Condensed Interim Report & Unaudited Financial Statements

For the six months ended 30 June 2018

Longleaf Partners Unit Trust

Longleaf Partners Funds

Contents

Investment Manager's Report

Average Annual Return at 30 June 2018

Global Fund	YTD*	One Year	Five Year	Since Inception	Inception Date
Class I – USD	**0.54 %**	**4.94 %**	**9.51 %**	**7.36 %**	4 January 2010
MSCI World USD	0.43	11.09	9.94	9.09	
Class I – Euro	**1.71**	**2.18**	**11.69**	**9.37**	20 May 2010
MSCI World Euro	3.29	8.52	12.33	11.67	
Class I – GBP	**1.78**	**3.54**	**na**	**10.90**	13 November 2013
MSCI World GBP	2.90	9.30	na	12.58	

Asia Pacific Fund					
Class I – USD	**-5.72 %**	**6.70 %**	**na %**	**9.91 %**	2 December 2014
MSCI AC Asia Pacific USD	-3.35	9.93	na	7.40	
Class I – GBP	**-3.73**	**na**	**na**	**3.73***	9 September 2017
MSCI AC Asia Pacific GBP	-0.97	na	na	7.13*	

* *Not annualized*

In the second quarter, the prospect of a trade war, the strengthening U.S. dollar, and the highest oil prices since 2014 weighed more heavily on stocks outside of the U.S., especially those with Emerging Market (EM) exposure, with the MSCI Emerging Market Index falling almost 8% in the quarter. A number of investments in both Funds rose double-digits in the quarter. The Global Fund had few meaningful detractors, while declines at a handful of Asia Pacific holdings outweighed the progress of top performers. Currency translation and trade fears pressured absolute returns in both Funds. The Global Fund posted positive results but fell short of the MSCI World Index, which was primarily driven by its 60% U.S. weighting, as well as its large Information Technology (IT) exposure. The Asia Pacific Fund posted negative absolute results and trailed the MSCI AC Asia Pacific Index, as a result of EM weakness, heightened volatility over trade war fears, and some short-term, stock-specific concerns.

	One year	2Q
Global Fund (Class I USD)	4.94%	1.05%
MSCI World Index	11.09	1.73
Asia Pacific Fund (Class I USD)	6.70	-5.72
MSCI AC Asia Pacific Index	9.93	-3.32

The outcomes at the businesses we own, not broader market trends, determine our long-term investment results. Wide dispersion and more concentrated returns in most markets, as well as increased volatility, particularly in the last weeks of the quarter, created a favorable environment for finding investment opportunities and adding to some existing holdings. Cash reserves declined in Global and remain low in Asia Pacific, and we are optimistic that the higher volatility and dispersion globally will provide us with additional opportunity to put cash to work, as our list of prospective qualifiers is growing.

Several longstanding themes have dominated markets for a while – migration to passive investing, shortened time horizons, outperformance of "growth" over "value," and pursuit of private equity over public markets. We have discussed some of these market forces in recent quarter-end letters. In May, our Vice-Chairman, Staley Cates, spoke at the Value Investor Conference that took place in Omaha, concurrent with Berkshire Hathaway's annual meeting weekend. In his presentation entitled, "Why We Believe Active Long-Term Value Investing in Common Stocks Will Actually Work," he summarized the investing environment and illustrated our belief that what have been headwinds for capable and active long-term, concentrated, engaged value investors should reverse and help drive the excess returns we expect to deliver.

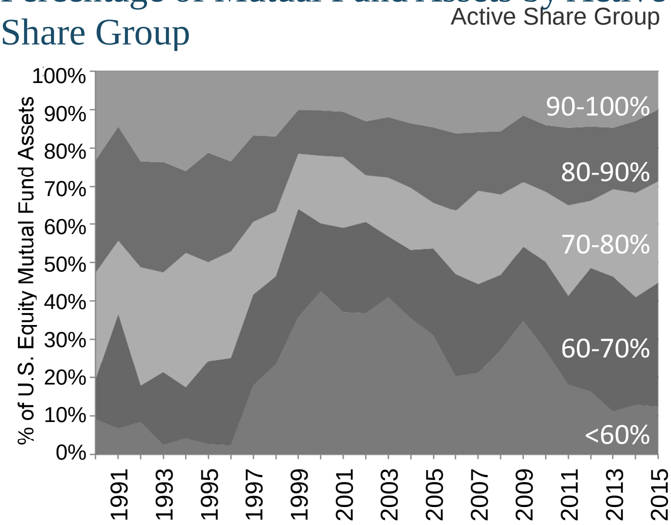
Why We Believe Active Long-Term Value Investing in Common Stocks Will Actually Work

Active investing is out of favor; long-term investing (or really, long-term anything) is out of favor; value investing as we practice it is out of favor; and, investing in common stocks is out of favor compared to private equity. Doing all four of these things really makes us the skunk at the party.

Active Investing

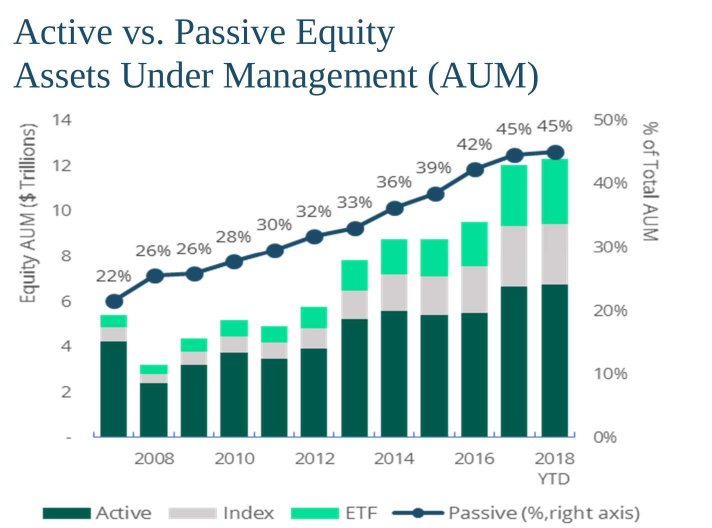
Over the last 11+ years, net flows into index funds and exchange traded funds (ETFs) have totaled $2.5 trillion, while active funds have lost $500 billion. We have no disagreement with the fundamental assertions of indexing - its odds of success are better, its fee advantage is hugely important to compounding, and dependable long-term active outperformers are outliers who are hard to find. Not only is John Bogle a great guy and perfect spokesman, but Warren Buffett also has fanned the flames with his successful bet versus the hedge fund guys. We agree with the premise implicit in that bet - if there are too many managers for any pool of capital, the pool just turns into the index, making the best case return the index performance minus the fees of those managers. But, that premise is different than saying that concentrated and active bets cannot ever win, which would seem to be why all of Berkshire Hathaway's equities are not indexed.

Percentage of Mutual Fund Assets by Active Share Group



Cremers, Martijn and Petajisto, Antti, How Active is Your Fund Manager? A New Measure That Predicts Performance (March 31, 2009).; Cremers, Martijn, "Active Share and the Three Pillars of Active Management: Skill, Conviction and Opportunity" (December 28, 2016). Financial Analysts Journal.

In our view, indexing has gone to a further extreme than is widely acknowledged, threatening its future success. Most indexing proponents agree that passive assets crossing a certain line ironically would make indexing's future success less likely. They maintain that indexing is still underpenetrated with a lot of runway before becoming self-defeating based on the tally of index funds plus the ETFs that are basically passive. We add to the count the unadvertised and uncounted group of "closet indexers." We include managers with an active share of 70, maybe even 80. That measure differs from the 60 level that the inventors of Active Share define as closet indexers. We use 70+ for two main reasons: 1) the range of those managers' results around the index return is incredibly tight, and 2) a large majority of those managers hold on average more than100 stocks, and we submit that anyone with over 100 stocks is aiming to hug and barely beat the index. Adding the 50% of "active" managers who are closet indexers with 60-80 Active Share to the 45% of assets in passive ETFs and index funds means that the effective indexing percentage today is approximately three-fourths of fund assets, a level that makes future success more in doubt.



Source: Morningstar
Annual AUM; 2018 YTD data at 5/31/2018

Long-Term Investing

Time horizons for investors have moved meaningfully shorter with the average holding period for stocks going from 3 years in 1980 down to 10 months in 2017. Today's quant power and amazing amount of available data are unprecedented but usually focus on short-term metrics. Drones over factories, retail parking lot measurements, and social media traffic studies can shed light on the current quarter but do not clarify the long-term. Like with the weather forecast, you can count on today's and probably next week's, but not the three-year prediction because there are too many future variables and moving parts.

The short-term mindset makes our best places to hunt for bargains those situations that feature time horizon arbitrage, i.e., companies where most analysts dislike the stock because of this year's problems, but where even those bearish analysts would admit that the negatives should clear in 3-5 years. Time horizon arbitrage is the most common opportunity among the businesses we own today. For example, Comcast's near-term outlook is clouded by whether or not the company will overpay for Sky, or even all of Fox, but the 3-5 year outlook is fantastic because of broadband, even with linear video shrinking. At LafargeHolcim, a new CEO is re-setting expectations while having a tough year in some emerging markets, but long-term the company has one of the best emerging market businesses we have seen. Ferrovial's UK services business, a small part of the company, is under pressure with the uncertainty surrounding Brexit, which will be resolved soon. Meanwhile, Ferrovial's cash flow from toll roads and airports should grow significantly over the next three years. The recent weakness of the British Pound and Euro, plus a potential trade war between China and United States, have weighed on CK Hutchison. Because of the company's well-balanced mix of businesses across the globe, the short-term challenges facing some segments do not alter the long-term attractiveness of the entire portfolio, and even in the near term, the company expects to deliver strong year-on-year organic earnings growth, partially helped by commodity price recovery.

