservative, as both companies are well capitalized, and in the case of CKA, its balance sheet is significantly under-levered. CKH's free cash flow (FCF) in the first half was actually up 50% YoY due to excellent working capital discipline. CKA's hotels and retail malls in HK, their pub business in the UK, and their airplane leasing business were affected in varying degrees by COVID. CKH's retail business and Canadian energy business were affected most by COVID shutdowns and the collapse in oil prices. CKA has one of the best balance sheets in the world among real estate and infrastructure companies. But in the near term, the market is focused on some of the more short-term volatile parts of these companies that are hurting currently reported earnings per share.

Melco's casino business was severely affected by the closure of borders in Macau, with visitation down 87% YoY in the first eight months of the year, despite only 46 cases of COVID and zero deaths, as of the end of September. Despite effective cost-saving measures, an over 90% collapse in revenue is causing cash burn at all Macau casinos.

While the first half was challenging, the second half is looking much better for all three companies, as they see signs of recovery. Macau borders have slowly opened to Chinese visitors in the last month, with Individual Visit Scheme (IVS) visas open to all mainland residents from September 23rd. While the process of obtaining visas and COVID testing prior to travel means that recovery will be slow and measured, Melco only needs visitation to recover to 30% of last year's levels to achieve cash flow breakeven. We are confident that the pent-up demand for gaming in Macau remains undiminished and that logistical hurdles to travel will continue to fall away.

We have seen a strong recovery in travel and consumption in mainland China, where there is an unrestricted movement of people, and we believe that Macau will recover once restrictions on cross border travel are relaxed. In the first four days of the "golden week" holiday in China, there were 425 million domestic tourists, with total tourism revenue reaching 312 billion RMB, recovering to around 70% of last year's level. Discussions are ongoing regarding potentially adding Hong Kong to the China-Macau travel-bubble. We believe that opening the borders between HK, Macau, and Mainland China would be highly beneficial for our Macau and other travel exposed investments.

CK Hutchison's retail stores have seen traffic recovery after cities unlock, and July's operating profit was already up 14% YoY. We understand that the positive YoY growth in retail operating profit has continued in the second half. The decline in port shipment volume at various ports is narrowing compared to the pandemic's peak in the first half.

CK Hutchison completed the legal separation of its European tower assets, and management is actively exploring ways to realize value. In the current low yield environment, stable earning assets like towers are in demand, and comparable peers in the developed market are trading above 20 times pre-IFRS 16 earnings before interest, taxes, depreciation and amortization (EBITDA). We believe selling assets at an attractive valuation, which the company has a strong track record of doing, and redeploying capital to repurchase discounted shares could create tremendous value for shareholders. If CK Hutchison were to sell its tower business for 24x EBITDA, in line with European telecom tower operator Cellnex Telecom's trading multiples, that would imply a value of $8.5 billion, or 36% of CK Hutchison's severely depressed market capitalization, which is trading at 5x earnings.

We have seen significant insider buying and share repurchases in our portfolio, which we believe is a good indicator of our portfolios' attractiveness by proven capital allocators whom we respect. In Hong Kong, The Li family, the largest shareholder of CK Asset and CK Hutchison, spent close to $500 million in the last 14 months buying shares of the two companies. Lawrence Ho, Melco's Chairman, and CEO spent over $55 million YTD buying shares personally in Melco International.

Contributors/Detractors

(Q3 Investment return; Q3 Fund contribution)

Domino's Pizza Group (DPG) (24%, 1.51%), the UK-listed iteration of the Domino's brand, was the top contributor in the quarter. DPG has seen a complete transformation of its board and C-Suite over the last year. In September, DPG announced the appointment of Natalia Barsegiyan and Lynn Fordham to its board, further improving governance and oversight and adding some much-needed diversity to the board. The dramatic improvement in management quality and governance effectiveness over the last year has coincided with a lockdown environment that has resulted in increased delivery pizza demand. DPG is by far the market leader in pizza delivery in the UK. This local economy of scale and dense distribution network of franchisees makes for the freshest and most consistent delivery product in an environment where consumers are increasingly turning to food delivery. DPG was not entirely unscathed by the COVID lockdown, as approximately 20% of 2019 revenue was derived from takeaway customers. This business entirely went away in the worst of the lockdown period but was more than made up for by the surge in delivery orders. DPG has a substantial runway for further growth within the underpenetrated market in the UK and Republic of Ireland. Despite strong performance, it trades at a meaningful discount to its growing appraisal value and we believe offers significant upside from here.

