Longleaf Partners International Fund

Quarterly Summary Report

For the Quarter Ended
December 31, 2020

Longleaf Partners Funds

LLP001148

Summary – December 31, 2020

4Q20

Longleaf Partners International Fund

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Longleaf Partners Funds

Long-Term / Concentrated / Engaged / Value

Founded in 1975, Southeastern Asset Management is an independent, global investment firm managing $10.5 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	$1.2 billion
Expense Ratio (Gross)	1.17%
Expense Ratio (Net)	1.15%
Turnover (5 yr avg)	29%
Weighted Average Market Cap	$25.3 billion

Holdings(21)

	Activity*	Weight
EXOR		9.9%
Melco International		6.4
Prosus		6.0
Domino's Pizza Group (UK)	-	5.5
Accor		5.5
Richemont		5.1
Fairfax Financial		5.0
Baidu	-	5.0
LANXESS	-	4.9
Lazard		4.9
Glanbia		4.8
LafargeHolcim		4.7
Millicom		4.7
CK Hutchison		4.5
GRUMA	+	4.1
CK Asset Holdings		3.4
Applus Services		3.2
Jollibee		2.5
Great Eagle		2.2
Becle	-	2.0
MinebeaMitsumi	-	1.4
Cash		4.3
Total		100.0%

*Full eliminations include the following positions: No full eliminations in the quarter

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.

Sector Composition

Consumer Discretionary	31.0%
Financials	19.8
Consumer Staples	10.9
Communication Services	9.7
Materials	9.6
Industrials	9.1
Real Estate	5.6
Health Care	--
Information Technology	--
Utilities	--
Energy	--
Cash	4.3

Regional Composition

Europe Ex-UK	48.8%
Asia Ex-Japan	24.0
North America	16.0
UK	5.5
Japan	1.4
Cash	4.3

Performance Contribution

Top Three	Portfolio Contribution	Return	Bottom Three	Portfolio Contribution	Return
EXOR	4.06%	49%	Domino's Pizza Group (UK)	-0.64%	-8%
Baidu	3.03	70	CK Asset Holdings	0.19	4
LANXESS	1.62	34	MinebeaMitsumi	0.30	4

Performance at 12/31/2020

	Total Return		Average Annual Return				
	QTR	YTD	Five Year	Ten Year	15 Year	20 Year	Since Inception
International Fund	22.73	-1.22	8.95	4.08	3.62	5.22	7.25
MSCI EAFE	16.05	7.82	7.45	5.51	4.48	4.50	4.88

Returns reflect reinvested capital gains and dividends but not the deduction of taxes an investor would pay on distributions or share redemptions. Performance data quoted represents past performance; past performance does not guarantee future results. The investment return may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting 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 15, 2021

Longleaf Partners International Fund Commentary

4Q20

Longleaf Partners International Fund reported a strong fourth quarter, returning 22.73% and outpacing the MSCI EAFE Index's 16.05%. The Fund ended the year with a 1.22% decline, a disappointing absolute and relative performance outcome versus the Index's 7.82%. 2020 performance was a tale of two halves, with the first half overwhelmingly driven by COVID-19 fear and stock price volatility. Our 3Q letter highlighted the tightly "coiled spring" nature of the portfolio at the end of September. Indeed, the beginnings of that uncoiling resulted in the strong recovery, as many of the same stocks that hurt the most in the first half drove the outperformance in the second. In both periods and for the full year, our overweight to Hong Kong (and the relative underperformance of our holdings there) was the largest single relative detractor. Currency was a tailwind for the year, as the remarkable dollar strength of the last decade finally started to reverse, but the index benefitted more from this tailwind given its larger Japanese yen weighting, as the yen appreciated 5% against the US dollar. For all the volatility and drama of 2020, the Fund's net asset value (NAV) ended

Average Annual Total Returns (12/31/20) Longleaf Partners International Fund: Since Inception (10/26/98): 7.25%, Ten Year: 4.08%, Five Year: 8.95%, Three Year: 3.27%, One Year: -1.22%. MSCI EAFE Index: Since (10/26/98): 4.88%, Ten Year: 5.51%, Five Year: 7.45%, Three Year: 4.28%, One Year: 7.82%. MSCI EAFE Value Since (10/26/98): 5.09%, Ten Year: 3.37%, Five Year: 4.20%, Three Year: -1.24%, One Year: -2.63%.

