Longleaf Partners International Fund

Quarterly Summary Report

For the Quarter Ended
December 31, 2019

Longleaf Partners Funds

Summary - December 31, 2019

Longleaf Partners Funds

4Q19
Longleaf Partners International Fund

(800) 445-9469 / southeasternasset.com

Long-Term / Concentrated / Engaged / Value

Founded in 1975, Southeastern Asset Management is an independent, global investment firm managing $12.7 billion. Partnership is core to all that we do, and Southeastern's employees and related entities are the largest investors across the Longleaf Partners Funds. Our 15-person global investment team are generalists, tasked with finding the best bottom-up opportunities across the globe.

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

Fund Profile

Investment Style	International value
Ticker	LLINX
Inception Date	October 26, 1998
Net Assets	$1.3 billion
Expense Ratio (Gross / Net)	1.18% / 1.15%
Turnover (5 yr avg)	34%
Weighted Average Market Cap.	$13.9 billion

Holdings (19)

	Activity*	Weight
EXOR		9.6 %
Domino's Pizza Group	+	7.3
Melco International		7.2
CK Hutchison		6.0
LANXESS		5.7
C&C Group		5.4
MinebeaMitsumi		5.2
Lazard		4.9
LafargeHolcim	-	4.9
Becle		4.8
Baidu		4.6
Bolloré		4.5
CK Asset Holdings		4.1
Fairfax Financial		4.1
Great Eagle		3.3
Millicom		3.3
OCI		3.1
Richemont		2.8
GRUMA		2.1
Cash		7.1
Total		100.0 %

*Full eliminations include the following positions: Bharti Infratel and Vestas Wind Systems.

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.

Sector Composition

Financials	18.6 %
Consumer Discretionary	17.3
Industrials	15.7
Materials	13.7
Consumer Staples	12.3
Communication Services	7.9
Real Estate	7.4
Cash	7.1

Regional Composition

Europe ex-UK	39.3 %
Asia ex-Japan	25.2
North America	15.9
UK	7.3
Japan	5.2
Cash	7.1

Performance Contribution

Top Three	Return	Portfolio contribution	Bottom Three	Return	Portfolio contribution
Domino's Pizza	36%	2.12%	Bharti Infratel	-17%	-0.50%
MinebeaMitsumi	32	1.83	OCI	-11	-0.42
EXOR	16	1.42	Great Eagle	-1	-0.06

Performance at 12/31/19

	Total Return		Average Annual Return				
	Qtr	YTD	Five Year	Ten Year	15 Year	20 Year	Since Inception
International Fund	11.80%	20.00%	7.43%	5.56%	4.54%	6.50%	7.67%
MSCI EAFE Index	8.17%	22.01%	5.67%	5.50%	4.84%	3.32%	4.74%

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 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.

January 13, 2020

Longleaf Partners International Fund Commentary

4Q19

Longleaf Partners International Fund ended the year with a strong fourth quarter, returning 11.80% and outpacing the MSCI EAFE Index's 8.17%. The Fund ended the year up 20.00%, ahead of our absolute return goal of inflation + 10%, while trailing the Index's 22.01%. 2019 was an extraordinarily good year for equity market returns across North America, South America and Europe. Asian equity markets were somewhat mixed, as the US-China trade war and Hong Kong unrest drove volatility, but ultimately also ended the year broadly in double-digit territory. Our exposure to Hong Kong more than accounted for our relative underperformance in the year. Although it was a moderate headwind for the full year, currency was a positive absolute contributor for both the Fund and the Index in the fourth quarter, as the US Dollar pulled back from its multi-year September high. In the fourth quarter, strong stock-

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Average Annual Total Returns (12/31/19): Longleaf Partners International Fund: Since Inception (10/26/98): 7.67%, Ten Year: 5.56%, Five Year: 7.43%, Three Year: 11.47%, One Year: 20.00%. MSCI EAFE Index: Since (10/26/98): 4.74%, Ten Year: 5.50%, Five Year: 5.67%, Three Year: 9.56%, One Year: 22.01%.