Even when fund managers want to take the long view and have the pain tolerance to practice it, they can face institutional constraints and/or client time horizons that are an obstacle. It is not enough to be a long-term investor; you have to also have a client base that will think and act long-term. Southeastern has tried to match our time horizon with our clients' by foregoing the types of capital pools not philosophically aligned, closing our strategies when the track record is easy to sell, and never allowing loads or 12b-1 marketing fees at the Longleaf Partners UCITS Funds. Being careful about client alignment has resulted in Southeastern having an average separate account tenure of 17 years.

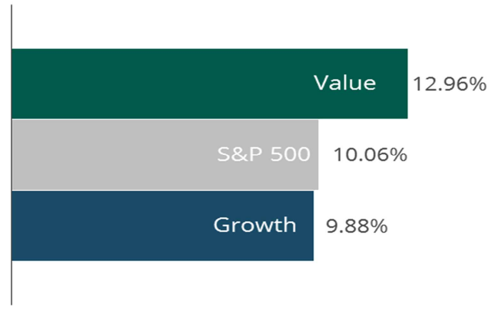
Value Investing

Over the last ten years, "growth" has outperformed "value" across most public equity universes by a substantial amount, ranging from a 1.3% difference per year in the MSCI EAFE Index, 1.4% in Russell 2000, 2.1% in MSCI World, to as much as a 3.3% annual difference in the S&P 500. Our form of value investing, where we calculate *an intrinsic valuation of a business and then pay a big discount, is even more out of fashion. Many consider a single point estimate of value arbitrary. They view appraising a business down to a single number as a static waste of time, because real life is actually full of ranges and scenarios. They also disregard the idea of buying "60-cent dollars," believing multiples do not matter as much as the franchise, moat, and/or competitive advantage that will drive the long-term outcome. We concur with the importance of business quality and strength, but the price paid also impacts results.*

Just as passive proponents have adopted Buffett to argue against active investing, many investors reference Buffett to dismiss value investing. The first thing I ever read at Southeastern was Buffett's "The Super Investors of Graham and Doddsville." He persuasively argued in favor of value investing as implemented differently by various students of Ben Graham. At that point, Buffett was synonymous with value investing. But, his brilliant 1989 letter discussed lessons learned from the previous 25 years, talking about "cigar butts," "bargain-purchase folly," and that "It is far better to buy a wonderful company at a fair price than a fair company at a wonderful price." His repetition of that theme in the years since has conditioned many to dismiss the price paid as unimportant. Whether or not that is what Buffett meant, it has been the prevalent interpretation. The quality of a business and its ability to grow have substantial impact on our investment outcome, but the price paid relative to value is also critical for several reasons. First, the very long-term evidence suggests buying undervalued companies has earned better returns. Value stocks have outperformed growth stocks by almost 3% per year since 1926, even incorporating growth's dominance in the last decade. More specifically, we and our best value peers have long-term records beating various benchmarks over decades, even with the challenged numbers of the last five to ten years. Second, the discipline of determining a single-point estimate of value enables us to know the discount we are paying, even though we recognize that the appraisal reflects probabilities not certainties. Our mindset is similar to the insurance industry where actuaries grant that the world they underwrite has multiple scenarios and different probabilities of various claims, but at the end of the day, they need to quote a price on a policy with a relevant margin of safety built in. We acknowledge uncertainty but still need to nail down our best estimate of a company's value to know that we are paying a big discount. In spite of people's interpretations, Buffett exhibits a valuation based discipline, using a single-point measure of 1.2X book value to dictate Berkshire Hathaway's share repurchase policy. Third, real value investing has a humility not present in today's more popular method of heavily weighing the qualitative factors of the business and minimizing the importance of valuation. Paying a low multiple admits to not knowing the future. The discount helps guard against a negative outcome rather than banking on the future to turn out as we predict. Conversely, paying a fair or high price based on confidence in a business's great prospects means more room to suffer if things actually go wrong.

Annualized Total Return Since 1926

At 6/30/2018



Source: Southeastern Asset Management using the Fama-French data set for value and growth beginning July 1926, Ibbotson's Yearbook for annual S&P 500 total returns from July 1926 and Factset for S&P 500

More can go wrong than most assume, especially when dealing with longer term forecasts. The multiple paid is short-hand for the present value of a company's discounted cash flow (DCF), mostly comprised of the terminal value (Years 5+ through perpetuity). Today's high multiples extrapolate great circumstances for many years. Not only is accurately forecasting into perpetuity next to impossible, but also the number of "wonderful companies" that can sustain moats for that long is small. Unforeseen competitive disruptions make moats vulnerable, especially beyond five years. Seemingly unassailable quality businesses for the long term unexpectedly had moats erode or destroyed within less than ten years in numerous relatively recent examples. The great companies of only a decade ago included packaged food companies subsequently hurt by healthy eating, soft drink companies hurt by sugar worries, beer companies hurt by microbrewers, tobacco hurt by regulation, brands and retailers smoked by Amazon, media companies threatened by cord cutting, advertising companies disintermediated by Google and Facebook, and banks whose cultures were supposed to be their competitive advantage but weren't.

Trying to discern the future cannot possibly incorporate all the potential disruptions that can occur. Over the past decade, many qualitative assessment misses were bailed out as all multiples rose because of rates dropping through the floor, making moat or franchise assessments of little importance to successful returns in those industries. Managers who say convincingly today that value does not matter much at their holdings because the outcome is all about their compounding machines probably have lower odds of being right in the long-term than *they think, and from this point, they will not get bailed out by rates and multiples. This seems a modern day replay of Ben Graham's quote published in The Intelligent Investor:*

> *"Today's investor is so concerned with anticipating the future that he is already paying handsomely for it in advance. Thus what he has projected with so much study and care may actually happen and still not bring him any profit. If it should fail to materialize to the degree expected, he may in fact be faced with serious temporary and perhaps even permanent loss."*

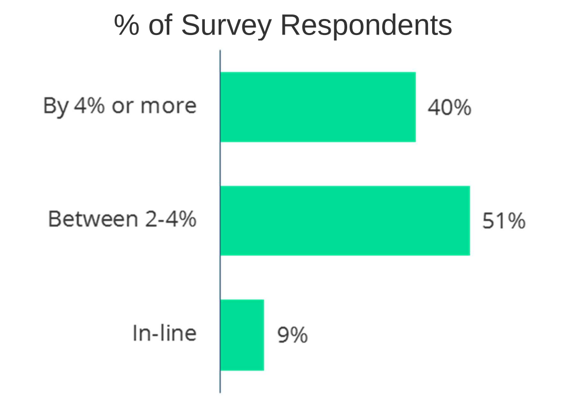
Insisting on paying a discount does not remotely dismiss the importance of demanding a high-quality business. The people running it are also every bit as important, if not more so. Their allocation of capital and reinvestment rate will make our appraisal wrong, either on the high side or the low side. We require a quality business and management because they increase the probability that the company's future value per share and our outcome will be better than expected. And we must purchase that quality at a discount to our appraisal to have a margin of safety in the event of unexpected challenges in the unknowable future.

Finding all three criteria - strong business, great people, and discounted price - is extremely hard, which is why we have concentrated portfolios. To find a few qualifying investments each year, something in the near-term must be obscuring their high quality or status as a "wonderful company." If the strength is obvious, as Buffett said, "You pay a very high price in the stock market for a cheery consensus." We try to find hidden quality and therefore, a low price. For example, most investors do not consider CenturyLink to be of high quality, nor Ferrovial, nor MinebeaMitsumi. CenturyLink is still covered by ILEC (incumbent local exchange carrier) analysts and compared to ILECS; Ferrovial is treated as a levered Spanish construction and services company; and MinebeaMitsumi is viewed as only an LCD backlight business, trading on rumors of Apple's move towards OLED screens. Those perceptions allowed us to pay a large discount and low going-in multiples. All three companies own unique, valuable assets that should become apparent over time. The metro fiber assets within CenturyLink are some of the best infrastructure in the world. Most of Ferrovial's debt is non-recourse, tied to its irreplaceable long-lived assets, including toll roads in North America and London's Heathrow airport. MinebeaMitsumi's steadily growing precision ball bearings business has 60% global market share, while its backlight business represents only 2% of our appraisal.

Private Equity

Amid the passive mania and out-of-favor traditional value investing, institutions have turned to private equity (PE) for higher returns. A recent Preqin survey of institutional investors found favorable expectations for PE that are mind-boggling and probably rooted in past robust returns. Critical tailwinds for PE, however, have now turned into headwinds. Most importantly, PE leverage levels have been far higher than the overall market's, and that leverage has been a major driver of PE returns. As interest costs dropped with historically low rates and low junk spreads, PE had the double benefit of ever-lower interest expense while exit multiples rose in tandem. As rates rise, this math goes the other way, taking interest expense up and multiples down. Another tailwind-turned-headwind is the current elevated entry point. High multiples have benefitted PE exits hugely, but now the industry sits on a committed trillion dollars and is facing those same multiples at the beginning of any investment.

How Much Will Private Equity Outperform the Public Equity Market?



Source: Preqin Investor Outlook: Alternative Assets 2018

PE also has several structural negatives that investors may not always overlook. PE firms somehow have been immune to industry pressure on appropriate fee levels. Putting PE's high fees on businesses whose actual earnings performance and enterprise value changes will not depart that dramatically from public companies in the aggregate will be a potential major drag on PE performance. Additional PE disadvantages include a lack of liquidity, lack of transparency, and the need for a transaction to get paid.

Where PE has gotten the biggest hall pass is net asset value pricing, whose static nature creates a fake illusion of low volatility. With self-reported occasional pricing instead of daily market pricing, PE clients avoid the nuisance and heartburn of the volatility that comes with public markets, even though the underlying private businesses *certainly have the same core enterprise volatility as their public peers. If anything, PE's companies have structurally higher net equity value volatility due to the leverage.*

In our opinion, PE's best attributes are the management teams brought to the table and the more perfect information from due diligence compared to what public market companies provide. We similarly emphasize the quality of our corporate partners and engage with them. If we select properly, the public realm offers partners whom PE could never secure with its rolodex. Only in the public markets can we have proven owner-operators like Fred Smith of FedEx, John Malone, Victor Li and his team at CK Hutchison and CK Asset, Jan Jenisch at LafargeHolcim, Lawrence Ho at Melco, and John Elkann at EXOR. In cases where better governance or management is needed, our size, engaged long-term approach, and contact network help us strengthen leadership. If things go wrong, we can get involved to try to fix those situations. Every case is different, but with our constructive engagement, we can help our outcomes in a similar way to PE.