Lazard (17%, 0.76%), the global asset management and investment banking company, was also a top contributor. During the quarter, Lazard's AUM grew 11% as international markets rallied, and management revealed a strong backlog of new accounts to drive future inflows. Financial advisory revenues declined 11% YOY with the depressed number of M&A transactions outweighing strong growth in restructuring work. CEO Ken Jacobs has done excellent work to maintain the company's profitability by reducing costs more than 10% in a challenging market environment. As earnings rebound with an improving 2021 M&A environment, we expect further strong appreciation from Lazard's undervalued shares. In the meantime, Lazard's free cash flow funds a hefty 5% dividend. The recent news of Morgan Stanley acquiring an inferior peer to Lazard Asset Management for a high multiple, as well as activists taking stakes in peers Janus Henderson and Invesco, should help to highlight the value of Lazard's differentiated international asset management business. Lazard remains highly discounted versus our appraisal value, which has been growing again after the initial COVID pain.

Millicom (14%, 0.56%), the Latin American cable company, was another positive contributor. Like most companies in the region, Millicom suffered a material negative impact from COVID, with its Panama and Bolivia businesses hit especially hard. Its businesses in Colombia and Paraguay have also suffered from FX weakness. However, Millicom was able to navigate the challenges in line with market expectations. CEO Mauricio Ramos and CFO Tim Pennington have done great work to deleverage the business to healthy levels, even as COVID took a near-term toll on revenues. Management updated guidance to target free EBITDA (EBITDA less capital expenditure) to be flat YOY. The company was cash flow positive in the first half of this year. In September, Southeastern Vice-Chairman Staley Cates joined Millicom's Nomination Committee, whose primary responsibilities are to identify potential board members, propose the compensation for all directors and present proposals on the election and compensation of the statutory auditor. This allows us to engage in a more meaningful way with the company on important issues but does not involve the same time or resource commitment of taking a seat on the Board of Directors. After double-digit returns in the quarter, Millicom still trades at a substantial discount to our conservative appraisal.

Lanxess (9%, 0.54%), the German specialty chemicals company, was also a top contributor in the quarter. Trading with a double-digit free cash flow yield and a pristine balance sheet, the company remains extraordinarily attractively priced. Led by CEO Matthias Zachert, Lanxess has been one of the few companies to provide guidance through the pandemic lockdown period and to deliver on those forecasts. Additionally, in August the company announced another value-accretive asset sale of its non-core Organic Leather Chemicals for €80 million, adding to management's stellar track record of streamlining the business by monetizing non-core assets at accretive prices. While the market still prices Lanxess like a collection of lower-quality commodity business from its past, the future of the business lies in its core Consumer Protection Products for consumer food safety, biosecurity and water purification applications, and Specialty Additives for lubricants and flame-retardant applications. At the end of 2019, Mr. Zachert confidently stated that the platform had been built at Lanxess, and now the performance would start to evidence. The COVID pandemic and its accompanying economic impact unfortunately delayed this potential, but we are confident that potential remains. The balance sheet is in phenomenal shape, allowing the company flexibility to go on offense with organic business investments, value creating bolt-on deals and, in our view, investments in the cheapest and best known high-quality business available to them – Lanxess's own shares at these prices.

CK Asset (-18%, -0.80%), the Hong Kong and China real estate company, was the top detractor in the quarter. As discussed above, COVID has created disruptions in several segments within the company. Investment property and hotel profits were down YoY. The aircraft leasing division profits were up in the first half, primarily due to some disposal gains, but the industry is facing headwinds. CK Asset's UK pub operation booked losses due to pub closures during the lockdown, as well as a write down of assets. However, the company continues to take strategic steps to create value during the pandemic. In May, CK Asset won a site on Anderson Road, Hong Kong at a material discount to comparable transactions nearby and disposed of the entire remaining mixed-use development in Chengdu, China at three times the book value in July. Given the macro environment this year, we have adjusted our appraisal assumptions to incorporate a worst-case scenario. However, CK Asset is still trading at a severe discount. It is encouraging to see that the KS Li family, the largest shareholder in the company, has continuously increased their stake via open market purchases, spending about HK dollar 3.8 billion (US$485 million) since last August, an unparalleled level of insider buying.

Melco International (-10%, -0.74%), the Macau casino and resort holding company, was another detractor in the quarter. Its operating subsidiary Melco Resorts recorded property level EBITDA loss of US$156 million, ahead of consensus expectations, thanks to stringent cost control. As discussed above, travel restrictions between Macau and Mainland China began to ease in August, with the issuance of IVS visas in China resuming in late September. These are critical steps towards a normalization of the Macau operating environment. However, they have not led to an immediate recovery in visitations or gross gaming revenue (GGR) due to inconvenient logistics, including a manual processing of visa applications, required COVID testing and increased scrutiny over cross-border capital flows and junkets leading to weak VIP numbers. In this tough operating environment, we are encouraged that Melco has shown impressive cost controls and liquidity management. Melco cut its daily operating expenses by over 40% in just a few short months. The company expects to reach EBITDA breakeven when GGR reaches 30-35% of historical levels. Melco has enough balance sheet liquidity to sustain two years of a zero-revenue scenario, while still funding its growth capital expenditure. We are not expecting a V-shaped recovery in the near term, but we believe Melco's mid-to-long term growth prospects remain intact with Lawrence Ho's strong execution and the company's solid position in the premium mass segment.