Returns reflect reinvested capital gains and dividends but not the deduction of taxes an investor would pay on distributions or share redemptions. Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting southeasternasset.com. ***As reported in the prospectus, dated May 1, 2019, 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.*** *Southeastern has contractually committed to limit operating expenses (excluding interest, taxes, brokerage commissions and extraordinary expenses) to 1.15% of average net assets per year. This agreement is in effect through at least May 1, 2020 and may not be terminated before that date without Board approval.*

specific performance across multiple sectors and regions drove our relative outperformance. Almost every company in the Fund's portfolio was positive in the quarter and the year, with more than half producing double-digit returns in the quarter alone. The Fund had no exposure to the Index's top performing sectors, Information Technology and Healthcare, which was a relative drag in the quarter and for the year. However, the portfolio benefitted from not owning the Index's worst performing sector, Energy.

In last year's annual letter, we reflected upon the Fund's 20-year anniversary and the significant amount of progress we have made in the last five-to-ten years. Today, two-thirds of Southeastern's global research team are focused outside the US, with eight of our 15 team members holding passports from six different countries across the world. Our returns over the trailing 3-, 5- and 10-year periods have been positive on an absolute and relative basis, and we have drawn upon our local networks and expertise to find new investment opportunities across the globe. Our firmly expressed view for the last few years has been that the Non-US equity opportunity set is far more attractive prospectively than the US market. In last quarter's letter, we wrote about the 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." This trend continued in the fourth quarter. The extraordinary 11-year bull market in the S&P 500 has now compounded to a 351% total return (with dividends reinvested into the index), while the MSCI EAFE index has generated 125% (in USD, with dividends reinvested into the index) over that same period. These backwards-looking returns make it easy for investors to forget that the prior decade ending in 2008 saw non-US markets handily outpace US markets. US dollar strength negatively impacted the Fund's total performance by nearly 30% cumulatively over the last decade. We are hard pressed to recall a time when three such significant indicators - US vs. Non-US, Value vs. Growth and USD vs. Non-USD - had a decade run so lopsidedly in favor of US Growth. This bodes well for the next decade, if we believe markets eventually revert from the short-term voting machine to Ben Graham's long-term weighing machine.

Our portfolio looks vastly different than MSCI EAFE and peers. Southeastern's approach is entirely bottom up; we construct our concentrated portfolio with no regard to the index. Our top three relative and absolute contributing companies in the year were in Ireland, the Netherlands and Japan, where we are significantly below the index weighting but are doing extensive work on the broad opportunity set. In each case, our bottom-up stock-specific performance, rather than country allocation, were responsible for the strong returns. We have taken advantage of pockets of volatility and fear-driven price weakness over the past several years to own compelling opportunities in some of the more challenged geographies like Mexico.

As noted last quarter, over 20% of the portfolio is invested in businesses that are domiciled in Hong Kong. However, the look-through economic exposure is far lower, in the mid-single digit percentages. We have a history of investing successfully in Hong Kong, and we remain convicted in the long-term value of our current portfolio holdings that are listed there. While it is a fluid situation that we are closely monitoring, we do not believe that the protests in Hong Kong have permanently impaired the long-term case for our investments at this point. Our long-term investment focus in Asia centers around our broad and deep network providing insight into the quality of business and people, particularly when these critical factors are changing for the better. Many companies in the region possess extraordinarily underrealized potential. We believe our philosophy, experience and network allow us to look past short-term price noise and provide a distinct advantage in understanding what qualitative improvements can mean for future value realization. In countries like Japan, we are seeing some significant changes at the grassroots level after four years of the Abe government's Three Arrows initiative. Companies are showing more focus on return on invested capital (ROIC) and margins, particularly when owner-operators are at the helm. We also see an increased willingness to appoint independent board members that bring oversight and capital allocation discipline. As a result, we spent a disproportionate amount of time on Japan this year compared to its current presence in the portfolio. This has not yet led to significant allocations of funds, but it has expanded our on-deck list of potential new investments.

Mexico has been very fruitful for us over the last two years, as geopolitical concerns over the Trump Wall, the election of Andrés Manuel López Obrador (AMLO) and the weakness in the Peso created buying opportunities in Gruma and Becle, both of which are domiciled in Mexico but are driven by the American consumer. While Mexico was the worst performing country for the Index in the year, Becle was one of the stronger contributors to the Fund's performance in the quarter and the year, while Gruma was also a positive.