Our investment process also minimizes the PE information advantage. Southeastern has an extensive global research network built over decades that gives us great intelligence on companies of interest. Our clients are the best source of information. We also visit companies all the time. Not only do those visits help us know the management teams better, but we learn valuable information about their customers, competitors and other companies. Company A talking about Company B or Company C's CEO is under no Regulation Fair Disclosure (commonly referred to as Reg FD) obligation, nor will those comments be broadcast, nor are they inside information. These insights from our research contacts are a unique advantage, not just compared to PE, but to other public equity managers.

While public market information lacks the same depth gained through PE due diligence in data rooms, public market volatility offers far greater opportunity to occasionally buy quality assets at panic prices. By contrast, most PE purchases occur in some form of auction, with a knowledgeable seller. We believe any PE information advantage is more than offset by our price advantage.

Watching highly successful investors at Berkshire, Fairfax and Markel make capital allocations to purchase private companies has made the concept of PE look better. Fund managers love many public conglomerates or "platform" companies because they are viewed as a higher form of PE, with more operational expertise and relationships with sellers who do not want to sell to PE. Although none of these great insurance and industrial companies are practicing or endorsing the fee and leverage part of PE, their purchases add to the widespread perception that buying private companies is superior to buying common stocks. It also leads to copycats, pushing multiples up for everyone.

Summary

Many have given up on active, long-term, engaged value investing in public equities just at the point when we believe it offers the best risk/reward proposition. Indexing's multi-year momentum has pushed more assets into fewer stocks because they have gone up and left behind an expanding universe of highly competitive, well-governed and managed businesses with unique advantages that are materially underpriced in their publicly traded securities. Examples, some of which Staley highlighted, sell for large discounts to our growing appraisals and include:

- **CenturyLink** (CEO Jeff Storey) owns unique metropolitan fiber and conduit assets within its global broadband network
- **CK Hutchison** (Chairman Victor Li) holds key and valuable multinational assets (ports, telco, retail, infrastructure, energy)
- **CNX** (Chairman Will Thorndike, CEO Nick Deluliis) owns low cost Appalachian acreage with significant natural gas reserves and strategic pipeline assets via CNX Midstream Partners
- **FedEx** (Chairman and CEO Fred Smith) has the lowest cost package delivery business in an oligopoly with high barriers to entry
- **Ferrovial** (Chairman Rafael del Pino) designs, builds and operates large scale toll roads with long leases containing price escalators and partially owns London Heathrow airport
- **LafargeHolcim** (CEO Jan Jenisch) owns many nonpareil cement and aggregate assets in North America, Europe and Emerging Markets
- **Melco International** (CEO Lawrence Ho) one of six gaming concessionaires in Macau with infrastructure improvements potentially opening later this year, making access from the mainland China easier

- **MinebeaMitsumi** (CEO Yoshihisa Kainuma) manufactures high precision equipment and components with their Machined Components segment enjoying 60% global market share for ball bearings with high barriers to entry

Companies such as these will determine our long-term performance. A market correction and/or a refocus on intrinsic business values would drive additional excess relative returns for us and our clients.

Southeastern Asset Management, Inc.
July 2018

Longleaf Partners Global UCITS Fund gained 1.05% in the quarter, behind the MSCI World Index's 1.73%. The Fund and Index both trailed inflation plus 10%. Year-to-date (YTD) returns were -0.54% and 0.43% respectively. The Global Fund had a handful of companies with double-digit gains over the last three months, but the aggregate impact of few small detractors and a strong U.S. dollar offset much of the positive contributors. Currency translation cost approximately -1.5%, reflecting foreign exchange fluctuations rather than challenges to our companies' underlying operations or quality.

Information Technology (18% of the MSCI World) remained the main driver of the Index, gaining 6%. Consumer Discretionary (13% of the MSCI World), where Amazon and Netflix reside, was the other major Index contributor. Energy was the only sector with double-digit gains, as oil prices reached their highest level since 2014. "Growth" once again significantly outperformed "Value," with a 4% difference in just the last three months. We manage the portfolio without regard to index weights or top-down style categories. Our investment criteria require both "growth" and "value" – quality businesses that will grow purchased at material discounts to what they are worth. The Fund's long-term returns will depend on the outcomes of the limited number of companies we own, not on broader market trends. For example, Telecommunications (Telco) was among the Index's worst performing sectors, declining almost 3%, but the Fund's investment in CenturyLink, which gained 16%, made Telco the best performing sector and biggest contributor to performance by far.

Companies with large emerging market (EM) and trade related exposure were the largest collective pressure on those stocks that declined, including CK Hutchison, Vestas Wind Systems, LafargeHolcim, CNH, FedEx, EXOR, CK Asset and Genting. The EM Index fell almost 8% as rising U.S. bond yields, heightened geo-political tensions, weaker EM currencies and increased prospects of a trade war all conspired to create the sell-off in EM equities. It is too early to know how tariffs will settle out, but, in most cases, even where segments of our companies could be negatively impacted, other parts of the business seem largely immune or have catalysts that could help insulate them. Higher oil prices also created a headwind for LafargeHolcim, FedEx, and EXOR's investment in Fiat Chrysler.

Stock price volatility and increasing return dispersion produced a growing on-deck list of prospective investments. The list increasingly includes U.S. companies, given how much the market drivers narrowed over the last year, but the trade war fears and U.S. dollar strength made other markets even more discounted. We are currently debating how best to deploy the Fund's remaining cash. We did not buy any new companies.

Contributors/Detractors

(Q2 Investment return; Q2 Fund contribution)

CenturyLink (+16%, +1.30%), the global fiber telecommunications company that is the Fund's largest position, was the largest contributor in the quarter and YTD, although the stock still sells for less than half of our appraisal. The merger integration with Level 3 progressed, with synergies realized as planned, cost cutting initiatives at the legacy segments, and a focused reduction in capital spending. Earnings results confirmed management's confidence in maintaining the substantial dividend. CenturyLink (CTL) is viewed more as a traditional landline business akin to overleveraged, lower-quality peers Frontier Communications and Windstream Holdings, but CTL's declining legacy landline business is becoming less relevant to the company's total value, as the mix shifts to the growing Enterprise services fiber segment. For decades, Southeastern has found opportunities in this kind of "good segment / bad segment" situation. CEO Jeff Storey and CFO Sunit Patel are focused on maximizing value in both parts of the business to benefit shareholders.

CNX (+15%, +0.83%), the Appalachian natural gas company, rose again in the second quarter following its notable first quarter gain. At 36% year-over-year growth, production came in ahead of expectations. With the majority hedged over the next four years, the stock's outperformance does not require higher natural gas strip pricing. Due to CNX's consolidated accounting following the intelligent purchase of its pipeline's General Partner stake, the company's net debt per share appears higher than the effective debt burden, and many ignore the value of that pipeline stake. Chairman Will Thorndike and CEO Nick Deluliis continued to improve operations and de-risk CNX's balance sheet and production, growing the value of this pure-play gas business.

The Fund had no significant detractors. As mentioned above, most stocks that declined had some mix of currency translation, trade war fear and higher energy cost pressure.

Portfolio Activity

Trading was relatively quiet during the quarter with no new positions. We sold the Fund's tiny stake in MLog and trimmed several holdings that have performed well in the last six months to manage position sizes relative to those stocks' discounts. We added to General Electric near its low for the quarter, before the welcome news of the company's plan to separate and/or sell its Healthcare and Energy businesses. We also added to Comcast during the quarter, as the bidding for Twenty-First Century Fox heated up. We expect Comcast's growing, profitable residential and small enterprise broadband to drive value growth at the company, whatever the conclusion to the Fox drama. The shrinking residential video customers are a minimal part of the value and do not impact the formidable broadband and NBCUniversal entertainment assets.

Outlook

The Global UCITS Fund has the potential to deliver above average long-term returns with less risk because the Fund owns good businesses that sell materially below their values. The price-to-value ratio in the high-60s% offers excess return opportunity. Successful acquisition integration should help produce higher earnings at CTL, LafargeHolcim, FedEx, Fairfax and United Technologies. Furthermore, at CTL, CNX, Fairfax, Allergan, Alphabet, OCI, Ferrovial, Hopewell, Melco and United Technologies, we expect under-earning or non-earning assets to contribute substantial additional earnings. The values of the wonderful businesses at CTL, Comcast, Ferrovial, GE and Melco are dwarfing their poorer segments that created the misperceptions for us to invest. We are encouraged by having a large on-deck list for the Fund's limited liquidity. We are confident that our companies' increased earnings generation over the next couple of years in combination with the market's more appropriate weighing of our investees' values can yield important excess returns.