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

up almost where we started. We believe the steps we took to improve the portfolio over the course of the year have left it well positioned, and we think there are substantial "coiled springs" left to to deliver strong future performance.

Performance Review

The largest absolute and relative detractor for the year remains our exposure to Hong Kong listed businesses. As we discussed in detail in our 3Q letter, Hong Kong has stood out as a relative performance laggard this year. It has faced continued tensions between the US and China, social instability from increasing Chinese control over the territory, COVID-related lockdowns and border closures in 2020. Technology and Biotech companies that operate mostly in mainland China − which recovered first from COVID − outperformed older economy sectors within the Hang Seng index. Utilities, Banks and Properties (where we are invested) underperformed, as they were most affected by the closure of borders to Mainland Chinese visitors and lockdowns.

Even in the face of the difficult and worsening environment over the last two years, our confidence in the four Hong Kong listed businesses that we own (the two largest of which, Melco International and CK Hutchison, are discussed in more detail below) has remained strong. In each case, we have management teams that think and act like owners doing all that they can to get the underlying value of their businesses recognized by the market. We believe insider buying and share repurchases led by proven capital allocators we respect are a good indicator of our portfolio's attractiveness. 2020 marked a year where we saw both of these utilized in a significant manner.

The Li family, the largest shareholder of CK Asset and CK Hutchison, spent close to $550 million in the last 18 months buying shares of the two companies. In November, CK Hutchison agreed to sell its European telecom tower network for €10 billion, worth 31x EBITDA (earnings before interest, taxes depreciation, and amortization), equating to almost 43% of the market capitalization of CK Hutchison. The first tranche of the transaction closed in December, and we expect the company to use some of the €2.1 billion of proceeds for value-accretive share repurchases. Management took advantage of the harsh energy environment and merged oil business Husky Energy with Cenovus Energy to create an integrated Canadian oil and natural gas company with substantial synergies in the fourth quarter. Furthermore, in December, CK Hutchison entered into a Memorandum of Understanding with Ooredoo to merge its Indonesian mobile telecom businesses. We believe CK Hutchison will continue to explore opportunities to consolidate the telecom industry in Europe to achieve scale synergies.

Lawrence Ho, Melco's Chairman and CEO spent over $60 million year to date (YTD) buying shares personally in Melco International. The Macau operating environment was extremely challenging for Melco and its peers, with industry gross gaming revenue (GGR) declining between 90-97% year-over-year in the second and third quarters. With travel restrictions between Macau and Mainland China beginning to ease in mid-August, we started to see a gradual recovery of Macau visitation and GGR. In the most recent quarter, the company reported lower than expected EBITDA losses, driven by further cost reductions, market share gains and better luck. Melco cut its daily operating costs by over 40% in just a few months, further lowering its cash breakeven point. This improvement was driven by prudent cost-cutting and a favorable mix shift towards higher-margin mass market business. We believe the availability of vaccines, further easing of travel restrictions and customer confidence recovery will help drive a sustained recovery in Macau. We expect Melco will emerge stronger post-COVID given Lawrence Ho and his team's strong execution and the company's solid position in the premium mass segment.

We believe the heavily value-oriented nature of our Hong Kong and Macau investments will benefit from the re-opening of borders, relaxation of lockdowns and any shift away from the past decade's growth mania.

Hong Kong's Hang Seng Index's -0.46% return for the year starkly contrasted with particularly strong performance in Mainland China, with the CSI 300 index up 30%. China was the largest positive contributing country in our portfolio for the year. While this may sound surprising for a value manager performance was driven by our investments in Chinese internet companies Baidu and Tencent (via the holding company Prosus). Baidu was first purchased in 2015, when its share price was highly discounted. Even after returning over 70% this year, the company trades at an attractive discount to its growing appraisal value and offers significant upside from here. We believe that its core search and newsfeed business is trading at an attractive 10x free cash flow.