In Europe, we are frequently attracted to undervalued opportunities where people and governance are changing for the better. We believe Europe is at a somewhat unique moment in the global equity universe with a broad stakeholder realignment creating opportunities for engagement-oriented investors like Southeastern to help encourage positive change. The owner mindset includes intense discussions on strategy, capital allocation and personnel. Some companies tick all the boxes of strong businesses with shareholder-minded owner-operators focused on value per share but trade in the short-term at a discount to intrinsic value for an understandable reason. Exor and Lanxess are good examples. Occasionally there are opportunities where a strong underlying business trades at a big discount because there are obvious improvements to be made. For the last decade, we have built a track record of successfully nudging such situations along in Europe. Domino's Pizza Group (DPG), the UK-listed holder of the master franchisee license to operate stores in the UK, Ireland and other European countries, is the clearest example of this opportunity in 2019. As a result of Brexit fears plus company-specific missteps by prior management, we were able to purchase this growing business at 14x earnings, while its Australian and US counterparts traded at 1.5-2x that multiple, and DPG's own history indicated a similar long-term average. DPG was the top contributor in the fourth quarter. Our engagement efforts saw significant progress, and two new outside directors joining the board, Usman Nabi and Elias Diaz. These owner-oriented directors join Senior Independent Director Ian Bull as a nucleus driving the rebuilding of management and the board. Over the course of 2019, the board of directors has improved enormously, setting the stage for further progress for the company in 2020. Tragically, DPG's CFO, David Bauernfeind, passed away in December in an accident while on holiday with family. David had become deeply involved in improving the company. He was insightful, diligent and honorable in his efforts and communications with us at every point. He will be missed.

Contributors/Detractors

(2019 Investment return; 2019 Fund contribution; Q4 Investment return; Q4 Fund contribution)

EXOR (44%, 3.42%, 16%, 1.42%), the European holding company of the Agnelli family, was the top contributor for the year and among the top three in the fourth quarter. Chairman and CEO John Elkann continues to apply an admirable approach to capital allocation and portfolio management with a proven willingness to realize value through M&A, asset sales and spin-offs. In the fourth quarter, Exor announced an agreement with Groupe PSA to pursue a merger of EXOR's underlying holding Fiat Chrysler (FCA) and PSA's Peugeot. The merger will create the world's fourth-largest carmaker and reshape the automotive sector. Annual run-rate synergies are forecast at ~€3.7 billion derived principally from a more efficient allocation of resources for large-scale investments in vehicle platforms, powertrain and technology and from the enhanced purchasing capability inherent in the combined group's new scale. FCA will pay a special dividend prior to the merger, and EXOR will receive ~€1.5 billion, which we expect management to intelligently allocate at the holding company level. Earlier in the year, the company also announced its plan to split its underlying holding CNH Industrial by spinning out the non-core commercial vehicle business, IVECO, from the core agriculture equipment business, Case New Holland. This move should allow the market to more accurately value both businesses going forward. EXOR management has multiple levers to pull to continually grow and recognize value, and the company remains attractively discounted with significant upside today.

C&C Group, (78%, 2.87%, 20%, 1.02%), the manufacturer and distributor of branded beer, cider, wine, soft drinks and bottled water, was also a top driver of the Fund's annual performance. The Irish company redomiciled in the UK and is now solely listed on the London stock exchange, where it has been included in the FTSE 250 and FTSE All Share index. Last year's acquisition and subsequent integration of Matthew Clark and Bibendum has exceeded management's expectations and provided further distribution channels for C&C's brands. Earlier in the year, competition worries in

Ireland eased as Bulmers's market share stabilized, and the AB InBev relationship successfully pushed Magners in the off-trade in England and Wales. CEO Stephen Glancey has been a model partner, behaving as an owner-operator of high integrity, while working through some challenging periods for the business to create a company of strong culture, routes to market and brands, as well as an excellent track record of growing value. Since joining the company in late 2008, Glancey has overseen a 17.5% annual return, nearly double the EAFE Index. We have been fortunate to partner with him two separate times over that period.