Southeastern Asset Management, Inc.
July 2018

Schedule of Investments as at 30 June 2018
Global Fund

Security (Domicile)	Nominal Holdings	Fair Value US$	% of Net Assets
Transferable Securities (December 2017: 79.48%)			
Common Stock (December 2017: 79.03%)			
Air Freight & Logistics (December 2017: 6.21%)			
FedEx Corporation (United States)	44,278	10,053,763	5.52
Chemicals (December 2017: 3.22%)			
OCI N.V. (Netherlands)	246,442	6,656,698	3.65
Construction & Engineering (December 2017: 4.14%)			
Ferrovial S.A. (Spain)	424,894	8,720,561	4.79
Construction Materials (December 2017: 5.18%)			
LafargeHolcim Limited (France listed) (Switzerland)	77,755	3,771,019	2.07
LafargeHolcim Limited (Switzerland listed) (Switzerland)	99,538	4,862,818	2.67
		8,633,837	4.74
Diversified Financial Services (December 2017: 10.24%)			
CK Hutchison Holdings Limited (Hong Kong)	815,691	8,650,134	4.75
EXOR N.V. (Netherlands)	191,009	12,870,580	7.06
		21,520,714	11.81
Diversified Telecommunication Services (December 2017: 7.90%)			
CenturyLink Inc. (United States)	949,576	17,700,096	9.71
Hotels, Restaurants & Leisure (December 2017: 8.98%)			
Melco International Development Limited (Hong Kong)	2,498,589	7,691,053	4.22
Industrial Conglomerates (December 2017: 5.30%)			
General Electric Company (United States)	680,918	9,267,294	5.09
United Technologies Corporation (United States)	51,785	6,474,679	3.55
Vestas Wind Systems A/S (Denmark)	104,350	6,460,591	3.55
		22,202,564	12.19
Insurance (December 2017: 5.71%)			
Fairfax Financial Holdings Limited (Canada)	15,774	8,842,273	4.85
Internet Software & Services (December 2017: 4.40%)			
Alphabet Inc. (United States)	7,589	8,466,668	4.65
Machinery (December 2017: 2.87%)			
CNH Industrial N.V. (United Kingdom)	413,796	4,395,469	2.41
Media (December 2017: Nil)			
Comcast Corporation (United States)	272,958	8,955,752	4.92
Metal and Mining (December 2017: 0.05%)			
Oil, Gas & Consumable Fuels (December 2017: 5.05%)			
CNX Resources Corporation (United States)	674,432	11,991,401	6.58
CONSOL Energy Inc. (United States)	43,181	1,655,991	0.91
		13,647,392	7.49

Security (Domicile)	Nominal Holdings	Fair Value US$	% of Net Assets
Transferable Securities (December 2017: 79.48%) (continued)			
Common Stock (December 2017: 79.03%) (continued)			
Pharmaceuticals & Biotechnology (December 2017: 3.88%)			
Allergan Plc (United States)	51,251	8,544,567	4.69
Real Estate Management & Development (December 2017: 5.90%)			
CK Asset Holdings Limited (Hong Kong)	781,459	6,205,376	3.41
Hopewell Holdings Limited (Hong Kong)	1,229,783	4,200,849	2.30
		10,406,225	5.71
Total Common Stock		**166,437,632**	**91.35**
Warrants (December 2017: 0.45%)			
Hotels, Restaurants & Leisure (December 2017: 0.45%)			
Genting Berhad (Malaysia)	1,736,788	264,420	0.15
Total Warrants		**264,420**	**0.15**
Total Transferable Securities (Cost $159,058,874)		**166,702,052**	**91.50**
Short Term Obligations (December 2017: 20.49%)			
State Street Repurchase Agreement State Street Bank, 0.35% due 02/07/2018, (Collateral: US$15,836,135 U.S. Treasury Note 2.125% due 15/05/2025) (United States)	15,525,000	15,525,000	8.52
Total Short Term Obligations		**15,525,000**	**8.52**
Portfolio Of Investments (December 2017: 99.97%)		**182,227,052**	**100.02**
Cash and Cash Equivalents (December 2017: 0.01%)		433	0.00
Other Creditors (December 2017: 0.02%)		(32,116)	(0.02)
Net Asset Value		**182,195,369**	**100.00**

Analysis of total assets

	% of Total Current Assets
Transferable securities admitted to an official stock exchange listing or traded on regulated market	91.35
Short term obligations	8.51
Other current assets	0.14
Total Assets	**100.00**

Statement of Changes in Composition of Portfolio
Global Fund

	Acquisition Cost* US$
Comcast Corporation	10,223,737
Vestas Wind Systems A/S	7,388,739
General Electric Company	6,947,677
EXOR N.V.	3,209,535
CNX Resources Corporation	2,359,440
Allergan Plc	1,733,969
Ferrovial S.A.	1,378,245
Genting Berhad	816,914
CenturyLink Inc.	610,372

	Disposal Proceeds* US$
Wynn Resorts Limited	5,640,630
Yum China Holdings Inc.	4,862,325
Fairfax Financial Holdings Limited	2,616,717
Allergan Plc	1,065,184
FedEx Corporation	995,175
Genting Berhad (Voting Rights)	781,269
Consol Energy Inc.	756,237
Melco International Development Limited	663,589
Alphabet Inc.	622,632
CK Hutchison Holdings Limited	446,464
Comcast Corporation	404,712
Genting Berhad (Non-Voting Rights)	164,892

*There were no other purchases and sales during the six months ended 30 June 2018.

Significant portfolio changes are defined as the aggregate purchases of a security exceeding one per cent of the total value of purchases for the period and aggregate sales of a security exceeding one per cent of the total value of sales for the period. At a minimum, the 20 largest purchases and 20 largest sales must be shown.

A list of all purchases and sales of the Fund during the six months ended 30 June 2018 can be obtained free of charge from the Swiss Representative.

Statement of Comprehensive Income

Global Fund

		For the six months ended 30 June	
		2018	2017
	Notes	US$	US$
Income			
Dividend income		2,686,144	819,375
Interest income		19,151	7,114
Net (loss)/gain on investments at fair value through profit or loss	2	(1,919,552)	26,949,613
Net foreign exchange (loss)	2	(16,189)	(2,851)
Other income		-	54,575
Total net income		769,554	27,827,826
Expenses			
Management fees	8	(950,246)	(854,215)
Administration fees		(57,015)	(51,152)
Depositary fees		(54,078)	(46,856)
Audit fees		(9,067)	(9,390)
Other operating expenses		(66,272)	(56,609)
Total operating expenses		(1,136,678)	(1,018,222)
(Loss)/Income for the financial period before interest and taxation		(367,124)	26,809,604
Finance cost			
Interest expense		(66)	(163)
Taxation			
Withholding tax	4	(484,614)	(38,497)
(Loss)/Income for the financial period after interest and taxation		(851,804)	26,770,944
(Decrease)/Increase in net assets attributable to holders of redeemable participating units resulting from operations		(851,804)	26,770,944

Gains and losses arose solely from continuing operations.
There were no gains or losses other than those dealt with in the Statement of Comprehensive Income.

The notes to the financial statements form an integral part of these financial statements.

Statement of Financial Position
Global Fund

	Notes	30 June 2018 US$	31 December 2017 US$
Current Assets			
Cash and Cash Equivalents		433	10,148
Dividends receivable		254,907	183,527
Receivable for investments sold		-	19,737
Receivable for fund units sold		-	150,810
Financial assets at fair value through profit or loss		182,227,052	192,854,744
Interest receivable		302	231
Other receivables		6,502	-
Total Current Assets		182,489,196	193,219,197
Current Liabilities			
Investment Management fees payable	8	(151,029)	(161,472)
Depositary fees payable		(49,615)	(36,423)
Administration fees payable		(47,721)	(37,752)
Audit fees payable		(4,152)	(17,860)
Other liabilities		(41,310)	(37,875)
Payable for fund units redeemed		-	(25,448)
Total Current Liabilities (excluding net assets attributable to redeemable participating unitholders)		(293,827)	(316,830)
Net assets attributable to holders of redeemable participating units		182,195,369	192,902,367

Details of the NAV per unit are set out in Note 3.

The notes to the financial statements form an integral part of these financial statements.

Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Units

Global Fund

		For the six months ended 30 June	
		2018	**2017**
	Notes	**US$**	**US$**
Net assets attributable to holders of redeemable participating units at beginning of the period		192,902,367	154,911,566
Proceeds from the issuance of redeemable participating units	3	7,718,942	7,207,758
Payments on redemptions of redeemable participating units	3	(17,574,136)	(3,414,443)
Net (decrease)/increase from unit transactions		(9,855,194)	3,793,315
(Decrease)/increase in net assets attributable to holders of redeemable participating units resulting from operations		(851,804)	26,770,944
Net assets attributable to holders of redeemable participating units at end of the period		182,195,369	185,475,825

The notes to the financial statements form an integral part of these financial statements.

Statement of Cash Flows
Global Fund

	For the six months ended 30 June	
	2018	**2017**
	US$	**US$**
Cash flows from operating activities		
(Loss)/Income for the financial period after interest and taxation	(851,804)	26,770,944
Adjustments to reconcile net (decrease)/increase in net assets resulting from operations to net cash provided by/(used in) operating activities:		
Net loss/(gain) on investments at fair value through profit or loss	1,919,553	(26,949,613)
Cash inflow/(outflow) due to purchases and sales of investments during the period	8,727,876	(3,578,681)
(Increase) in debtors	(77,953)	(127,758)
Increase/(decrease) in creditors	2,444	(53,157)
Net cash provided by/(used in) operating activities	9,720,116	(3,938,265)
Cash flows from financing activities		
Proceeds from the issuance of redeemable participating units	7,869,752	7,363,262
Payments on redemptions of redeemable participating units	(17,599,583)	(3,425,758)
Net cash (used in)/provided by financing activities	(9,729,831)	3,937,504
(Decrease) in cash and cash equivalents	(9,715)	(761)
Cash and cash equivalents at beginning of the period	10,148	975
Cash and cash equivalents at end of the period	433	214

Interest received	19,014	7,163
Interest paid	(66)	(212)
Dividends received	2,614,764	653,169

The notes to the financial statements form an integral part of these financial statements.

For the quarter ending June 2018, the Asia Pacific UCITS Fund was down 5.7%, underperforming the MSCI AC Asia Pacific Index's 3.3% decline. Depreciation in the Japanese Yen and Australian Dollar, coupled with other adverse exchange rate movements, negatively impacted portfolio returns by over 2%, accounting for 40% of the pullback during the quarter. Additionally, companies with emerging market (EM) exposure were punished, as the MSCI Emerging Market Index fell almost 8% in the quarter.

