Longleaf Partners Small-Cap Fund

Quarterly Summary Report

For the Quarter Ended
December 31, 2019

Longleaf Partners Funds

Summary - December 31, 2019

Longleaf Partners Funds

4Q19
Longleaf Partners Small-Cap Fund

(Closed to New Investors)

(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	US small-cap value
Ticker	LLSCX
Inception Date	February 21, 1989
Net Assets	$3.3 billion
Expense Ratio	0.92%
Turnover (5 yr avg)	32%
Weighted Average Market Cap.	$5.4 billion

Sector Composition

Consumer Discretionary	20.8 %
Communication Services	18.4
Real Estate	14.0
Information Technology	12.2
Financials	5.3
Energy	4.9
Industrials	4.6
Materials	3.7
Cash	16.1

Holdings (16)

	Activity*	Weight
Eastman Kodak *(preferreds/ common/bonds)*		9.4 %
CenturyLink		9.3
Graham Holdings		6.5
Mattel		6.1
Lazard		5.3
PotlatchDeltic		5.1
CNX Resources		4.9
Realogy		4.8
GCI Liberty	-	4.7
Enerpac Tools (Actuant)	-	4.6
Dillard's		4.4
Formula One Group		4.4
Park Hotels & Resorts		4.1
Neiman Marcus *(bonds)*	+	3.8
OCI		3.7
ViaSat		2.8
Cash		16.1
Total		100.0 %

*Full eliminations include the following positions: Summit Materials.

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.

LLP000945 expires April 30, 2020

Performance Contribution

Top Three	Return	Portfolio contribution
Eastman Kodak	20%	1.66%
Realogy	45	1.53
Mattel	19	1.01

Bottom Three	Return	Portfolio contribution
OCI	-11%	-0.44%
Graham Holdings	-3	-0.24
ViaSat	-3	-0.09

Performance at 12/31/19

	Total Return		Average Annual Return				
	Qtr	YTD	Five Year	Ten Year	15 Year	20 Year	Since Inception
Small-Cap Fund	9.32%	19.65%	6.65%	11.98%	8.95%	10.09%	10.67%
Russell 2000 Index	9.94%	25.53%	8.23%	11.83%	7.92%	7.59%	9.53%

Returns reflect reinvested capital gains and dividends but not the deduction of taxes an investor would pay on distributions or share redemptions. Performance data quoted represents past performance; past performance does not guarantee future results. The investment return may be worth more or less than their original cost. Current performance of the fund may be lower 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. Smaller company stocks may be more volatile with less financial resources than those of larger companies.

The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3,000 Index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index. An index cannot be invested in directly.

January 13, 2020

Longleaf Partners Small-Cap Fund Commentary

4Q19

Longleaf Partners Small-Cap Fund gained 9.32% in the fourth quarter, taking year-to-date (YTD) performance to 19.65%, well ahead of our absolute annual goal of inflation plus 10% in both periods. We roughly equaled the Russell 2000 Index's 9.94% in the quarter but trailed the 25.53% for the year. Our average 16% cash balance in the year accounted for over a third of the relative performance drag, while the Fund's two primary negative performers – Realogy and CNX – more than accounted for the balance of the shortfall. Both Realogy and CNX rebounded with double-digit performance in the fourth quarter but remain highly discounted and have significant additional upside, with price-to-value ratios (P/V) in the high-30s% and high-20s% respectively. The portfolio was underweight the Index's top three-performing sectors – Information Technology (IT), Industrials and Health Care (where we had no exposure) – which drove an additional -2% drag on relative returns for the year. Our lack of Health Care holdings more than accounted for the relative underperformance in the fourth quarter.

Small cap Health Care stocks, especially some of the higher-flying, negative free cash flow (FCF)-producing biotech ones, are generally too hard for us on the "Business" front

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Average Annual Total Returns for the Longleaf Partners Small-Cap Fund (12/31/19): Since Inception (2/21/89): 10.67%, Ten Year: 11.98%, Five Year: 6.65%, One Year: 19.65%. Average Annual Total Returns for the Russell 2000 (12/31/19): Since Inception (2/21/89): 9.53%, Ten Year: 11.83%, Five Year: 8.23%, One Year: 25.53%.

Returns reflect reinvested capital gains and dividends but not the deduction of taxes an investor would pay on distributions or share redemptions. Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return 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 ratios for the Longleaf Partners Small-Cap Fund is 0.92%.***

and more recently have been too expensive to qualify on "Price." Technology has historically been a difficult space for us to assign with confidence a long-term valuation. We have some exposure in the IT space and have continually deepened our network and further improved our expertise within the small cap Tech / Software / Digital Media industries over the last several years. We have found some interesting businesses within this space that we believe qualify on Business and People. We are watching these companies closely and hope to have the opportunity to own some of these stocks when they trade at more reasonable valuations. Our on-deck list is long, and in particular has a number of Consumer Discretionary and Real Estate businesses that we would love to own, but the market is paying far too much today for the perceived defensiveness of these companies. Defense comes not just from the quality of the business you buy but from the margin of safety in the price you pay, and we remain disciplined on pricing in this frothy market.