Melco International (39%, 2.71%, 18%, 1.22%), the Asian casino and resort holding company, was another top contributor for the year and in the fourth quarter. Melco was the top performer within the Macau gaming sector. Its flagship property, City of Dreams, has been gaining market share in both mass and VIP segments thanks to Morpheus's ramp-up. Melco opened a new premium mass gaming area in October and is in the process of adding more villas, which should further drive mass growth at City of Dreams. We believe Melco will continue to be a beneficiary of the mass gaming growth, driven by growing disposable income per capita in China and the ongoing consumption upgrade that is bringing more overseas travel and infrastructure development. The recent Hong Kong turmoil has not had a significant impact on Macau visitation numbers. Melco has a strong balance sheet and is led by Chairman and CEO, Lawrence Ho, an owner-operator and adept capital allocator focused on building value per share. In the last 18 months, he has used the group's financial strength to repurchase close to 10% of Melco Resort's free float, privatize its Philippine subsidiary at cheap multiples and purchase 20% of Crown Resorts from former partner James Packer. Melco International also sold its Cyprus project stake to subsidiary Melco Resorts for $375 million, significantly reducing Melco International capex and enabling the company to focus aggressively on increasing shareholder returns. We would encourage you to listen to our podcast interview of Lawrence Ho to learn more about the history of Melco and his outlook for the business and the broader Macau gaming industry at https://southeasternasset.com/podcasts/melco-lawrence-ho-on-geopolitics-volatility-and-opportunity-in-asia/.

MinebeaMitsumi (47%, 2.56%, 32%, 1.83%), the Japanese manufacturer of high-precision equipment and components, was among the top contributors for the fourth quarter and the year. The stock declined in the first half due to market concerns over US-China trade friction, a slowdown in the data center industry that negatively impacted its dominant ball bearings business and a decreased earnings forecast in the first half. However, its automotive applications business is benefitting from a structural move into electrification, and monthly ball bearing shipments are back on track since the third quarter. In December, MinebeaMitsumi announced plans to acquire semiconductor business ABLIC at approximately 7x EBITDA pre-synergies. We visited MinebeaMitsumi's factories in Cambodia and Thailand in December and had good discussions with CEO Yoshihisa Kainuma on shareholder return and capital allocation. We are confident that Mr. Kainuma will continue to create value for all shareholders, as he has done over the past decade for the company.

LafargeHolcim (39%, 2.28%, 12%, 0.61%), the world's largest cement producer, added to the Fund's strong returns for the quarter and the year. Lafarge benefitted as North American cement pricing grew modestly, while volumes surged 11% in the last quarter. Lafarge's European and Latin American operations also delivered excellent results. 2019 was also a good year for accretive asset sales, and as the year progressed, the market became more comfortable with the prospect of additional sales. Since assuming control two years ago, CEO Jan Jenisch has improved the company's operational and capital allocation discipline. He still has more levers to pull that are not dependent on global macro conditions. Our appraisal of Lafarge's value increased alongside the stock price throughout the year, and we trimmed our position as price appreciated in the first quarter and second half of the year.

As discussed above, Domino's Pizza Group (30%, 2.22%, 36%, 2.12%), was the top contributor in the fourth quarter and added to the Fund's strong returns for the year. The market recognized the benefit of having two new outside directors Usman Nabi and Elias Diaz, both of whom have significant personal stakes in the business, join the board. We expect they will help direct the company to make further progress in addressing its loss-making International operations and to repair damaged relationships with UK franchisees.

Millicom (-21%, -1.05%, 1%, 0.03%), a leading Latin and Central America Telecommunications company, was the largest detractor this year. Following an unsuccessful takeover attempt by Liberty Latin America (Lilac) at the beginning of the year, the majority shareholder in Millicom, Kinnevik, made the decision to divest its entire shareholding in Millicom. This poorly executed process created an overhang that lasted most of the year and contributed heavily to the share price weakness. From a business standpoint, there was slower-than-expected growth in key markets like Guatemala and tough competition and FX headwinds dampening performance in Colombia and Paraguay, which compounded the negative stock performance. Core EBITDA growth and expansion of cable and 4G remains healthy and on-track. We believe the long-term fundamental business case remains intact and expect more progress once the temporary technical factors from the share distribution have passed.