Portfolio Returns at 30/06/18 – Net of Fees

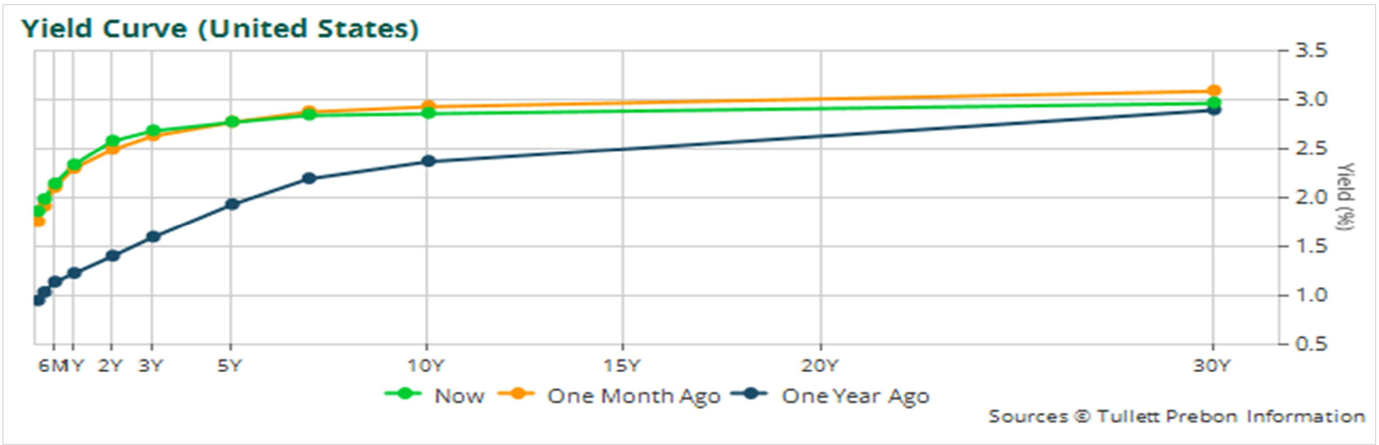
	2Q18	YTD	1 Year	2 Year	3 Year	Since Inception 2/12/2014
Asia Pacific Fund (Class I USD)	-5.72%	-5.72%	6.70%	19.97%	10.97%	9.91%
MSCI AC Asia Pacific Index	-3.32%	-3.35%	9.93%	16.11%	6.81%	7.40%
Relative Returns	-2.40%	-2.37%	-3.23%	+3.86%	+4.16%	+2.51%

Selected Indices	2Q18	YTD	1 Year	2 Year	3 Year
Hang Seng Index*	-2.53%	-1.63%	16.29%	21.91%	7.01%
TOPIX Index (JPY)*	1.02%	-3.84%	9.31%	20.04%	3.86%
TOPIX Index (USD)*	-3.14%	-2.27%	10.86%	15.85%	7.29%
MSCI Emerging Markets*	-7.96%	-6.66%	8.20%	15.72%	5.60%

*Source: Factset; Periods longer than 1 year have been annualized

Market Commentary

This quarter was challenging for the Asian capital markets. Concerns about rising US interest rates, US dollar strength, EM debt weakness, and trade wars led to significantly heightened volatility. For the first time since 2007, the US yield curve is almost flat, with the spread between the 10- and 2-year US Government bonds at a very tight 29 basis points (as of 9 July), driven mostly by higher rates on the short end of the yield curve (see chart on following page). Higher interest rates on US short duration bonds have increased their relative attractiveness compared to equities, and in particular to EM bonds and EM equities. Higher fixed income yields have increased the cost of capital and have resulted in a de-rating of equities.



Source: Factset July 9, 2018

US monetary policy tightening has resulted in higher local real interest rates and weakening currencies broadly across EM, which negatively impacted our US dollar returns. In the last few weeks of June, we saw a 3.6% weakening in the renminbi, which contributed to the -9% return of the China Securities Index's CSI 300 in the quarter. Asia EM was particularly weak, with Pakistan, Indonesia, Malaysia, and the Philippines suffering double digit negative returns in the quarter. In stark contrast to previous years, the Information Technology (IT) Sector was the worst performing sector in the MSCI AC Asia Pacific index, costing the index -1.14%, or 35% of the loss in the quarter. Traditional tech stalwarts TSMC, Samsung, and Tencent were among the largest individual detractors in the index. Last month, the Republic of Argentina issued one-year dual currency notes that pay investors the higher of 32.9% in Pesos and 4.5% in US dollars. The last time we saw such a move was during the Asian Financial Crisis (AFC) in 1997, when Korean issuers KEPCO and KDB issued dual currency bonds, as a rapid devaluation of the Korean Won created urgent liquidity needs. The issuance of one-year dual currency bonds is quite a dramatic reversal for Argentina, which issued a heavily over-subscribed 100-year bond just one year ago. For the first time in 17 years, Argentina had to borrow money from the International Monetary Fund in May. The Asian capital markets have not escaped this dramatic deterioration in sentiment towards EM.

Not only has Asia been a victim of the global tightening of liquidity, it has also been at the nexus of geo-political tensions and events at home and abroad. Malaysia just had its first democratic change in government, with the election of a fragile coalition led by 93-year old Dr. Mahathir, the strongman who famously pegged the Malaysian ringgit to the US dollar in 1998 at the height of the AFC. With the Trump-Kim summit in Singapore, we lived through weeks of Trump's "Art of the Deal" negotiating style, which we are seeing playing out in unpredictable trade wars between friends and foes of the US. More companies are being impacted by fears over a trade war, as the number of industries targeted for tariffs and trade war retaliation has increased. As a result, wholesale and indiscriminate risk reduction is happening, just like we saw in 1997-98 and again in 2015-16. Chinese companies in particular, even those with very little exposure to export markets, are being sold off aggressively. There are many valuable babies being thrown out with the bathwater today.

We are well-positioned to take advantage of resulting stock price volatility, as we did in the last downturn: by buying world class businesses whose intrinsic values are intact and compounding at an attractive pace, led by managers who allocate capital well, but whose market values are temporarily overly-depressed due to short-term macro worries.

Our opportunity set has increased significantly, and we are assessing a number of new companies, as well as prior investments that have become attractively priced again. As volatility remains elevated, we expect our turnover to increase, as we re-allocate capital towards the best risk-adjusted opportunities in today's environment. Given the increased opportunity set, we are re-assessing our current portfolio and have asked ourselves if there are any investments we would not add to further if prices drop another 20%. Those that we are not willing to increase, we have designated as our potential sources of capital. We exited some of these investments during the quarter to make capital available for more attractive opportunities. We are focusing our portfolio on our strongest, most capable corporate partners with compelling track records and long-term incentives.

A number of our portfolio companies have initiated buyback programs or have had significant insider buying in the past few weeks. Baidu, our largest investment in the Fund, initiated a billion dollar repurchase program at the end of June. Interestingly, they have repurchased shares only three times in the past - once in November 2008 during the global financial crisis and twice in 2015, when prices were severely depressed. Similarly, New World Development and Toyota Motor repurchased shares in the last quarter, reflecting their positive view on their companies. Additionally, the Li family personally purchased a significant amount of discounted shares in CK Asset at a substantial discount to our intrinsic value.

2Q18 Performance Review

	Contribution to Portfolio Return (%)	Total Return (%)
Top Five		
Healthscope	+0.82	+23
Speedcast	+0.75	+17
Baidu	+0.46	+9
Melco International	+0.37	+7
Inchcape	+0.29	+9
Bottom Five		
Vipshop	-1.91	-35
Pandora A/S	-1.39	-35
MinebeaMitsumi	-1.37	-20
Hyundai Mobis	-0.69	-15
L'Occitane International	-0.60	-11

Top Contributors

Healthscope (+23%), the second biggest private hospital operator in Australia, was the top contributor in the quarter, as it became the target of multiple bids by a private equity consortium led by BGH Capital and Brookfield Asset Management. We sold our position as the price exceeded our intrinsic value estimate. The Healthscope investment case highlighted a few themes that we have discussed in prior letters:

- **Long-term orientation**: Healthscope shares were deeply discounted when we initiated our investment in Q3 2017, due to multiple earnings downgrades caused by the near term headwinds relating to a decline in the private health insurance participation rate and coverage levels. However, we liked the long-term fundamentals of this industry, driven by aging population, longer life expectancy and higher incidence of treatable chronic diseases.
- **Non-earning assets**: Healthscope had spent close to 25% of its market cap in building new hospitals and expanding existing facilities – these investments were not generating any cash flow at that time.
- **Sum of the parts**: Healthscope has a significant real estate portfolio, as two-thirds of its hospital network is owned. We believe the real estate portfolio can be monetized at very attractive cap rates vs. our going in multiple. Amid the takeover bid, Northwest Healthcare REIT acquired 10% of Healthscope in pursuit of its property portfolio.

Speedcast (+17%), a leading global satellite communications and IT service provider headquartered in Hong Kong and listed in Australia, was a top contributor in the quarter. The company confirmed market expectations for FY 2018 EBITDA, implying over 20% growth year-over-year (yoy). Financial de-leveraging is on track, and the integration of Harris CapRock is going well. The company expects to exceed the original cost synergies target. Furthermore, Speedcast refinanced its existing debt facilities with a cheaper, covenant-light and longer tenure (7-year) US term loan B. The Libor + 2.5% price lowers interest cost by over 50 bps, a testament to the recurring cash flow generative nature of this business. Recovery in oil prices and continued growth in data consumption in the maritime sector (especially cruise ships) is positive for Speedcast.