We have improved the portfolio's quality and return potential with the new investments we made over the last two years. Summit Materials, GCI Liberty and PotlatchDeltic from last year and Dillard's, our single new purchase this year, delivered strong returns out of the gate. Our other new purchase from the last two years, Lazard, has yet to deliver on price but is growing value per share and trades at an attractive discount today. We are happy continuing to own GCI, PotlatchDeltic, Lazard and Dillard's today at these prices, but we sold Summit in the fourth quarter after a period of deep engagement, which included filing a 13D in the second quarter. We ultimately concluded that our margin of safety at Summit had narrowed significantly after its strong performance this year and that there was less upside from continuing to push for changes at the company. Summit and Mattel were among our top detractors in 2018 but were two of the top contributors in 2019. Summit rallied over 80%, and Mattel still trades at approximately 60% of our appraisal today, even after appreciating over 35% in the year.

We believe that Realogy and CNX, our two largest detractors for the year, have the potential to similarly drive strong performance in 2020. Realogy added 45% in the fourth quarter and appears to have made it through the worst of a competitive assault from Compass, a start-up real estate firm funded by Softbank that aggressively recruited away realtors to compete with Realogy. Management is selling most of the

non-core Cartus segment to focus on the high-quality fee business and de-lever the company.

Contributors/Detractors

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

Summit Materials (84%, 4.47%, 3%, 0.37%), the cement and aggregates company, was the top contributor for the year. Aggregates volumes increased more than 11% year-over-year (YOY) last quarter with pricing up 7%, and cement sales increased as well. The company's FCF approached the higher normalized levels we had expected, as Mississippi River flooding and other abnormal weather that negatively impacted the business subsided. CEO Tom Hill used the increased cash flow to pay down debt. We sold the position when the stock's price approached our appraisal this quarter. While our deep engagement and 13D filing on this holding did not lead to a specific corporate action, we feel that our presence helped the situation during our ownership. We realized a 21% gain in the short 12 month holding period.

GCI Liberty (72%, 3.11%, 14%, 0.85%), the Alaskan cable operator and large investor in Charter Communications, was another strong contributor in the quarter and for the year. GCI reported its first quarter in some time without a natural or political disaster marring earnings. The company grew earnings before interest, taxes, depreciation and amortization (EBITDA) 5% YOY on the back of strong internet pricing. The company's position in Charter shares, which constitutes a majority of the consolidated net asset value, meaningfully increased in market value (over 65% year-to-date) and intrinsic value (22% YTD). GCI's smaller position in online lending business LendingTree is also up more than 40% on the year due to strong results from a new insurance vertical.

Formula One Group (48%, 2.22%, 11%, 0.43%), the global sports and media company, meaningfully contributed to the Fund's annual performance. CEO Chase Carey inked new TV and sponsorship deals, made significant progress towards instituting better competition on the track and increased average attendance numbers to over 200,000 per race. The company's equity stake in Live Nation (LYV) reported another year of double-digit EBITDA growth. With lower interest rates on refinanced Formula One debt and higher recurring cash flows supporting a prudent increase in the company's

leverage ratio, Formula One Group should begin to replicate Liberty's proven levered growth stock repurchase playbook.

PotlatchDeltic (43%, 1.93%, 6%, 0.32%), the timberland REIT, was another top contributor for the year. Idaho log pricing increased, mills grew volumes with lowered capital expenditures and the company sold commercial acreage outside Little Rock, AR for prices above our appraisal. CEO Michael Covey repurchased shares earlier this year when they were more heavily discounted but pulled back as the share price increased, demonstrating the intelligent allocation discipline we like to see in our partners.

Mattel (36%, 1.77%, 19%, 1.01%), the classic toy company, was also a large contributor in the quarter and the year, after the company resolved a non-material whistleblower complaint over historical accounting errors, which delayed a debt offering that the company subsequently completed in November. The headline fears and uncertainty surrounding the complaint weighed heavily on the stock price in the short term but did not impact the long-term value of the company. Sales increased in the quarter, while management took further necessary steps towards decreasing operating costs and improving gross margins. Barbie, Hot Wheels, action figures and games all sold well during the last quarter, while American Girl and Fisher Price declined moderately. EBITDA appears on track to have exceeded expectations in 2019 at $400 million or better and is expected to approach or exceed $600 million in 2020, which would meaningfully reduce the company's leverage ratios, thereby addressing one of the key issues that has depressed the stock price for the last several years. We believe that CEO Ynon Kreiz has done a wonderful job with the turnaround after inheriting a difficult situation, while actively pursuing the substantial upside presented by streaming and film demand for Mattel's brands.

Eastman Kodak (28%, 2.33%, 20%, 1.66%), the imaging company, was the largest contributor in the quarter. CEO Jim Continenza took over operations in February and immediately began a strong turnaround. Over the last ten months, he has turned a large cash burn into breakeven profitability. We expect positive operating FCF in 2020 from Kodak and significant growth in the coupon-per-share over subsequent years. Kodak is now focusing on its industry-leading commercial printing and inkjet products. The stock quickly appreciated in late November after two board members purchased Blackstone's 21% stake and removed the technical overhang of a potential large forced

seller. During the last week of the year, Continenza personally purchased $1 million worth of shares, while several other executives bought smaller amounts alongside him. The stock price remains significantly discounted to the business's value as determined by normalized earnings power in several years or a sum-of-the-parts net asset value. The Fund's exposure is almost entirely in convertible bonds and preferred stock.