Portfolio Activity

We took advantage of price strength in the quarter to trim several positive performers, but we did not exit any positions. We used proceeds from these trims to add to our discounted positions in Applus, Accor and Glanbia, all of which fall into the "coiled spring" category. Additionally, we initiated a new position in Jollibee Food Corporation (JFC) in the quarter. JFC is the largest restaurant company in the Philippines, with almost 6,000 stores worldwide − 3,528 Group-owned and franchised stores in the Philippines and 2,446 stores overseas. From humble beginnings as an ice cream parlor in the 1970s, JFC rapidly expanded through the organic growth of the Jollibee brand and a string of acquisitions of multiple brands, generating over $4.8 billion system-wide sales last year. JFC is the dominant quick-service restaurant (QSR) player with over 50% market share (by store network) in the Philippines, larger than McDonald's and KFC in the region. Chairman Tony Tan Caktiong and his brother, CEO Ernesto Tanmantiong, who collectively own around 56%, run JFC as prudent owner-operators with good operation and execution capabilities. We like the company's focus on ROIC and the long runway for profitable growth opportunities in the Philippines and overseas.

Outlook

Although our portfolio has been out of favor for the last 12 months, we believe the outlook for this portfolio and strategy is bright. Non-US, non-dollar, non-growth-at-any-price companies contain the seeds of excess future return. We have taken advantage of volatility this year to re-underwrite our portfolio and have taken some key steps to upgrade the quality. Today, the portfolio is fully invested with an on-deck list longer than most any time in our 20-plus year history. The fourth quarter holds the potential for plenty of geopolitical drama, including the US presidential election, the end of the Brexit transition period between the UK and European Union and further developments around the global pandemic. Of these, Brexit is perhaps the most relevant to the portfolio - not because we have any undue exposure directly to that outcome, but because it could provide plenty of opportunity for new investments. The original Brexit vote in 2016 set up an environment that led to several excellent investment opportunities, including Belmond and Hikma. Our on-deck list of potential opportunities is well represented by UK-domiciled firms that could be impacted in the short term by Brexit-related volatility.

Despite a year of frustrating relative and absolute performance, we are confident that our two-decade-long track record of adding value in a rigorous, disciplined manner will continue for the future. Just over a year ago, at the end of the 2Q19, the Fund's performance since inception was 300bps over the market net of fees, which translates to an approximately 21-year track record of adding 400-500bps of gross outperformance. We feel that the portfolio is primed to deliver strong excess returns going forward. Southeastern's time-tested strategy of concentrated value investing for the long term, focused on good businesses with an appropriate margin of safety where we can think and act like long term owners, can continue to deliver excess returns. Thank you for your continued partnership, and we hope that you and your families remain healthy and safe.

See following page for important disclosures.

Before investing in any Longleaf Partners Fund, you should carefully consider the Fund's investment objectives, risks, charges, and expenses. For a current Prospectus and Summary Prospectus, which contain this and other important information, visit southeasternasset.com/account-resources Please read the Prospectus and Summary Prospectus carefully before investing.

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

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

Shenzhen Stock Exchange Composite Index is an actual market-cap weighted index that tracks the stock performance of all the A-share and B-share listed on Shenzhen Stock Exchange.

The Hang Seng Index or HSI is a market capitalization-weighted index of the largest companies that trade on the Hong Kong Exchange.

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

"Margin of Safety" is a reference to the difference between a stock's market price and Southeastern's calculated appraisal value. It is not a guarantee of investment performance or returns.

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

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

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

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

IFRS 16 is an International Financial Reporting Standard promulgated by the International Accounting Standards Board. IFRS 16 specifies how an IFRS reporter recognizes, measures, presents, and discloses leases.