Baidu (+9%), the dominant online search business in China, was a contributor in the quarter. First quarter results were strong, with revenue increasing 31% yoy, while Baidu Core (the core search and newsfeed business, excluding iQIYI), grew 26% yoy. Baidu continues to benefit from its strategy of focusing on its core business. In Q1, Baidu Core achieved non-GAAP operating margins of around 40%, compared to around 26% a year ago. In the second quarter, Baidu entered into definitive agreements to divest majority stakes in non-core businesses, including its financial services business and global advertising and tools business. The IPO of iQIYI (online video site) in late March was very successful and the current market capitalization is about 70% higher than its IPO price. Separately listing iQIYI alleviates content cost pressure, while highlighting the sum of the parts value of Baidu. iQIYI is being valued at around $22bn dollars, even though it is projected to incur about $900 million dollars in operating losses this year. At the current market price, Baidu Core is being valued at around 9.6x EBITDA and 14x free cash flow. We believe this is too low for a highly dominant and profitable business that is compounding at over 20% a year. Company management believes the core business will sustain high growth for a number of years, and they recently announced a US$1 billion share repurchase program to take advantage of the undervaluation.

Melco International (+7%), one of the six gaming concessionaires in Macau, was a top contributor in the quarter. Q2 started strong with April 2018 gaming revenue up 28% yoy for the overall market, but growth has moderated to 12-13% levels in May and June. These monthly numbers are quite volatile, depending on VIP win rates and special events, like the World Cup, but tend to move the market in the short-term. A slowdown in growth momentum, combined with China related fears, Union Pay payment processor terminal clampdowns, RMB devaluation and tight liquidity, has resulted in a sharp pullback in Macau stocks in the last couple of weeks, giving us an opportunity to add to Melco International and initiate another investment in Macau. We believe these are short-term disruptions, and the structural Chinese consumer driven growth story will sustain for years in Macau. Infrastructure improvements continue with HK-Zhuhai-Macau bridge construction complete and potentially opening later this year. Finally, Melco International opened its $1 billion dollar Morpheus hotel in June, which effectively doubles its flagship property's (City of Dreams) room capacity catering to premium mass customers.

UK listed automotive distributor Inchcape (+9%) was a contributor in the quarter with first quarter revenue up 6.2% in local currency, despite a challenging UK automotive retail market. The distribution business, which generates 8% operating margin and accounts for 81% of overall operating profit, grew 9.5% in local currency. Its distribution business was bolstered by the acquisition of a Suzuki distribution business in Central America in March at an attractive valuation. Inchcape, being listed in the UK, suffers from a Brexit discount and is misperceived as a low margin auto dealership business in a struggling retail environment, which typically does 2% operating profit margins. The company held a Capital Markets Day in June, where management highlighted the attractiveness of the profitable and growing global distribution business, clearly showing that the UK only contributes 10% of operating profits, while the growing Asia and Emerging Market regions contribute 80% of operating profits.

Top Detractors

Vipshop (-35%), a leading online discount retailer for brands in China, was the top detractor in the quarter. Total revenue in Q1 2018 increased 25% yoy, supported by strong revenue per customer growth. However, increased rebates and a reclassification of third party logistics costs into cost of goods sold resulted in gross profit margin compression. The market sentiment towards Vipshop was weak in the quarter because investors were disappointed to learn that the benefits arising from Tencent and JD.com's combined 12.5% investment in Vipshop in December at $13.08 did not result in immediate material benefits, even though the company is satisfied with the progress so far and has been actively working on further collaboration. We only built limited benefits from the collaboration into our appraisal, and Vipshop's high teens full year underlying organic growth expectation is in line with our forecast. In the second quarter of 2018, JD.com bought an additional 1.3% of Vipshop in the open market at $14.15, higher than its initial entry price, bringing JD's stake to 6.8% and underscoring Vipshop's attractiveness in the e-commerce industry. We believe that Vipshop is heavily discounted relative to our conservative appraisal, and we acquired more Vipshop shares during the quarter.

Pandora A/S (-35%), one of the world's largest mass-market jewellers, was another detractor for the quarter. Pandora reported first quarter results with 6% revenue growth in local currency and 33% EBITDA margin. While this set of results is below its full year guidance of 7-10% growth in local currency with 35% EBITDA margin, it is largely due to seasonality and was expected. The negative share price movement in the quarter arose from the negative surprise in its China operations. Growth in China decelerated to 16% yoy from 62% a quarter earlier, and same store sales were negative. Management attributed the slowdown to grey market trading into China and insufficient marketing spend. While Pandora has taken prompt measures to address these challenges and maintained its full year guidance, we have lowered our expectation for its Asia Pacific regions in our appraisal. Currently trading at just 7.5x earnings, we think that Pandora is undervalued relative to its profitability and growth prospects. We are following the company closely to assess its on-going development.

MinebeaMitsumi (-20%), the Japanese manufacturer of high precision equipment and components, was a detractor in the quarter. The company's conservative forecast for the financial year ending March 2019 was below market expectations. In May, it was rumored that Apple would adopt OLED screens for all iPhones next year. As MinebeaMitsumi provides LCD backlights for Apple, its share price was further impacted. However, this rumor is unverified and we believe unlikely to be true, given that MinebeaMitsumi recently decided to increase capital expenditures for the backlight business. More importantly, MinebeaMitsumi's entire backlight business only accounts for about 2% of our appraisal, making such a material share price movement unwarranted. Its cash cow, precision ball bearings business remains strong, with volume expected to be up 10% and revenue up 17% this fiscal year. Although optical devices and mechanical parts within Mitsumi will have a slow start in the first half of the year, demand is expected to increase in the second half, and MinebeaMitsumi has increased capacity by 50% for both sub-segments. Free cash flow generation continues to increase. Barring any major M&A, MinebeaMitsumi should be in a net cash position in two years.

Hyundai Mobis (-20%), auto parts maker and after-market parts provider for Hyundai Motor and Kia Motors, was also a detractor in the quarter. Both revenue and profits for the first quarter were below market expectations. While auto parts profits turned positive in the quarter, revenues still declined 14% yoy. The after-sales services business, on the other hand, remains healthy, with operating margins over 24%. A U.S.-based activist hedge fund invested in key affiliates of Hyundai Motor Group, including Hyundai Mobis, and opposed the restructuring plan the group proposed in March. As a result, the Hyundai Group cancelled the restructuring plan in May, and we expect them to announce an alternative restructuring plan later this year. At current market prices, we believe the attractive after sales services business and Hyundai Mobis' interests in other listed companies are insufficiently reflected in the share price, and any shareholder friendly restructuring plan could unlock value for Hyundai Mobis shareholders.

L'Occitane (-11%), the Hong Kong listed retailer of French natural cosmetics, was one of the top detractors for the quarter. The company reported FY18 results with sales down 0.3% yoy and operating profit down 16% yoy, largely in-line with our expectations. The key reason for underwhelming sales performance was currency impact. At constant exchange rates, sales grew over 4.5% yoy with the second half performing much better than the first half. Ongoing investments in marketing and emerging brands led to margin contraction in FY18 by around 200 bps, but we remain confident that this business with over 80% gross margin is capable of growing its current 10-11% operating profit margin to the mid-teens in the next few years. Margin accretive online sales are growing around

20% yoy and represent around 15% of total retail sales. The company's product pipeline is strong, and the balance sheet is net cash. We are encouraging the company to focus on profitability and increase dividend pay-out.

Portfolio Changes

During the quarter, we added two new investments. We initiated an investment in Indian cellular tower company, Bharti Infratel and another undisclosed investment in Hong Kong. As prices become more discounted, we also added to a number of our current portfolio holdings. We exited Healthscope, Automotive Holdings Group, Great Eagle, and Genting Berhad. We have concentrated our investments in companies where we have the highest conviction in valuation, cash flow and balance sheet strength, and the greatest confidence in management's skills.

As discussed above, we added an undisclosed Macau gaming company. Additionally, we made our first investment in India - Bharti Infratel, the dominant telecom tower infrastructure company with around 50% tenancy market share in India. Towers are attractive infrastructure assets that generate 70% EBITDA margins and roughly 60-65% EBITDA-maintenance capex margins. Contracts are typically 10-15 years long with built-in price escalators and pass through of energy charges. Scale begets scale due to multi-tenant discounting, which means rents get cheaper for everyone in the tower, as each incremental tenant joins a given tower. Due to the nature of the telecom market and regulations in India, operators have competed on price and not on service and network quality. Capex spending on network has not kept up with growing demand. Wireless broadband penetration in India is under 30%, and data usage per user is doubling quarter-on-quarter. Cellular networks are being deployed at higher frequency bands, which have lower propagation, thus requiring more tower sites (or smaller cells). So, why is it cheap? The key reason is the entry of Reliance Jio in the telecom operator space, which has disrupted an already competitive industry. Historically, over ten operators competed in 22 circles in India. With Jio's aggressive pricing, the mobile operator count is effectively coming down to 3 players - Airtel, Reliance Jio and the Vodafone-Idea merged entity. This ongoing telco consolidation will continue to cause tenancy exits for Bharti Infratel in the near term but should not have a meaningful impact on the company's value, given rapid data growth driving increased demand over the longer-term. We were able to buy this net cash company at around 12% EBITDA yield, while most of the developed and emerging market peers trade in the range of 5-8% yield. Our going in EBITDA yield is greater than a 50% premium to the 10-year Indian government bond yield.

The company's biggest customers − Airtel and Vodafone − are also the largest shareholders in Bharti Infratel. We believe there is a path to independence for Bharti Infratel where Airtel and Vodafone sell their stake in the company. According to Bharti Airtel's stock exchange disclosure of board meeting minutes, "The Board after due deliberations approved the proposal for merger of Indus Towers Ltd into Bharti Infratel Ltd. The Board decided to engage with the potential investors for evaluating a strategic stake sale post the completion of merger." KKR and Canada Pension Plan Investment Board own a combined 10% stake currently and have board representation and are natural buyers of the business. We get paid to wait for the consolidation to play out and growth to recover, receiving an almost 5% dividend yield today. At the same time, we believe that there is a reasonable likelihood of a change in control in the company.

Portfolio Outlook

Southeastern first invested in Asia during the AFC, when extreme volatility created significant opportunity to invest profitably in the region. Our International Fund was established in 1998 to take advantage of the opportunity set created by the AFC, coinciding with the opening of our first overseas office in Japan. We believe that the recent volatility in Asia provides a constructive environment for long-term opportunistic capital to set the stage for meaningful risk-adjusted returns.