Baidu stands out not just for its stock price performance but also for management's value-accretive actions in the last quarter. Not only did Baidu increase their buyback program from one billion to three billion dollars in August, but it further increased it to $4.5 billion in December. Operationally, the adjusted EBITDA margin for Baidu's core advertising business continued to expand, and its adjusted EBITDA grew 31% year-over-year in the third quarter. Baidu also agreed to acquire YY, JOYY's China live streaming business, at an attractive 8x earnings. YY is the pioneer in Chinese live streaming. YY has the business and technological know-how, but lacks new user growth. YY offers Baidu immediate operational experience in operating a large live video community and has many performers on the platform. YY has 10x more performers on its platform than Baidu has, but Baidu has 10x more users on Baidu's ecosystem platform. We expect synergies to be significant, and YY to increase Baidu's monetization of its massive user base. Furthermore, Baidu is progressing with monetizing and accelerating their Apollo automotive artificial intelligence program and established a joint venture with Zhejiang Geely Holding Group to produce intelligent electric vehicles.

We took advantage of 1Q volatility in Asian markets to purchase Prosus after South African company Naspers spun out its 31% stake in Tencent in September 2019 into a Netherlands-listed holding company. We had long admired Tencent but never could get comfortable with the shareholder-unfriendly South African structure under Naspers. The years of work by multiple research team members across Asia, Europe and the US on Tencent, Naspers and Prosus eventually meant we were well prepared when the pandemic started and the Prosus share price dramatically decoupled from the underlying Tencent value. Today, the share price is up 51% from our initial investment but remains attractively valued. During the fourth quarter, the company announced a $5 billion program to repurchase shares and acquire discounted shares of its parent, Naspers. Prosus is among the Fund’s largest positions, reflecting our conviction in this high-quality, well-managed business.

Lessons from COVID

COVID taught us all many lessons this year. We admit that we may have been too complacent in the face of pandemic risk early on, as our insight from our team in Asia (where the virus has largely been successfully mitigated, in contrast to most other countries around the world) and our collective experience with SARS (which was an opportunity for the Fund), Bird Flu (which we studied extensively when we owned Yum Brands and Yum China) and Ebola (which impacted Vivendi's African operations) gave us false confidence that pandemic fears were overblown. But this time really was different, and once we recognized COVID as the once-in-a-century event that it is, we acted quickly and prudently to re-underwrite our holdings and adjust the portfolio accordingly.

In the first half, we sold three companies where our long-term appraisal values were permanently impaired in the face of COVID or the people situation had deteriorated: C&C Group, Bolloré and OCI. We improved the portfolio with new positions in Glanbia, Prosus, Accor, Applus and Jollibee, and added to several existing companies whose share prices were negatively impacted in the short term, including Richemont, Melco International, Millicom, Fairfax and Gruma. With the exception of Melco, which is discussed further below, these companies all rebounded in the second half and offer significant further upside from here. We also held on to some first half detractors that took a near-term negative COVID-related value hit, but where we see meaningful potential upside. These have had mixed share price success thus far, with Baidu and Lanxess both among top performers for the year, compared to CK Hutchison and CK Asset, which had muted second half returns and remain top detractors for the year but offer significant potential upside from these discounted levels. While the portfolio decisions discussed above impacted absolute and relative performance in the short term, we believe they have positioned us for stronger performance in the years ahead.