As of September 30, 2020, the top ten holdings for the Longleaf Partners International Fund: EXOR, 8.3%; Domino's, 7.7%; Melco, 6.6%; Prosus, 5.9%; Lazard, 5.4%; LANXESS, 5.0%; Fairfax Financial, 5.0%; Accor, 4.9%; Millicom, 4.6 %; Baidu, 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.
LLP001099
Expires 1/31/2021

Longleaf Partners Global Fund

Longleaf Partners Funds

Summary - September 30, 2020

3Q20

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 $9.0 billion. Partnership is core to all that we do, and Southeastern's employees and related entities are the largest investors across the Longleaf Partners Funds. Our 14-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	LLGFX
Inception Date	December 12, 2012
Net Assets	$0.3 billion
Expense Ratio (Gross/Net)	1.32% / 1.15%
Turnover (5 yr avg)	39%
Weighted Average Mkt. Cap	$39.7 billion

Holdings (19)

	Activity*	Weight
Lumen	+	8.1%
EXOR	+	7.9
FedEx	-	5.5
Melco International	+	5.0
Comcast		5.0
Prosus	+	4.9
CK Hutchison	+	4.7
Fairfax Financial		4.7
CNX Resources		4.6
Williams		4.5
General Electric	+	4.4
LafargeHolcim	+	4.4
DuPont		3.9
CK Asset Holdings		3.7
MinebeaMitsumi	-	3.1
Millicom		2.7
Hyatt	NEW	2.0
Accor	NEW	1.6
MGM Resorts	NEW	1.5
Cash		17.8
Total		100.0 %

*Full eliminations include the following positions: Carrier, CNH and Alphabet

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

The total expense ratio for the Longleaf Partners Global Fund is 1.32% (gross) and 1.15% (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.

LLP001114 expires January 31, 2021

Sector Composition

Industrials	17.7%
Communication Services	15.8
Consumer Discretionary	15.0
Financials	12.6
Energy	9.1
Materials	8.3
Real Estate	3.7
Cash	17.8

Regional Composition

North America	44.2%
Europe Ex-UK	21.5
Asia Ex-Japan	13.4
Japan	3.1
Cash	17.8

Performance Contribution

Top Three	Portfolio Contribution	Return
FedEx	3.37%	81%
Carrier	0.82	23
Comcast	0.69	18

Bottom Three	Portfolio Contribution	Return
CK Asset	-0.71%	-17 %
Melco International	-0.58	-10
EXOR	-0.44	-6

Performance at 9/30/2020

	Total Return			Average Annual Return				
	QTR	YTD	One Year	Five Year	Ten Year	15 Year	20 Year	Since Inception
Global Fund	4.40%	-11.83%	-3.15%	7.51%	na%	na%	na%	4.52%
MSCI World Index	7.93%	1.70%	10.41%	10.48%	na%	na%	na%	9.76%

Returns reflect reinvested capital gains and dividends but not the deduction of taxes an investor would pay on distributions or share redemptions. Performance data quoted represents past performance; past performance does not guarantee future results. The investment return may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting southeasternasset.com.

Before investing in any Longleaf Partners fund, you should carefully consider the Fund's investment objectives, risks, charges, and expenses. For a current Prospectus and Summary Prospectus, which contain this and other important information, visit southeasternasset.com/account-resources. Please read the Prospectus and Summary Prospectus carefully before investing.

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

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

October 12, 2020

Longleaf Partners Global Fund Commentary

3Q20

Longleaf Partners Global Fund added 4.40% in the third quarter, while the MSCI World returned 7.93%. The majority of the companies in the portfolio produced positive returns in the quarter, with some of those given back in September against a month of broad market declines. Several companies reported double-digit returns, driven by stronger-than-expected results in the quarter. Our overweight to Hong Kong was the largest absolute and relative detractor in the period, accounting for the majority of the relative return gap this quarter. The three Hong Kong-listed companies we own declined in the quarter, but we believe these businesses offer some of the most compelling future upside from today's overly discounted prices. Our cash weighting, which averaged 20% but came down towards the latter end of the quarter as we initiated three new positions and added to several of our most discounted companies, was also a relative drag on performance in the quarter. The Fund's lack of exposure to

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Average Annual Total Returns (9/30/20): Longleaf Partners Global Fund: Since Inception (12/27/12): 4.52%, Ten Year: na, Five Year: 7.51%, One Year: -3.15%. MSCI World Returns (9/30/20): Since Inception: 9.76%, Ten Year: na, Five Year: 10.48%, One Year: 10.41%. MSCI World Value Returns (9/30/20): Since Inception: 5.59%, Ten Year: na, Five Year: 5.01%, One Year: -8.35%.

