Longleaf Partners International Fund

Quarterly Summary Report

For the Quarter Ended
September 30, 2019

Longleaf Partners Funds

Summary - September 30, 2019

3Q19
Longleaf Partners International Fund

(800) 445-9469 / southeasternasset.com

Fund Profile

Investment Style	International value
Ticker	LLINX
Inception Date	October 26, 1998
Net Assets	$1.2 billion
Expense Ratio (Gross / Net)	1.18% / 1.15%
Turnover (5 yr avg)	32%
Weighted Average Market Cap.	$12.8 billion

Holdings (21)

	Activity*	Weight
EXOR		9.1 %
Melco International		6.7
LafargeHolcim		6.5
CK Hutchison		6.1
MinebeaMitsumi		6.0
LANXESS		5.5
C&C Group	+	4.9
Domino's Pizza	+	4.8
Lazard		4.6
Bolloré		4.6
CK Asset Holdings		4.2
Becle		4.2
Fairfax Financial		4.2
Baidu		4.1
OCI		3.8
Great Eagle	+	3.7
Millicom		3.7
Bharti Infratel		3.1
Richemont		2.9
Undisclosed	NEW	2.3
Vestas Wind Systems		2.0
Cash		3.0
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 1.18% (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.

LLP000948 expires January 31, 2020

Longleaf Partners Funds

Long-Term / Concentrated / Engaged / Value

Founded in 1975, Southeastern Asset Management is an independent, global investment firm managing $12.3 billion. Partnership is core to all that we do, and Southeastern's employees and related entities are the largest investors across the Longleaf Partners Funds. Our 15-person global investment team are generalists, tasked with finding the best bottom-up opportunities across the globe.

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

Sector Composition

Industrials	18.7 %
Financials	17.9
Materials	15.8
Consumer Discretionary	14.4
Consumer Staples	11.4
Communication Services	10.9
Real Estate	7.9
Cash	3.0

Regional Composition

Europe ex-UK	43.0 %
Asia ex-Japan	27.9
North America	15.3
Japan	6.0
UK	4.8
Cash	3.0

Performance Contribution

Top Contributors	Return	Portfolio Contribution
Melco International	8%	0.45%
Undisclosed	11	0.25
LANXESS	3	0.18

Top Detractors	Return	Portfolio Contribution
Great Eagle	-19%	-0.83%
OCI	-14	-0.59
CK Hutchsion	-9	-0.57

Performance at 9/30/19

	Total Return		Average Annual Return					
	Qtr	YTD	One Year	Five Year	Ten Year	15 Year	20 Year	Since Inception
International Fund	-5.32%	7.34%	-3.29%	3.64%	4.54%	4.35%	5.89%	7.19%
MSCI EAFE Index	-1.07%	12.80%	-1.34%	3.27%	4.90%	5.29%	3.72%	4.40%

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 orhigher 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 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 8, 2019

Longleaf Partners International Fund Commentary

3Q19

Longleaf Partners International Fund declined -5.32% in the third quarter, taking performance to 7.34% year-to-date (YTD). The MSCI EAFE Index declined -1.07% in the third quarter and gained 12.80% YTD. Our Asian holdings (and the relative overweight to Hong Kong) were the largest absolute and relative detractors, as fears of a trade war and Hong Kong unrest drove broad-based price declines. We saw a lack of significant outperformers in the quarter to offset price weakness at our detractors. However, most of our companies reported positive operational progress, and our appraisal values generally remained steady or grew. We took advantage of the opportunity to add to great businesses at a discount. The portfolio is close to fully invested and trading at an attractively discounted price-to-value (P/V) in the mid-60s%.

We saw an extension of the Growth outperforming Value, US outperforming all other markets and ever-stronger US dollar themes that have dominated the market narrative for the last decade. Interestingly, while the year to date (YTD) Value versus Growth

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Average Annual Total Returns (9/30/19): Longleaf Partners International Fund: Since Inception (10/26/98): 7.19%, Ten Year: 4.54%, Five Year: 3.64%, One Year: -3.29%. MSCI EAFE Index: Since (10/26/98): 4.40%, Ten Year: 4.90%, Five Year: 3.27%, One Year: -1.34%.

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 total expense ratio for the Longleaf Partners International Fund is 1.19% (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.

discrepancy within US markets narrowed after the brief but extreme early September reversion, this gap widened outside the US with MSCI EAFE Growth outpacing Value by 129 bps in the quarter and over 1000 bps YTD. While this has been painful for long-term, concentrated, engaged value investors like us over the past decade, we suspect this trend is closer to a reversion from today's historically extreme levels.