Despite the strong performance in recent years, Asia remains ripe with opportunities for a concentrated portfolio like ours to reallocate capital from businesses that have reached our appraisal into businesses that offer an attractive margin of safety. Our price-to-value ratio is now in the mid-to-high 60s%, and our cash balance remains low. Volatility in the last few weeks has created further pockets of cheapness, which we are in the process of evaluating.

Your portfolio managers have personally added capital to the Fund for the first time since Q1 2016, when emerging markets last reached their lows, reflecting our positive view on the opportunity set in Asia. We would not be surprised to see additional short-term panics and long-term opportunities present themselves.

Schedule of Investments as at 30 June 2018
Asia Pacific Fund

Security (Domicile)	Nominal Holdings	Fair Value US$	% of Net Assets
Transferable Securities (December 2017: 92.82%)			
Common Stock (December 2017: 92.82%)			
Auto Components (December 2017: 4.49%)			
Hyundai Mobis Company Limited (South Korea)	15,687	2,983,979	4.00
Auto Manufacturers (December 2017: 4.15%)			
Toyota Motor Corporation (Japan)	50,100	3,244,520	4.35
Cosmetics & Personal Care (December 2017: 3.00%)			
L'Occitane International S.A. (Hong Kong)	2,374,750	3,916,751	5.26
Distribution & Wholesale (December 2017: 2.71%)			
Inchcape Plc (United Kingdom)	286,306	2,949,139	3.96
Diversified Financial Services (December 2017: 4.33%)			
CK Hutchison Holdings Limited (Hong Kong)	411,500	4,363,822	5.86
Diversified Telecommunication Services (December 2017: Nil)			
Bharti Infratel Limited (India)	740,247	3,246,650	4.36
Vocus Group Limited (Australia)	2,076,122	3,549,163	4.76
		6,795,813	9.12
Health Care Services (December 2017: 7.14%)			
Ain Holdings Inc. (Japan)	46,300	3,416,619	4.58
Hotels, Restaurants & Leisure (December 2017: 6.83%)			
Ardent Leisure Group (Australia)	1,322,384	1,932,795	2.59
Melco International Development Limited (Hong Kong)	1,182,000	3,638,383	4.88
MGM China Holdings Limited (Hong Kong)	489,600	1,135,760	1.53
		6,706,938	9.00
Household Durables (December 2017: 3.21%)			
Man Wah Holdings Limited (Hong Kong)	3,792,000	2,977,302	3.99
Internet Software & Services (December 2017: 18.85%)			
Baidu Inc. ADR (China)	18,830	4,575,690	6.14
SpeedCast International Limited (Australia)	514,123	2,347,541	3.15
Vipshop Holdings Limited ADR (China)	409,549	4,443,607	5.96
		11,366,838	15.25
Lodging (December 2017: 2.33%)			
Machinery (December 2017: 6.67%)			
Minebea Mitsumi Inc. (Japan)	265,500	4,493,944	6.03
Real Estate Management & Development (December 2017: 14.18%)			
CK Asset Holdings Limited (Hong Kong)	552,500	4,387,268	5.89
New World Development Company Limited (Hong Kong)	2,544,334	3,580,280	4.80
		7,967,548	10.69

Security (Domicile)	Nominal Holdings	Fair Value US$	% of Net Assets
Transferable Securities (December 2017: 92.82%) (continued)			
Common Stock (December 2017: 92.82%) (continued)			
Retail (December 2017: 5.49%)			
JINS Inc. (Japan)	26,600	1,520,824	2.04
Telecommunication (December 2017: 4.20%)			
SoftBank Group Corporation (Japan)	47,800	3,442,256	4.62
Textiles, Apparel and Luxury Goods (December 2017: 5.24%)			
Pandora A/S (Denmark)	31,583	2,206,867	2.96
Total Common Stock		**68,353,160**	**91.71**
Total Transferable Securities (Cost $69,097,162)		**68,353,160**	**91.71**
Short Term Obligations (December 2017: 7.20%)			
State Street Repurchase Agreement State Street Bank, 0.35% due 02/07/2018, (Collateral: US$5,281,910 U.S. Treasury Note 2.125% due 15/05/2025) (United States)	5,178,000	5,178,000	6.95
Total Short Term Obligations		**5,178,000**	**6.95**
Portfolio Of Investments (December 2017: 100.02%)		**73,531,160**	**98.66**
Cash and Cash Equivalents (December 2017: 0.14%)		15,788	0.02
Other Debtors (December 2017: ((0.16)%)		986,392	1.32
Net Asset Value		**74,533,340**	**100.00**

Analysis of total assets	% of Total Current Assets
Transferable securities admitted to an official stock exchange listing or traded on a regulated market	89.16
Short term obligations	6.75
Other assets	4.09
Total Assets	**100.00**

Statement of Changes in Composition of Portfolio

Asia Pacific Fund

	Acquisition Cost* US$
Vocus Group Limited	3,942,854
Bharti Infratel Limited	3,500,650
Vipshop Holdings Limited ADR	3,101,110
L'Occitane International S.A.	2,804,976
CK Hutchison Holdings Limited	2,793,827
Melco International Development Limited	2,701,826
Minebea Mitsumi Inc.	2,632,147
CK Asset Holdings Limited	1,807,215
Man Wah Holdings Limited	1,614,532
Ain Holdings Inc.	1,562,890
SoftBank Group Corporation	1,504,594
New World Development Corporation Limited	1,466,360
Inchcape Plc	1,435,700
Hyundai Mobis Corporation Limited	1,357,445
Baidu Inc. ADR	1,346,612
MGM China Holdings Limited	1,119,273
Toyota Motor Corporation	1,036,312
Speedcast International Limited	931,646
Ardent Leisure Group	689,976
Pandora A/S	642,123
Healthscope Limited	615,309
Automotive Holdings Group Limited	614,822
JINS Inc.	505,797
Genting Berhad	468,989

	Disposal Proceeds* US$
Healthscope Limited	3,439,033
Automotive Holdings Group Limited	2,227,299
Speedcast International Limited	2,051,279
Great Eagle Holdings Limited	1,768,999
Vipshop Holdings Limited ADR	1,594,093
Genting Berhad	1,419,884
Melco Resorts & Entertainment Limited ADR	1,216,039
Minebea Mitsumi Inc.	677,754
Melco International Development Limited	536,807
Baidu Inc. ADR	497,864
New World Development Co Limited	426,579
Vocus Group Limited	114,777
Pandora A/S	26,232

*There were no other purchases and sales during the six months ended 30 June 2018.

Significant portfolio changes are defined as the aggregate purchases of a security exceeding one per cent of the total value of purchases for the period and aggregate sales of a security exceeding one per cent of the total value of sales for the period. At a minimum, the 20 largest purchases and 20 largest sales must be shown. A list of all purchases and sales of the Fund during the six months ended 30 June 2018 can be obtained free of charge from the Swiss Representative.

Statement of Comprehensive Income
Asia Pacific Fund

		For the six months ended 30 June	
		2018	2017
	Notes	US$	US$
Income			
Dividend income		655,380	486,840
Interest income		4,208	529
Net (loss)/gain on investments at fair value through profit or loss	2	(5,079,643)	6,435,438
Net foreign exchange (loss)	2	(18,624)	(9,155)
Total net (loss)/income		(4,438,679)	6,913,652
Expenses			
Management fees	8	(376,162)	(209,306)
Administration fees		(19,626)	(10,897)
Depositary fees		(28,361)	(25,963)
Audit fees		(8,159)	(10,176)
Other operating expenses		(41,610)	(21,637)
Total net expenses		(473,918)	(277,979)
(Loss)/income for the financial period before taxation		(4,912,597)	6,635,673
Finance cost			
Interest expense		(33)	-
Taxation			
Withholding tax	4	(63,887)	(18,175)
(Loss)/income for the financial period after interest and taxation		(4,976,517)	6,617,498
(Decrease)/increase in net assets attributable to holders of redeemable participating units resulting from operations		(4,976,517)	6,617,498

Gains and losses arose solely from continuing operations.
There were no gains or losses other than those dealt with in the Statement of Comprehensive Income.

The notes to the financial statements form an integral part of these financial statements.

Statement of Financial Position

Asia Pacific Fund

	Notes	30 June 2018 US$	31 December 2017 US$
Current Assets			
Cash and cash equivalents		15,788	72,892
Dividends receivable		95,849	33,092
Receivable for investments sold		2,507,222	-
Receivable for fund units sold		510,000	-
Receivable for Management fee reimbursement	8	-	87
Financial assets at fair value through profit or loss		73,531,160	52,978,939
Interest receivable		101	16
Other receivables		4,872	-
Total Current Assets		76,664,992	53,085,026
Current Liabilities			
Investment Management fees payable	8	(68,812)	(50,028)
Depositary fees payable		(17,350)	(14,798)
Administration fees payable		(16,813)	(9,777)
Audit fees payable		(3,774)	(16,112)
Other liabilities		(26,093)	(26,777)
Payable for fund units redeemed		(445,337)	-
Payable for investments purchased		(1,553,473)	-
Total Current Liabilities (excluding net assets attributable to redeemable participating unitholders)		(2,131,652)	(117,492)
Net assets attributable to holders of redeemable participating units		74,533,340	52,967,534

Details of the NAV per unit are set out in Note 3.

The notes to the financial statements form an integral part of these financial statements.

Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Units

Asia Pacific Fund

		For the six months ended 30 June	
		2018	2017
	Notes	US$	US$
Net assets attributable to holders of redeemable participating units at beginning of the period		52,967,534	27,611,242
Proceeds from the issuance of redeemable participating units	3	27,532,620	8,439,063
Payments on redemptions of redeemable participating units	3	(990,297)	-
Net increase from unit transactions		26,542,323	8,439,063
(Decrease)/increase in net assets attributable to holders of redeemable participating units resulting from operations		(4,976,517)	6,617,498
Net assets attributable to holders of redeemable participating units at end of the period		74,533,340	42,667,803

The notes to the financial statements form an integral part of these financial statements.