Market Review

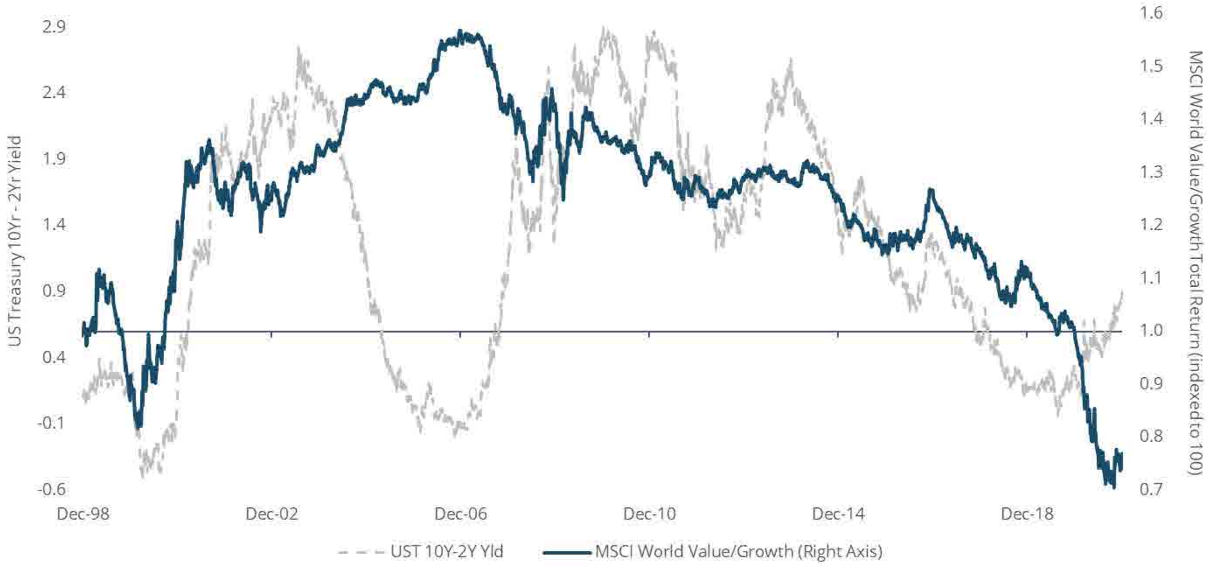
Long-time investors in this Fund well know that we do not define "value" as a factor or low multiple, such as headline price to earnings (P/E) or low price-to-book, though these metrics may correlate with the assessments of value we favor. Rather, we define value as an adequate margin of safety relative to our internal, conservatively calculated intrinsic value for a business. A key factor in our discounted cash flow (DCF) math is the discount rate. Some commentators, particularly in the US, defend elevated stock market valuations with an appeal to low interest rates and the influence a risk-free rate approaching zero has on a capital asset pricing model (CAPM) generated cost of capital. The slippery slope of slashing discount rates brings a temporary high by inflating the value of a business, but the hangover of pulling future value accretion into the present is hard to avoid. The hard truth of the math dictates that high multiples translate into low future returns for overpriced assets. Our absolute return goal of inflation plus 10% does not leave much room for a 5% discount rate. Consider a long duration asset with no cash flow for 19 years and a $20 payout in year 20. Reducing the discount rate from 10% to 5% increases the present value by 154%. This math may be a significant factor in 2020 market performance as the time value of money matters less in a low discount rate world. This is a one-time gain setting up a low return future, or a reckoning. The $20 payout 20 years in the future suffers significantly when the discount rate moves from 5% to 10% with a 61% drop in present value.

While there are some Non-US examples of the extreme overvaluation that results from this bending of the math, the effect is more muted outside of the S&P 500. Long duration assets, whether long-dated bonds or fast compounding tech companies that typically have 100% of their value in the terminal value (free cash flow in the explicit forecast period is negative or negligible) — have been the biggest beneficiaries over the past decade. We have written at length in the last few years about the Growth outperforming Value, US outperforming all other markets and ever-stronger US dollar (USD) themes that have dominated the market narrative for the last decade+. The extraordinary 12-year+ bull market in US equities has now compounded to a 14.98% annualized total return (with dividends reinvested into the S&P 500 Index), while the MSCI EAFE Index has generated 7.67% annualized over that same period. These backward-looking returns make it easy for investors to forget that the prior decade ending in 2008 saw Non-US markets handily outpace US markets by 218 basis points (annualized).