Returns reflect reinvested capital gains and dividends but not the deduction of taxes an investor would pay on distributions or share redemptions. Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting southeasternasset.com. ***As reported in the Prospectus dated May 1, 2020, the total expense ratio for the Longleaf Partners Global Fund is 1.32% (gross) and 1.20% (net). The expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.20% of average annual net assets.*** *Southeastern has contractually committed to limit operating expenses (excluding interest, taxes, brokerage commissions and extraordinary expenses) to 1.20% of average net assets per year. This agreement is in effect through at least May 1, 2021 and may not be terminated before that date without Board approval.*

the MSCI World's top-performing Information Technology sector remains the largest drag on relative returns for the year, while the Fund has benefitted YTD from our superior stock selection within the Energy sector (the MSCI World's worst-performing sector by a long shot), which has been a positive contributor to the Fund, thanks to strong performance by CNX Resources and better relative performance by Williams. Although the Global Fund trails the momentum-driven MSCI World, the Fund is ahead of the MSCI World Value Index on a trailing 1 and 5-year basis.

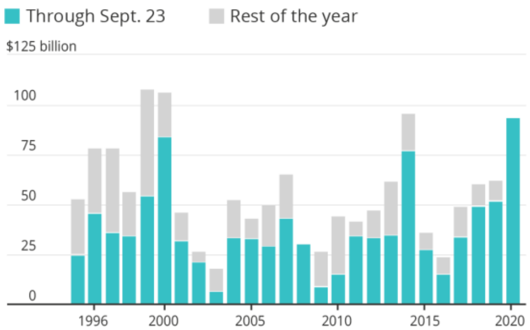
Market Review

Last quarter, we wrote about the two different categories of bear markets we have seen seven times over the last 50+ years – those that were started by an external macro shock (from which value has historically bounced back better than the market after a period of initial underperformance) and those that were started by the popping of a speculative stock market bubble. Over the last three months, we began to see early signs of both our style of investing bouncing back and the speculative bubble popping, or at least letting some air out. While we will highlight strong stock-specific results at the companies we own later, we saw some promising signs that momentum will not drive markets forever. While our previous letter focused more on the quantitative signs of market excess, we thought it might be helpful in this letter to highlight some other, more qualitative reasons things could soon turn our way.

The first sign of market excess to discuss has been the dramatic rise in initial public offerings (IPOs), as the market has continued to first thaw from and then quickly overheat after the initial COVID-19 shock. After seeing sentiment measures reach Global Financial Crisis (GFC)-levels in March, it is pretty amazing to consider that 1999-2000's IPO issuance record is now within reach only six months later, as shown in chart 1 below.

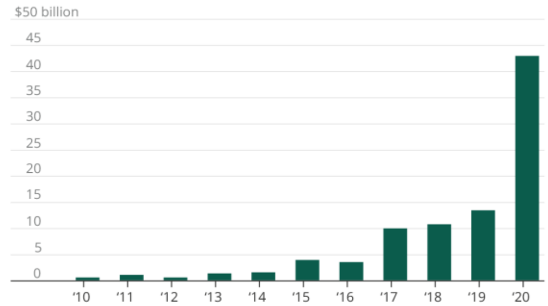
The September 4th MarketWatch headline christening 2020 as "The Year of the SPAC" (special purpose acquisition corporation) is arguably an even starker sign of excess, with the highest issuance of SPACs on record, by a lot, as shown in chart 2 below.

Chart 1: Money Raised by US-listed IPOs



Source: Driebusch, C. (2020, September 25). IPO Market Parties Like It's 1999. *Wall Street Journal.* Retrieved from wsj.com; Dealogic

Chart 2: Money Raised in Blank-Check Company IPOs, Annually



Source: Wursthorn, M. (2020, September 30). Blank-Check Companies Get the ETF Treatment. *Wall Street Journal.* Retrieved from wsj.com; Dealogic

In a way, this signifies an even frothier market than the kind of IPO boom that has typically been associated with traditional market peaks. At least with IPOs you know what you are buying, even if it is at a high multiple and is being sold by someone who knows a lot more about it than you do. Essentially "blank-check companies," SPACs represent shares in a company that has no operations. SPACs are a total leap of faith that markets are only open to when things feel the best, but a big leap off a high peak can lead to a painful splat. The Year of the SPAC was taken to an even greater extreme with the launch of the first SPAC ETF on October 1st. In our view, this unholy union is a sign of peak market mania.

We have also seen a sharp increase in retail stock trading forming part of the zeitgeist, which is yet another sign of a market top. In recent history, we had the great bitcoin Thanksgiving of 2017 (bitcoin trades today at $10,504 vs. its high of $19,783 in December 2017). Similarly, right before the GFC, there was a mania for building and flipping houses (housing starts even in the strong year of 2020 are still on track to be in the 1.5 million range vs. a peak of over 2 million pre-GFC). But we have to go back to 1999-2000 to see a retail frenzy for certain stocks at similar levels we are seeing today. Putting a sad 2020 twist on the old "shoeshine boy test", one of us recently lost someone close to us but was unable to attend the small funeral service due to COVID restrictions and family obligations. While texting with the family member who was able to attend, she reported back not on the details of the service, but rather on all of the questions about options trading and an electric vehicle stock from the guests in attendance! For contrarians like us, this brought some glimmers of hope to a long day in a long year.