Baidu (-20%, -0.96%, 23%, 0.93%), the dominant online search business in China, was another top detractor for the year. The entire industry was negatively impacted by macroeconomic weakness and increased online advertising inventory. Baidu's migration of all medical advertisement landing pages from third party sites onto its own servers added short-term topline pressure, but ultimately improves its compliance with industry regulation. Additional spending on Chinese New Year sponsorships and APP installation promotions further reduced the bottom line in the first half of the year. In response, Baidu management promptly adjusted its strategy to cut spending. In the third quarter, Baidu Core delivered strong sequential operating margin improvement, well above expectations. While the macro environment remains uncertain, it is encouraging to see users' time spent on Baidu's ecosystem has outgrown peers in September and October, and Baidu should see higher year over year growth from the low 2019 base. We support management's decision to launch an additional US$1 billion share buyback program to take advantage of the mispricing. The company recently sold part of its Trip.com stake and raised US$1 billion in offshore cash to support this value accretive buyback program. While share price has recovered some from the low, Baidu's advertising business is still trading at low-single-digit FCF and well below our appraisal.

Portfolio Activity

We bought three new companies this year – Domino's, Lazard and Gruma – and added to 6 discounted holdings. We had no new purchases in the fourth quarter but rounded out our position in DPG. In the first week of 2020 a company from the on-deck list came into range on price allowing us to start a position. Over the course of the year, we trimmed several stronger performers and fully exited five companies, including our successful investment, Vestas, the global leader in wind turbine installation and servicing. After a nearly two-year holding period, Vestas went through our value in the fourth quarter. We also sold Indian telecom tower operator Bharti Infratel in the fourth quarter, due to a change in investment thesis. Although there may still be potential upside from today's low price, seeing the value recognized became heavily reliant on a few factors going right – government approval of Bharti's planned merger with Indus in a timely manner and rational behavior around regulation and tax policy for the broader telco space. The Supreme Court of India's ruling on the definition of adjusted gross revenues in favor of the Indian Government and imposing interest and penalties on the telecom carriers has subjected the entire Indian telecom sector to a much more challenging operating environment, leaving a narrower path to unlock the value than when we initially invested. The margin of safety was no longer sufficient in such a capricious regulatory environment. We exited the position after a slight easing of pricing pressure in the fourth quarter, but it remained the top detractor for the quarter and a permanent capital loss over the life of the investment. Earlier in 2019, we completed the exit of our small positions in German conglomerate ThyssenKrupp and luxury hotel operator Belmond, after selling the majority of both positions in 2018. We sold Yum China, the operator of KFC and Pizza Hut restaurants in China, for the second time in three years, as it went through our appraisal and added over 40% in our short, seven-month holding period. Yum China has twice been a very fruitful investment since it was spun out of long-time Southeastern investee Yum! Brands in 2016. In both cases, the gap between the share price and our appraisal closed quickly, providing a cumulative return over 100%. We would love to have the opportunity to own this fantastic business again in the future.

Outlook

After an extraordinary year in equity markets virtually across the world, we expect to see continued market opportunities in 2020, as we face a presidential election in the US, Brexit continuing its slow progression and hopes for a resolution to the US-China trade war and Hong Kong unrest. Our portfolio is well positioned, with a P/V in the low-70s% and cash at 7%. We have the deepest and broadest team in Southeastern's history working effectively together to identify compelling investments across the globe. The on-deck list is healthy, the research efforts are productive, and the fund is almost fully invested. We are optimistic that five-to-seven years from now we will be telling a story of notable outperformance by non-US, Value-oriented, non-USD investments versus what has led equity markets for the last decade. We are confident in our positioning and believe the International Fund can lead that trend.

See following page for important disclosures.

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

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

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

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

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

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.

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.

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

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

As of December 31, 2019, the top ten holdings for the Longleaf Partners International Fund: EXOR, 9.6%; Domino's, 7.3%; Melco, 7.2%; CK Hutchison, 6.0%; LANXESS, 5.7%; C&C Group, 5.4%; MinebeaMitsumi, 5.2%; Lazard, 4.9%; LafargeHolcim, 4.9%; Becle 4.8%. Fund holdings are subject to change and holding discussions are not recommendations to buy or sell any security. Current and future holdings are subject to risk.