The biggest headlines globally in the quarter were a mix of old and new. In Asia, the top macro headlines affecting the portfolio have been the US-China trade war and, more recently, the protests in Hong Kong. Our Hong Kong/ China exposure was responsible for approximately 40% of absolute decline and 35% of relative underperformance in the quarter, while our relative underweight to top index contributor Japan was responsible for an additional 30% of relative shortfall in the period. The largest single country exposure in the portfolio is Hong Kong, in a trailing 12-month period when the Hang Seng has been one of the worst performing large equity markets. It is important to note that, while approximately 21% of the portfolio holdings are listed in Hong Kong, the look through economic exposure is much lower, in the mid-single digits. The largest Hong Kong-listed holding, Melco International, is a Macau casino operator, driven by gaming penetration in China. Melco was the top contributor for the quarter, underscoring the limited Hong Kong impact. Similarly, Hong Kong-based conglomerate CK Hutchison has minimal direct Hong Kong exposure: only 14% of revenues and 5% of our appraisal. In fact, the company has more exposure to Brexit through its UK infrastructure holdings than to the Hong Kong unrest or US-China trade war. The combination of these top-down macro headlines has severely punished the stock price but has no impact on our long-term appraisal for the business. Hong Kong and China real estate company CK Asset has the largest direct Hong Kong exposure in the portfolio, but we believe the price disruption provides an opportunity. The Li family built its business going on offense in times of volatility, and CK Asset's strong balance sheet should enable it to do so again if the opportunity arises. Swiss-domiciled Richemont has seen disruption in its Hong Kong luxury product sales, but we are confident this does not meaningfully change the long-term global demand for its luxury brands. Because we cannot accurately forecast how or when the conflict will resolve, we focus primarily on how our appraisals are impacted and what opportunity the price disruption presents for long-term investors. We believe that our Hong Kong businesses are remarkably cheap with significant upside potential today.

Meanwhile in Europe, Brexit is the story that never seems to progress. Since June 2016, the actors and storylines have shifted, but the ultimate question of how the Brexit vote is actually resolved remains far from settled. October 31st is the latest critical date after the extension of the original 3-year deadline. In our bottom-up investment approach, we do not take a view on whether the result will be a trick or a treat. Instead, we look for opportunities that are impacted by factors like a Brexit overhang, but where the ultimate Brexit outcome is not critical to our investment case. Over the last three years, Hikma, Belmond and C&C have all fit that description. Regardless of how Brexit developed, we felt these companies would be compelling investments. Now Domino's UK has joined that group. As with the Hong Kong protests, if an investment thesis requires us to be correct on accurately forecasting an unknowable macro event like Brexit, it should fall into our "too hard" bucket.

Notably, Mexico was the worst-performing country for the Index in the quarter, but at less than 1% of the MSCI EAFE, it had minimal contribution impact. While some of the headline noise eased in the last month, the market has been battered since 2016 with geopolitical concerns over Trump immigration policy and plans to build a wall and the election of Andrés Manuel López Obrador (AMLO) to the Presidency. These headline-driven price declines have created compelling opportunities for us as long-term value investors, allowed us to buy Becle, the owner of spirts brands like Jose Cuervo tequila and Bushmills Irish Whiskey, and to initiate a new position in a Mexico-listed company where the strong majority of the appraisal value is not related to Mexico at a steep discount this quarter.

Contributors/Detractors

(Q3 Investment return; Q3 Fund contribution)

Melco International (8%, 0.45%), the Asian casino and resort holding company, was the top contributor for the quarter. Melco reported strong second quarter results with reported EBITDA up 24% year-over-year (yoy), driven by market share gains in both mass and VIP gaming and a better luck factor. Morpheus is ramping up well, according to management's plan, and is delivering market share gains in both segments. Gross gaming revenue (GGR) for July and August was down by 6% yoy amid macro headwinds. GGR softness was driven by weakness in the VIP segment, while mass demand remains resilient. We expect the lower margin VIP business to remain under pressure from macro uncertainties, but the higher margin mass business should continue to grow, driven by infrastructure improvements in and around Macau. Recent Hong Kong turmoil has not had a significant impact on Macau visitation numbers. We remain confident in the long-term growth of mass gaming in Macau, backed by smart capital allocator Lawrence Ho. Melco Resorts, the subsidiary of Melco International, announced its plan to buy a 20% stake in Australian premium casino resorts operator Crown Resorts at a reasonable valuation. Melco International increased dividends by 6% in the second quarter and could be more aggressive on shareholder returns going forward.

The second largest contributor was our undisclosed new investment in Mexico, mentioned above. We look forward to discussing this in more depth in the future.