Although the US large-cap growth trend continued for the first nine months in 2020, we believe this dynamic is finally near a breaking point and that Non-US value, in particular, is primed to outperform. The overly strong US dollar trend has started to revert with the US Dollar Index down -6.7% for the year. However, it is still rich with plenty of room to be a tailwind. Non-US markets continue to be relatively cheap, paced by continued geopolitical (and virus) uncertainty within emerging markets broadly, as well as the UK in a post-Brexit world. Using the 10-2 Treasury Yield Spread as a proxy for yield curve steepness, the chart below shows that historically a steepening yield curve has been positive for value relative to growth, perhaps reflecting the time value of money dynamic referenced above. This reversal might already have begun in the fourth quarter.

MSCI World Value/Growth vs. Yield Curve

1/31/1999 to 12/31/2020 (daily in USD)



Source: Bloomberg

Contributors/Detractors

(2020 Investment return, 2020 Fund contribution; Q4 Investment return, Q4 Fund contribution)

Prosus (54%, 2.95%; 17%, 1.13%), a global consumer internet group, was the top contributor for the year. Tencent, in which Prosus owns a 31% stake, representing the majority of its appraisal, demonstrated significant resilience this year, even during the pandemic. Online advertising, gaming and cloud all grew revenue strongly year-over-year and improved their market position. Tencent's investment portfolios, which include companies such as JD.com, Sea Ltd and others, also delivered outstanding share price appreciation in the year. Tencent has been a great investment for Prosus/Naspers, resulting in a portfolio IRR of 37% since FY2002. What is less known is, even excluding Tencent, the rest of the portfolio still achieved 18% IRR in the same period. We believe Prosus is still undervalued today. Its stake in Tencent at the market price is more than the entire market capitalization of Prosus, meaning the market gives no credit for its group of unlisted businesses, which have strong growth prospects and dominant positions in their respective geographies. Prosus management is well aligned and has a history of taking decisive action to unlock the value. They have worked to improve disclosure on the valuable businesses outside of Tencent and also announced a $5 billion share buyback program for Prosus and Naspers shares at advantageous prices.

Baidu (71%, 2.72%; 70%, 3.03%), the dominant online search business in China, was a top contributor in the fourth quarter and for the year. Baidu's search advertising business was negatively affected by the pandemic this year. While the lockdown increased users' time spent online and brought more traffic to the platform, it also hurt advertisers' budgets, as companies cut costs in a difficult environment. As China began to see success in controlling the pandemic, there was a robust sequential recovery in Baidu's business. Baidu delivered margin expansion, benefiting from both positive mix change and more disciplined return on investment-driven spending. The non-advertising business also made progress in the year. In September, Baidu raised equity financing for its DuerOS smart speaker business at a valuation of RMB 20 billion. In November, Baidu opened Apollo Go robotaxi services in Beijing, the third city in China where passengers can call a robotaxi from Baidu Maps. Baidu announced its intention to acquire JOYY's live streaming business in China. JOYY, the pioneer and leading live streaming platform in China, would strengthen Baidu's live streaming operation and expand the non-advertising offerings in its ecosystem.

Accor (34%, 1.40%; 29%, 1.47%), the French hospitality company, was a top contributor in the year after we purchased the company in 2Q. Leisure businesses rallied in early November on positive vaccine effectiveness data and with the prospect of roll-outs on the horizon. Part of our investment thesis for Accor relates to the company's undervalued associate earnings, which management took steps to simplify in late November. In buying out the remaining 50% minority of SBE (Mondrain, Delano, SLS) for $300 million, while selling off the remaining property and launching a new lifestyle joint venture with Ennismore (Gleneagles, Hoxton) of which Accor will own a majority, the related associate earnings will now be consolidated. This new company will be entirely asset-light with the owned and leased assets sold, allowing Accor to deconsolidate $52 million of lease debt from the balance sheet. Lifestyle is one of the fastest growing segments of the hospitality sector and is typically higher margin, so consolidating it gives Accor better control and should enable faster growth. It is only 5% of Accor's current revenue but 25% of the pipeline. The combined entity has 73 hotels under 12 brands, but impressively 110 confirmed projects in the pipeline and another 70 under discussion. Accor has stated it expects €100 million EBITDA from this division in 4-5 years. We continue to like Accor as an operationally-leveraged play on a post-COVID tourism travel recovery with particularly strong growth prospects in upscale/luxury segments in Asia. Accor has one of the strongest balance sheets in the industry, with €4 billion of liquidity. The pandemic has accelerate the push to an asset-light model and enabled more aggressive structural cost reductions to drive a rapid earnings recovery once travel restrictions ease. The management team has a strong focus on shareholder value creation, and we believe a re-rating towards asset-light peers is possible as the new structure becomes better appreciated.