Contributors/Detractors

(Q3 Investment return; Q3 Fund contribution)

FedEx (81%, 3.37%), the transportation and logistics company, was the top contributor after reporting outstanding quarterly performance, with earnings more than 66% above estimates and excellent FCF conversion. The disappearance of competing passenger airline capacity helped Express grow volumes 28%, while Ground proved its critical role in e-commerce logistics with a 31% volume increase. CEO Fred Smith's ambitious goal to deliver 100 million e-commerce packages per year is now on track for 2023, years ahead of schedule. FedEx has found a profitable strategy with a long growth runway by working with major e-commerce competitors like Walmart and Target, and FedEx's national retail presence offers an advantage in handling customer returns. Last October, Southeastern's Vice-Chairman Staley Cates interviewed Fred Smith and Alan Graf on the Price-to-Value Podcast, as near maximum pessimism on the company was being priced in by the market. We maintained our conviction and added to the position in 2019, and that has been rewarded. In September, Staley wrote to the research team, "We have had plenty of companies over the past few years show the folly of thinking you know where earnings will go over several quarters, often in a disappointing way. This one again shows the folly of near-term earnings estimates but happily is a radical miss on the upside." For perhaps the first time in our careers, we saw a sell side report price target more than double in a one-quarter period. Despite the stock's rapid appreciation, with the new higher earnings estimates FedEx trades at a mid-teens P/E multiple and a discount to our appraisal. There is additional upside as the company completes its long-awaited TNT integration and Ground's traditional business-to-business (B2B) volumes return from their April nadir, helping maximize utilization and expand margins.

Carrier (23%, 0.82%), the heating, ventilation and air conditioning (HVAC) and security company, was also a top performer. We added to our position in Carrier when it spun out of United Technologies early last quarter, as it traded at less than half of our appraisal and a 7x trailing P/E against similar competitors that were trading at 13-17x.

Carrier CEO David Gitlin and the rest of the management team have done great work in a very difficult situation to preserve cash, deleverage and position the business for a strong rebound as lockdowns eased. Carrier's share price almost doubled over a period of months, and we exited the position in the quarter as it traded through our appraisal.

Comcast (18%, 0.69%), the cable and entertainment company, added to the strong absolute results in the quarter. Cable delivered one of its best quarters of net subscriber additions ever and grew EBITDA 5.5%, while losses from closed small business customers have moderated during reopening from the COVID lockdown. Sky, the European TV and broadband business acquired in 2018, retained subscribers at a high rate despite the extended absence of live sports. CEO Brian Roberts stated that Sky remains on pace to double its EBITDA over the next several years. Comcast's new Peacock streaming service and Universal theme parks are ramping up revenues gradually, presenting more opportunities for Comcast to improve earnings significantly over the next several years. Despite the double-digit returns in the quarter, the company remains discounted. We were encouraged by Roberts's statement in the quarter that he was committed to repurchasing shares again in the near future.

CNX (9%, 0.47%), the Appalachian natural gas company, was also a positive contributor in the quarter. In July, the company bought the rest of its midstream subsidiary for a great price under 8x EBITDA, far cheaper than comparable pipeline asset sales. CNX also improved its debt profile such that it has no debt maturities until 2024. CNX enjoys one of the strongest financial positions in the industry and the best profitability among peers. The company FCF guidance for the next two years is in the $400-500m+ per year range, which results in a strong teens+ yield on the company's market cap. CNX's completion of its midstream acquisition both solidifies its consolidated low cost versus peers and creates a severable asset that could be worth more than today's stock price in the future.

CK Asset (-17%, -0.71%), the Hong Kong and China real estate company, was the top detractor in the quarter. As mentioned above, our Hong Kong-listed companies declined in the period, as the Hang Seng Index has been among the worst-performing stock exchanges in North Asia. CK Asset has been impacted by negative sentiment in

Hong Kong, while COVID has created disruptions in several segments within the company. Investment property and hotel profits were down year-over-year (yoy). The aircraft leasing division profits were up in the first half, primarily due to some disposal gains, but the industry is facing headwinds. CK Asset's UK pub operation booked losses due to pub closure during the lockdown, as well as a write down of assets. The company announced a reduction in the interim dividend, which we felt was overly conservative given the strong financial position of the business. However, management continues to take strategic steps to create value during the pandemic. In May, CK Asset won a site on Anderson Road, Hong Kong at a material discount to comparable transactions nearby and disposed of the entire remaining mixed-use development in Chengdu, China at three times the book value in July. Given the macro environment this year, we have adjusted our appraisal assumptions to incorporate a worst-case scenario. Even with these lower assumptions, CK Asset is still trading at a severe discount. It is encouraging to see that the KS Li family, the largest shareholder in the company, has continuously increased their stake via open market purchases, spending about HK dollar 3.8 billion (US$485 million) since last August, an unparalleled level of insider buying.