Great Eagle (-19%, -0.83%), a Hong Kong real estate company that invests in and manages high quality office, retail, residential and hotel properties around the world, was the top detractor in the quarter. The ongoing protests in Hong Kong are creating headwinds and uncertainties for the local business environment. Great Eagle’s listed Hong Kong subsidiaries, Champion REIT and Langham Hospitality Trust, have seen share prices fall over 20% in the quarter. Great Eagle has a material business presence outside of Hong Kong, which is overlooked by the stock market. Currently, Great Eagle trades for less than cash and its stake in listed securities valued at current market prices, which we believe are cheap. In addition, Great Eagle has 12 fully owned overseas hotels across the globe that are independent of, and potentially separable from, the Hong Kong businesses. The largest shareholder and CEO Dr. Lo Ka Shui has demonstrated his confidence in the company by buying more stock in the market during the quarter. Dr. Lo’s ability to take advantage of these low prices is currently limited due to an outstanding legal case, which has gone heavily in Dr. Lo’s favor, but still could be appealed to the High Court and delay resolution until 2020.

OCI (-14%, -0.59%), a leading producer of nitrogen fertilizers and natural gas-based chemicals, was also a primary detractor this quarter. The stock price weakness was primarily due to the decline in the methanol spot price, which is strongly correlated to oil, and one-off negative effects of an unplanned shutdown at the company's nitrogen fertilizer facility in Beaumont, TX. To the positive, OCI has significantly de-levered over the past years from >4x net debt/operating cash flow and is targeting a ratio in the 2x range next year. OCI's structurally lower cost position (as a result of low feed-in natural gas costs) and well-located plants, greater volume leverage and embedded optionality from asset monetization position the company well to outperform its peers going forward. CEO Nassef Sawiris, an owner-operator focused on optimizing the capital structure and generating significant free cash flow, is always open to creative strategic outcomes for the company.

Portfolio Activity

During the quarter, we added to Domino's Pizza Group (DPG), the UK-listed holder of the master franchisee to operate Domino's stores in its countries. DPG was a new investment made last quarter. It is a distinct company from Domino's in the US. We have followed DPG for years but only started a position last quarter, as conviction grew on the business quality and potential to unlock value. We anticipate significant improvement in management and the board in the near future and believe this will coincide with strategic moves around the International business and concerted efforts to repair damaged relationships with UK franchisees. The UK and the Republic of Ireland are among the most attractive countries globally for pizza delivery. The markets are underpenetrated relative to Western peers. There is significant potential to gain a larger "stomach share" and increase store counts. DPG has robust local economies of scale relative to traditional competitors providing an advantage in realizing the long-term potential of these markets.

As discussed above, we established one new position, currently undisclosed, in a Mexican-based company. Similar to Becle, this is a business headquartered in Mexico but with the majority of the value generated elsewhere. The company was already a top contributor in the quarter, but we hope to add to our still-small position if share price cooperates.

Outlook

Momentum-driven US markets have outperformed Non-US markets since the global financial crisis (GFC). We are convinced that 5-10 years from now, this two-tiered, USD-led market with both technology-fueled growth and low volatility dividend aristocrats dominating will be seen as yet another instance of a trend gone too far, similar to the Nifty Fifty of the mid-70s or dotcom bubble of the late-90s. The gap has created an opportunity-rich environment for long-term, bottom-up, fundamental value investors, which is reflected in the portfolio being fully invested with 3% cash and a P/V in the mid-60s%.

Our portfolio activity in the quarter does not do justice to the research productivity we are seeing on the ground. The level of "handouts", companies put forward for active consideration, is running at the highest pace of the last three years. Our on-deck list is healthy today, evidence of a rich opportunity set and a productive process at work. In addition to the increased opportunity set in the UK and Mexico, as discussed above, we have also observed multiple interesting opportunities in Japan. We purchased two new Mexican companies and one UK company YTD, and Japan has seen the highest share of ideas filtering up to our on-deck list from our Asia Pacific strategy this year, in addition to last year's purchase of MinebeaMitsumi. We cannot predict how the macro headlines that are driving market prices will play out, but we are happy to take advantage of the opportunity to own high quality businesses, with shareholder value-focused management teams that are trading at a temporary discount as a result. We are grateful for your long-term partnership and will continue to endeavor to communicate with you as candidly as possible. We recently redesigned our website to enable better access to portfolio information and communication from your portfolio managers. We would encourage you to visit the new site at www.southeasternasset.com.

See following page for important disclosures.

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

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

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

Operating Cash Flow (OCF) measures cash generated by a company's normal business operations.

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

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

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

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

As of September 30, 2019, the top ten holdings for the Longleaf Partners International Fund: EXOR, 9.1%; Melco, 6.7%; LafargeHolcim, 6.5%; CK Hutchison, 6.1%; MinebeaMitsumi, 6.0%; LANXESS, 5.5%; C&C Group, 4.9%; Domino's, 4.8%; Lazard, 4.6%; Bolloré, 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.

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