EXOR (5%, 0.35%; 49%, 4.06%), the European holding company of the Agnelli family, was the top contributor in the fourth quarter, rallying 49% to take its YTD returns into positive territory after a challenging first half. During the quarter, the market started to price in the previously announced Fiat Chrysler (FCA) and PSA (the owner of Peugeot) merger, which is scheduled to complete in January 2021. This great move will create the world's third largest carmaker by vehicle sales. Additionally, CNH, the agriculture machinery business, produced strong 2Q and 3Q results that far exceeded market consensus and management's prior conservative outlook. The company made significant progress in lowering its channel inventory and meaningfully improving free cash flow. It also announced that Scott Wine will join the company as CEO after a successful run at Polaris. Meanwhile, EXOR's reinsurance underwriter holding PartnerRe has performed well in a tough year and is positioned to take advantage of hardening insurance prices. We believe this business will ultimately be worth more than the $9 billion price offered early in 2020 by Covéa. While the later attempts by Covéa to renegotiate those terms ultimately resulted in the deal being cancelled, the consolation prize of Covéa investing €1.5 billion in EXOR and PartnerRe goes a long way to repairing any lingering impact. We believe the €750 million being invested in PartnerRe's third-party capital business will provide the momentum needed to build a robust third-party insurance capital management business. Ferrari, which comprises approximately one-fifth of EXOR's NAV, sailed through the pandemic unscathed, further demonstrating the value of this luxury brand.

C&C Group (-60%, -3.27%; --, --), the Irish cider, beer and soft drinks company, was the largest detractor for the year. After being a top contributor in 2019, our outlook for the business and view on the people changed entirely in a short two-month period. First the much-admired CEO, Stephen Glancey, surprised everyone by retiring in February, after overseeing an 11-year annual return of 17.6% for his tenure as a top executive of the company. This track record is near the top of the list for European executives over that time frame. Glancey was a key part of our case, and we put in the order to sell half our position when the announcement was made and began revisiting our business case. Unfortunately, the pandemic exploded onto Europe over the next weeks with a uniquely devastating impact on C&C's business model, as all pubs across C&C's markets in Ireland, England, Scotland and Wales were closed. Given the operating and financial leverage of the company (financial debt levels were healthy, but the business has heavy working capital exposures that became de facto debt in such a sudden downturn), our assessment of intrinsic value was heavily impacted. The change in management, coupled with the rapid shift in business environment completely changed our thesis leading to a full exit and re-allocation of that capital to more attractive opportunities.

Melco International (-31%, -2.48%; 10%, 0.70%), the Asian casino and resort holding company, was also a top detractor for the year. Its Macau operating subsidiary Melco Resorts (MLCO) was off to a strong start in the beginning of 2020 but both Macau visitation and gross gaming revenue (GGR) collapsed around Chinese New Year on the back of the COVID-19 outbreak and travel restrictions. The operating environment was extremely challenging for MLCO and its peers, with industry GGR declining between 90-97% year-over-year in the second and third quarters. With the travel restrictions between Macau and Mainland China beginning to ease in mid-August, we have begun to see a gradual recovery of Macau visitation and GGR. In October, MLCO reached 35% of 2019 GGR levels. In the most recent quarter, the company reported lower than expected EBITDA losses, driven by further cost reductions, market share gains and better luck. MLCO cut its daily operating costs by over 40% in just a few months, and it now expects to reach property EBITDA breakeven when GGR reaches mid-to-high 20% of historical levels, which is further improvement from the previous guidance of 30-35%. This improvement has been driven by prudent cost cutting, as well as mix shifts towards the higher margin mass segment. We are monitoring the anti-overseas and anti-online gambling measures which have impacted VIP market recovery, but this represents a very small portion of MLCO's business. These measures so far have not impacted premium mass market, where MCLO is more exposed. Management believes that the measures will in fact be positive for Macau in the long run. We believe the availability of vaccines, further easing of travel restrictions and recovery of customer confidence for travelling will help drive a sustained recovery in Macau. We are not expecting a V-shape recovery any time soon, but we believe the long-term fundamental attractiveness of Macau gaming business is intact. We expect MLCO will emerge stronger post-COVID given Lawrence Ho and his team's strong execution and the company's solid position in the premium mass segment.