Melco International (-10%, -0.58%), the Macau casino and resort holding company, was also a detractor in the quarter. Its operating subsidiary Melco Resorts recorded property level earnings before interest, taxes, depreciation and amortization (EBITDA) loss of US$156 million, ahead of consensus expectations, thanks to stringent cost controls. The company has been negatively impacted in the near term by the closing of the borders in Macau, with visitation down 80-90%+ yoy in the early months of the pandemic lockdown. However, travel restrictions between Macau and Mainland China began to ease in August, with the issuance of IVS visas in China resuming in late September. These are critical steps towards a normalization of the Macau operating environment, but they have not lead to an immediate recovery in visitations or gross gaming revenue (GGR) due to inconvenient logistics, including a manual processing of visa applications, required COVID testing and increased scrutiny over cross-border capital flows and junkets leading to weak VIP numbers. However, in this tough operating environment, we are encouraged that Melco has shown impressive cost controls and liquidity management. Melco cut its daily operating expenses by over 40%

in just a few short months. The company expects to reach EBITDA breakeven when GGR reaches 30-35% of historical levels. Melco has enough balance sheet liquidity to sustain two years of a zero-revenue scenario, while still funding its growth capital expenditure. We are not expecting a V-shaped recovery in the near term, but we believe Melco's mid-to-long term growth prospects remain intact with Lawrence Ho’s strong execution and the company’s solid position in the premium mass segment.

Portfolio Activity

Cash built in the first two months of the quarter, as we sold and trimmed strong performers, but we began to put more money to work in September. We fully exited three investments – Alphabet, which we first bought in 2015, back when it was still called Google, Carrier, when it was part of United Technologies (UTX), as discussed above, and CNH Industrial. We sold our smaller position of CNH in order to swap into EXOR, which trades at a larger discount and includes a higher quality group of businesses in addition to its stake in CNH.

Our ownership of UTX and its spin-outs, including Carrier, was a pretty “standard” Southeastern investment – i.e., a misunderstood conglomerate with strong positions in 100+-year old industries, run by a value-per-share focused CEO, Greg Hayes. There were a few twists and turns along the way until this year, but overall, it was a boringly profitable investment until COVID hit right before the company was scheduled to split into three businesses: Otis (elevators), Raytheon Technologies (commercial aerospace and defense) and Carrier (HVAC and security). As discussed last quarter, we sold Otis after it spun out at a price above our fair value, and we sold Raytheon below our fair value, as we concluded that the business had changed for the worse. As noted above, we bought more Carrier at a steep discount and sold the company after it nearly doubled in a short period, driving a material improvement in the overall return of our UTX investment to a respectable 130% in total.

Unlike with UTX, we got many surprised looks and quite a few questions from clients when Google first showed up in our portfolio. While this investment might have looked like a “tech stock”, when it traded at a mid-teens to low double-digit core free cash flow (FCF) multiple, it was also right up our alley. Its main business of Search had - and still has - an understandable moat, with a management team that were owner operators with a proven track record, and it traded at a significant discount when we did our work to back out the then-undisclosed losses on non-core businesses. Since then, the company's primary businesses of Search, YouTube, Maps and the Play Store grew profits at double-digit rates, while newer businesses in cloud/software, autonomous driving and healthcare grew their value from very little to over $100bn. CEO Sundar Pichai and CFO Ruth Porat have been good partners. Alphabet is a good example of incorporating lessons learned from past examples of exiting a growing business too early. Our global research team worked together to continually review our case for the business, focusing on future value growth (our appraisal value grew 16% per annum over our holding period) instead of a single point in time price-to-value discount to avoid "cutting our flowers" too early, to quote Warren Buffett. However, we did not get so carried away that we were willing to hold it forever at any price or pile into other market favorites over the last few years at nosebleed multiples. Ultimately, we reluctantly sold the position after more than five years of ownership and a 207% return, as the P/FCF multiple reached a long-term high point, and the threat of economically destructive regulation seems to loom closer. We learned a lot from this investment that we look forward to putting to use in the years to come.

We initiated three new investments in the Fund, one of which we are not ready to disclose yet, as we are still building the position. The company is in an industry we know well and have invested successfully in across our strategies. We had never been able to get comfortable on the "People" side of things until a big change in the last quarter, which made the company qualify on all three Business, People, Price criteria.