Realogy (-31%, -1.10%, 45%, 1.53%), the real-estate brokerage franchise, was a top contributor in the fourth quarter after rebounding 45%, but it remained the largest detractor for the year. Four months ago, the stock traded around 2.5x the company's forward FCF, which primarily comes from Realogy's capital-light and high-margin franchise fee royalties. Today that multiple has re-rated up to 5x, and in our view, Realogy remains among the US market's cheapest stocks with assets that should grow long term. During the quarter, EBITDA from franchise fees declined 6% YOY on weak California residential sales. However, we expect next year's comparable revenues and earnings to improve, as Realogy's Softbank-funded competitor Compass has slowed its loss-making efforts to poach talent and take market share. Realogy's balance sheet carries debt that is higher than others in the public markets but reasonable if the company were privately owned, as it has been previously. However, CEO Ryan Schneider is addressing the issue by selling most of the Cartus relocation segment and committing to deleverage with proceeds. Realogy's unused revolver capacity is still about equal to today's stock price. Our appraisal of Realogy's value is more than double where the stock currently trades, even after the strong fourth quarter performance.

CNX Resources (-23%, -0.74%, 22%, 0.96%), the Appalachian natural gas E&P and midstream company, was a positive contributor in the fourth quarter but was the second largest detractor from the Fund's annual performance. With gas prices declining 26% and the industry's capital market access disappearing, 2019 was one of the worst relative and absolute years in the history of the US natural gas industry. Despite the painful losses this year, CNX has outperformed its Southwest Appalachian peers by over 50% since separating from its coal business two years ago. More importantly, CNX has a manageable balance sheet at a time when numerous gas competitors are struggling with larger on- and off-balance sheet liabilities. CNX's growing FCF coupon will allow the company to retire a majority of its debt in 2022 if necessary, and the company's borrowing base increased this quarter. CNX's 2020

production is over 80% hedged at prices above the current futures strip, which should help the company weather any additional market challenges in the near term. The company has $5-10+ per share of quality midstream assets, which includes high growth cash flows from their general partner interest, in addition to over $1 per share of FCF power from its E&P operations with strong reinvestment opportunities, all vs. its $8 per share stock price. Management remains focused on operational improvements, and CNX recently announced a reduction in next year's capital expenditures and operating expenses to increase cash-flow projections. The company has retired over 7% of shares outstanding this year, a level that is unmatched by its natural gas peers. We believe we have some of the best partners in the industry with CEO Nick Deluliis and Chairman Will Thorndike.

Portfolio Activity

After adding five new positions in 2018, we purchased only one new company, Dillard's, in 2019, as ever-rising markets made finding compellingly discounted new opportunities elusive. We added to several of our most discounted positions in the year, including CenturyLink, Realogy, Kodak and CNX. As discussed above, we sold our position in Summit in the fourth quarter as it reached our appraisal. We also trimmed several existing holdings to manage position sizes, particularly after strong price performance at Formula One Group and GCI Liberty.

Outlook

The portfolio ended the quarter with a discounted P/V in the mid-60s% and 16% cash. The fund has held an elevated cash level over the last 5+ years, but we will be ready to put this to work during the next bout of market volatility and/or when some of our on-deck candidates decline another 5-10%, as our on-deck list has remained longer than we would have expected this year given the strong market returns. We began this commentary facing many of same relative performance headwinds you have read from us for a while. The continuation of these headwinds does not mean that these trends will go on forever. Actually, it means that the opposite is more likely; and, we believe that when Mr. Market begins to "weigh" our values more efficiently, our stocks' appreciation will be dramatic. We saw signs beginning in September, that things are starting to come our way. It's hard to call a relative bottom, and it's understandably harder to remain patient after an extended period of relative underperformance. We continue to work to get better each day, while sticking to our core discipline at a time

of elevated markets. We were heartened by the strong absolute returns in the fourth quarter and the solid relative results, given our cash holdings and lack of exposure to the largest market favorites. We thank you for your long-term support and patience, which we believe will soon be rewarded.

See following page for important disclosures.

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

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

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.

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

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

"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.

REIT is a real estate investment trust.

As of December 31, 2019, the top ten holdings for the Longleaf Partners Small-Cap Fund: Kodak, 9.4%; CenturyLink, 9.3%;Graham Holdings, 6.5%; Mattel, 6.1%; Lazard, 5.3%; PotlatchDeltic, 5.1%; CNX Resources, 49%; Realogy Holdings, 4.8%; GCI Liberty,

4.6%. Fund holdings are subject to change and holding discussions are not recommendations to buy or sell any security. Current and future holdings are subject to risk.

Funds distributed by ALPS Distributors, Inc.

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