Bolloré (-22%, -2.04%; --, --), the French holding company, was a detractor on the back of COVID-related impact to its African businesses. While the shares remain discounted, the positive developments we had hoped to see when investing in the company had stalled. This disappointment, plus the COVID impact, caused us to exit the holding in the second quarter and re-allocate to more attractive opportunities.

CK Hutchison (-23%, -2.02%; 15%, 0.53%), a conglomerate of telecommunications, health & beauty, infrastructure, global ports and energy, was also a detractor. The company's Oil and Retail businesses were severely impacted by COVID in the first half of the year. Taking advantage of the tough environment, management merged oil business Husky Energy with Cenovus Energy to create a new integrated Canadian oil and natural gas company with tremendous synergies. Within Retail, Watson stores have seen traffic recovery after cities unlocked, and profits are expected to grow year-over-year in the second half. While global Port total volume declined in 2020, CK Hutchison's ports outperformed relative to its peers, given its hub locations in Europe and Asia. The Telecom division is the least impacted in the current environment, as lockdowns and work from home have resulted in improvement in business volume and asset utilization. In November, the company reached an agreement with Cellnex to sell its telecom tower assets for €10 billion, well above our expectation and nearly half of CK Hutchison's market cap. The deal would materially strengthen CK Hutchison's balance sheet by reducing net debt. We are greatly encouraged that the board stated its plans to allocate a portion of the proceeds to share buybacks, which would increase the value per share for all shareholders. In another potentially value-accretive market consolidation opportunity, CK Hutchison entered into a Memorandum of Understanding in December to discuss merging its telecom business in Indonesia with Indosat.

Portfolio Activity

2020 was a busy year for the team, as we added five new investments and increased our position in an additional five discounted holdings in the year. The new positions are a mix of recycles (companies we have successfully invested in before) with Accor and Applus, and new investments with Prosus, Glanbia and Jollibee. This mix is a healthy output of a broad and deeply experienced team. We have a long list of companies on the wish list but are continually learning about new companies and opportunities as they develop and were able to act quickly to take advantage of stock price volatility in the first three quarters. Although we made no new investments in the fourth quarter, we added opportunistically to Gruma at a discount and trimmed multiple positions as prices appreciated. The portfolio remained essentially fully invested throughout the year, with the sale of C&C, Bollore and OCI in the first half and active trimming of several strong performers throughout the course of the year providing funding for the new positions.

Southeastern Updates

We have focused on safety for our employees and communities while adapting to the new way of getting work done from home in 2020. We will likely all be together again in the office at some point in 2021, but longer term we will also embrace a more flexible work setup. From a research perspective, our global network built over the last 45+ years was a distinct competitive advantage this year, as travel and in-person meetings quickly ceased in March. We have a well-established dialogue with our existing investee management teams, as well as with those at many competitors to our portfolio holdings and new potential investment opportunities that we reviewed in the year. Past investees and current clients have also helped our research in many ways. We have been able to maintain our constructively engaged approach without disruption and, in many cases, deepened these relationships and expanded our topics of engagement throughout the year.