The other two new positions are both hotel companies that we have owned previously. We have had a long history of successfully investing in this industry, typically initiating our investment during times of significant industry disruption. In each case, the environment felt highly uncertain, revenue per available room (RevPAR) was declining and the near-term outlook for travel amid a potential recessionary environment felt bleak. However, in each case, we felt confident in the financial strength of each business, as well as management teams' abilities to go on offense to steer the individual businesses through a difficult period. Accor is a global hotel operator headquartered in France. We first invested in Accor in mid-2008 through March 2013. This period saw external pressure by Colony Capital, led by Sebastien Bazin, to shift to an asset-light business model of hotel operations and spin out the "hidden gem" independent voucher business, which became Edenred. We supported both of these actions and developed an appreciation for Mr. Bazin's successful approach. After we exited the position when it reached our appraisal value, he was appointed CEO of Accor. The transition from external capital allocator to operating executive was not a simple process. We kept up with him and the company in the intervening years, but the discount to value and business/people opportunity never aligned until COVID disrupted the hospitality scene. Today, Accor runs an asset-light management and franchise model on 96% of systemwide rooms. The company has an even stronger portfolio of brands post its Fairmont Raffles and Movenpick acquisitions. Our past and current experience with Mr. Bazin indicates a shareholder value-focused management. He has a history of buybacks and has returned 20% of the market cap to shareholders via buybacks and dividends over the last three years. We had also been following US-listed, global hotel company Hyatt for many years and even briefly owned shares in our Longleaf Partners Small-Cap Fund in early 2016. The business combines many of the qualities we look for in every new investment: a safe balance sheet, owner-partners with a great track record, a proven brand with loyal customers, high-margin royalty income and owned real estate with a high replacement cost. We were able to purchase shares this year as the pandemic will freeze many of the company's operations (especially its owned properties that are often trophy assets) for a large part of this year, but the business is positioned to withstand even a protracted shutdown and prosper on the other side. Like Accor, the balance sheet has lower net leverage than virtually all its competitors, and a majority of the value comes from capital-light franchise fees. Over the long term, both Accor and Hyatt could be consolidation targets.

Outlook

After another quarter of strong market returns, we were excited to see increased volatility and share prices pulling back a bit in the last month, when we were able to start putting some of our cash to work again. Our research team has been busy, and our on-deck list of potential new investments grew substantially in the last three months. We have over five ideas that are fully vetted and being closely watched across a variety of industries. These companies range from healthcare to telecom to real estate to retail to defense/aerospace to consumer-packaged goods to financial services to even technology. They have all been discounted for idiosyncratic reasons. With more market volatility, we expect we will be able to put more cash to work into at least some of these businesses at good prices.

Continuing the theme of this letter, it feels like things are closer to coming our way, mostly because it felt for the first two months of this quarter that market sentiment had rarely been worse for bottom-up, value investors like us. It will be an interesting rest of the year for all of the reasons that we are all tired of hearing about. We can imagine a grid of outcomes with the best possible (but not the most likely) “cube” being [vaccine that works well and is rolled out smoothly and swiftly over the next 6-9 months] + [“normal” (we give some leeway with those quotes) US election] + [nothing else bad happening], but we are aware that there are a lot of other cubes in this grid. Of course there are always large outcome grids like this (that’s life), but it is rare to find so many consequential and sharply divergent paths compressed into so few months, and it feels like the market is pricing in a scenario much closer to the ideal cube for a lot of market sectors that have been seemingly priced for perfection for years now. Where the market is more doubtful, we feel that the vast majority of the pain has already been taken, including in some of our portfolio holdings, like Lumen (the recently renamed CenturyLink), CK Hutchison/Asset and General Electric, to name a few. We have maintained our cash discipline as the market melted up, meaning we have cash available to be a liquidity provider in the next market downdraft, and we will not be afraid to put it to work when investments qualify. For those reasons, we are confident our portfolio will work from here in a variety of outcomes and look forward to speaking with you again after year end. Thank you for your continued partnership, and we hope you and your families remain safe and healthy.

See following page for important disclosures.

Before investing in any Longleaf Partners Fund, you should carefully consider the *Fund's investment objectives, risks, charges, and expenses. For a current* ***Prospectus and Summary Prospectus, which contain this and other important information, visit*** https://southeasternasset.com/account-resources***. Please read the Prospectus and Summary Prospectus carefully before investing.***

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

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

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

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

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

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

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

As of September 30, 2020, the top ten holdings for the Longleaf Partners Global Fund: Lumen, 8.1%; EXOR, 7.9%; FedEx, 5.5%; Melco, 5.0%; Comcast, 5.0%; Prosus, 4.9%; CK Hutchison, 4.7%; Fairfax, 4.7%; CNX Resources, 4.6%, Williams, 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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