Environmental, social and governance (ESG) factors have always been important to us - both as we assess our “Business, People, Price” criteria for any new investments and as we review our businesses and engage with management teams for our existing holdings. In the last year, we have taken steps to formalize our approach to how we incorporate ESG into our investment process. We established an ESG team, with representation from the Research and Client Relations and Communications teams, which reports directly to CEO and Head of Research Ross Glotzbach. While each research analyst is ultimately responsible for each name under coverage, the ESG team is involved in ongoing oversight of the incorporation of ESG matters into our investment process and client reporting, as well as our day-to-day business operations. We have formally incorporated a section on ESG analysis into our research reports. This analysis details how the company rates on ESG factors, including how the reality compares to the market's perception of these issues, as well as areas where we might seek to engage with management to improve the company's footprint. We recently signed on MSCI ESG Rating as a third party data provider to help quantify ESG-specific metrics. We have found this to be a useful supplement to our in-house, bottom-up analysis that draws upon our extensive global resources and network to gain a more comprehensive picture, but just like our long history of proxy voting where we review ISS recommendations but make our own decision, we will never outsource something this important. At the start of the year, we became signatories to the United Nations-supported Principles for Responsible Investing (UNPRI), as well as to Climate Action 100+ (CA100), an investor-led initiative that is supported by PRI and is focused on actively engaging with management teams that are in a position to help drive long-term, global progress in the fight against climate change. We have also been heartened to see the steps that our companies across all our portfolios are taking to give back and support the fight against COVID - whether through producing PPE for healthcare workers, supporting their own employees through enhanced safety plans to ensure critical services continue uninterrupted and/or raising and donating funds to local food banks and other charities that directly support the most vulner able community members.

In 3Q, we seeded a new European investment strategy with internal capital to address the growing opportunity in Europe to engage with companies and key stakeholders to enhance and realize value. Josh Shores and John Woodman are Co-Portfolio Managers of the strategy, and we anticipate that the strategy will, over time, expand the opportunity set for our Non-US and Global strategies and deepen our global network, which supports all our investment mandates.

Finally, Andy McCarroll (General Counsel, at Southeastern since 1998) and Gwin Myerberg (Global Head of Client Relations and Communications, at Southeastern since 2008) joined Southeastern's Board of Directors. The Board supports Ross Glotzbach in his role as CEO and works closely with department heads to coordinate management functions across all key areas of the organization, to set the strategy and goals for the firm and to ensure we always stick to the guiding principles that define our unique culture. We are excited to add Andy's and Gwin's experience and insight to this important role.

Outlook

The Fund remains fully invested, with less than 4% cash, and trades at an attractive discount with a price-to-value in the high-60s%. While the COVID-influenced whipsaws of 2020 continued to favor the momentum drivers of the last decade, we expect this could be the last gasp of the cycle. We believe non-US, non-US dollar, undervalued companies are set to outperform from here. Despite a challenging year and disappointing relative last two years, over a five-year time horizon (which we believe is the minimum to judge effectiveness in today's markets), the Fund has returned 53.52% on a cumulative basis vs. the MSCI EAFE Index's 43.22% return and more than double the EAFE Value Index's total return of only 22.87%. We believe the Fund can outperform over the next five+ years. We wish you all the best for a safe and healthy New Year and thank you for your continued faith, trust and partnership.

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. ***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. An index cannot be invested in directly.***

The US Dollar Index is used to measure the value of the dollar against a basket of six world currencies - Euro, Swiss Franc, Japanese Yen, Canadian dollar, British pound, and Swedish Krona.

The CSI 300 Index is a free-float weighted index that consists of 300 A-share stocks listed on the Shanghai or Shenzhen Stock Exchanges. 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.

"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.

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.

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

Internal rate of return (IRR) is the interest rate at which the net present value of all the cash flows from an investment equal zero.

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

Discounted cash flow (DCF) is a valuation method used to estimate the attractiveness of an investment opportunity. DCF analysis uses future free cash flow projections and discounts them to arrive at a present value estimate, which is used to evaluate the potential for investment.
The Capital Asset Pricing Model (CAPM) is a model that describes the relationship between the expected return and risk of investing in a security.

As of December 31, 2020, the top ten holdings for the Longleaf Partners International Fund: EXOR, 9.9%; Melco, 6.4%; Prosus, 6.0%; Domino's (UK), 5.5%; Accor, 5.5%; Richemont, 5.1%: Fairfax Financial, 5.0%; Baidu, 5.0%; LANXESS, 4.9%; Lazard, 4.9%. 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.
LLP001141
Expires 4/30/2021