Statement of Cash Flows

Asia Pacific Fund

	For the six months ended 30 June	
	2018	**2017**
	US$	**US$**
Cash flows from operating activities		
(Loss)/Income for the financial period after interest and taxation	(4,976,517)	6,617,498
Adjustments to reconcile net (decrease)/increase in net assets resulting from operations to net cash used in operating activities:		
Net loss/(gain) on investments at fair value through profit or loss	5,079,643	(6,435,438)
Cash (outflow) due to purchases and sales of investments during the period	(26,585,613)	(9,880,660)
(Increase) in debtors	(67,627)	(3,012)
Increase in creditors	15,350	1,268,583
Net cash (used in) operating activities	(26,534,764)	(8,433,029)
Cash flows from financing activities		
Proceeds from the issuance of redeemable participating units	27,022,620	8,439,063
Payments on redemptions of redeemable participating units	(544,960)	-
Net cash provided by financing activities	26,477,660	8,439,063
(Decrease)/increase in cash and cash equivalents	(57,104)	6,034
Cash and cash equivalents at beginning of the period	72,892	896
Cash and cash equivalents at the end of the period	15,788	6,930
Interest received	4,123	527
Interest paid	(33)	-
Dividends received	592,622	465,655

The notes to the financial statements form an integral part of these financial statements.

1. Significant Accounting Policies

Organisation
Longleaf Partners Unit Trust (the "Trust") is organised as an open ended umbrella unit trust under a Deed of Trust dated 24 October 2011, as amended and restated on 24 November 2014 established pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended and Central Bank (Supervision And Enforcement) Act 2013 (Section 48(1)) (Undertakings For Collective Investment In Transferable Securities) Regulations 2015 (collectively the "UCITS Regulations"). The primary investment objective of the Trust is to deliver long term capital growth over time through the identification of and investment in undervalued companies located around the world.

The Trust obtained the approval of the Central Bank of Ireland (the "Central Bank") for the establishment of three funds, namely, the Longleaf Partners Global UCITS Fund ("Global Fund"), the Longleaf Partners U.S. UCITS Fund ("U.S. Fund") and Longleaf Partners Asia Pacific UCITS Fund ("Asia Pacific Fund") (each a "Fund", together the "Funds"). Longleaf Partners U.S. UCITS Fund fully redeemed on 27 March 2018 and a separate set of audited financial statements was prepared for this Fund for the extended period from 1 January 2017 to 27 March 2018.

a) Basis of Preparation

These condensed unaudited interim financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit or loss that have been measured at fair value.

The condensed unaudited interim financial statements are presented in U.S. Dollars, the functional currency of the Trust. All subscriptions received are denominated in the currency of the respective share class and converted to U.S. Dollars and any potential redemptions or distribution payments in the future would need to be paid out in the respective currency of each share class.

Longleaf Partners U.S. UCITS Fund fully redeemed on 27 March 2018 and a separate set of audited financial statements was prepared for this Fund for the extended period from 1 January 2017 to 27 March 2018. These financial statements for the Longleaf Partners Global UCITS Fund and the Longleaf Partners Asia Pacific UCITS Fund (the "Funds") are prepared on a going concern basis.

b) Statement of Compliance

The condensed unaudited interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim financial reporting' ("IAS 34") issued by the Financial Reporting Council, and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (as amended) (the 'UCITS Regulations').

These condensed unaudited interim financial statements do not contain all of the information and disclosures required in the full annual audited financial statements and should be read in conjunction with the financial statements of the Trust for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union ("EU"). The accounting policies and methods of computation applied by the Trust in these condensed unaudited interim financial statements are the same as those applied by the Trust in its financial statements for the year ended 31 December 2017, as described in those annual financial statements.

New standards, amendments and interpretations issued and effective for the financial period beginning 1 January 2018

IFRS 9 became effective for periods beginning on or after 1 January 2018. IFRS 9 largely retains the existing requirements of IAS 39 for the recognition, classification and measurement of financial instruments. However, as it specifically relates to financial assets, the following categories included in IAS 39; held to maturity, loans and receivables and available for sale, are no longer available under IFRS 9.

The adoption of IFRS 9 has not had a significant effect on the Trust's accounting policies related to financial liabilities and derivative financial instruments (for derivatives that are used as hedging instruments). Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and on its contractual cash flow characteristics.

The Directors of the Manager have determined that in order for the financial statements to give a true and fair view it is necessary to fair value all financial instruments through profit or loss as permitted by IFRS 9, as all financial instruments are managed on a fair value basis. Therefore there is no change to classifications when compared to the most recent annual audited financial statements.

IFRS 15 "Revenue from Contracts with Customers" was issued in May 2014 and became effective for periods beginning on or after 1 January 2018. The new standard is not expected to have a significant impact on the Trust's financial position, performance or disclosures in its financial statements.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2018 and not early adopted

IFRS 16 "Leases" was issued in January 2016 and will become effective for period beginning on or after 1 January 2019. The new standard is not expected to have a significant impact on the Trust's financial position, performance or disclosures in its financial statements.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Trust.

2. Composition of Net Gain/(Loss) on Investments at Fair Value Through Profit or Loss and Other Gains

Global Fund	2018 US$	2017 US$
Realized gain on investments sold	6,446,220	8,745,639
Total change in unrealized (loss)/gain on investments	(8,365,772)	18,203,974
Net (loss)/gain on investments at fair value through profit or loss	(1,919,552)	26,949,613
Net foreign exchange (loss)	(16,189)	(2,851)

Asia Pacific Fund	2018 US$	2017 US$
Realized gain on investments sold	2,739,542	2,280,422
Total change in unrealized (loss)/gain on investments	(7,819,185)	4,155,016
Net (loss)/gain on investments at fair value through profit or loss	(5,079,643)	6,435,438
Net foreign exchange (loss)	(18,624)	(9,155)

3. Number of Units in Issue and Net Assets Attributable to Redeemable Participating Unitholders

Each of the units entitles the holder to participate equally on a pro rata basis in the profits and dividends of the relevant Fund attributable to such units and to attend and vote at meetings of the Trust represented by those units. No class of units confers on the holder thereof any preferential or pre-emptive rights or any rights to participate in the profits and dividends of any other class of units or any voting rights in relation to matters relating solely to any other class of units.

Each unit represents an undivided beneficial interest in the relevant Fund of the Trust. The units are not debt obligations or guaranteed by the Depositary or the Manager. The return on an investment in the Fund will depend solely upon the investment performance of the assets in the Fund and the increase or decrease in the net asset value of the units. The amount payable to a unitholder in respect of each unit upon liquidation of the Trust will equal the net asset value per unit.

For the Global Fund at 30 June 2018 and at 30 June 2017, and the Asia Pacific Fund at 30 June 2018, the Net assets attributable to Holders of Redeemable Participating Units represents a liability on the Statement of Financial Position, carried at the redemption amount that would be payable at the statement of financial position date if the unitholder exercised the right to redeem its units to the relevant Fund. Prior to class I GBP Share Class launch on 15 September 2017, IAS 32 "Financial Instruments: Presentation" required that all units of the Asia Pacific Fund be presented as equity. Following the Class I GBP share class launch, the Asia Pacific Fund ceased to have all the features required under IAS 32 for equity classification and the units were then classified as redeemable participating units.

The Trust Deed entitles the Manager to charge redeeming unitholders in the relevant Fund a redemption fee of up to 3% of the relevant redemption proceeds. The Manager does not currently intend to impose a redemption fee. Should it impose such a fee, the Manager will provide prior notice to each unitholder in the relevant Fund.

A summary of unitholder activity is detailed below:

Global Fund	For the six months ended 30 June 2018		
	Class I U.S. Dollar	Class I Euro	Class I British Pound
Units in issue at the beginning of period	9,099,242	522,000	892,312
Units issued	371,499	3,434	41,430
Units redeemed	(551,593)	(371,786)	(26,124)
Units in issue at the end of period	8,919,148	153,648	907,618
Net Asset Value	US$162,954,162	€2,373,672	£12,479,050
Number of Units in Issue	8,919,148	153,648	907,618
Net Asset Value per Unit	US$18.27	€15.45	£13.75

Global Fund	For the year ended 31 December 2017		
	Class I U.S. Dollar	Class I Euro	Class I British Pound
Units in issue at the beginning of year	9,085,512	527,852	819,778
Units issued	451,438	45,298	138,368
Units redeemed	(437,708)	(51,150)	(65,834)
Units in issue at the end of year	9,099,242	522,000	892,312
Net Asset Value	US$167,113,936	€7,926,834	£12,056,005
Number of Units in Issue	9,099,242	522,000	892,312
Net Asset Value per Unit	US$18.37	€15.19	£13.51

Global Fund	For the six months ended 30 June 2017		
	Class I U.S. Dollar	Class I Euro	Class I British Pound
Units in issue at the beginning of period	9,085,512	527,852	819,778
Units issued	342,068	5,038	98,473
Units redeemed	(205,313)	-	(7,761)
Units in issue at the end of period	9,222,267	532,890	910,490
Net Asset Value	US$160,528,803	€8,057,881	£12,087,773
Number of Units in Issue	9,222,267	532,890	910,490
Net Asset Value per Unit	US$17.41	€15.12	£13.28

Asia Pacific Fund	For the six months ended 30 June 2018	
	Class I U.S. Dollar	Class I British Pound*
Units in issue at the beginning of period	3,441,160	120,809
Units issued	836,468	990,838
Units redeemed	(69,003)	-
Units in issue at the end of period	4,208,625	1,111,647
Net Asset Value	US$59,023,591	£11,752,032
Number of Units in Issue	4,208,625	1,111,647
Net Asset Value per Unit	US$14.02	£10.57

Asia Pacific Fund	For the year ended 31 December 2017 Class I U.S. Dollar	Class I British Pound*
Units in issue at the beginning of period/year	2,562,166	-
Units issued	894,306	120,809
Units redeemed	(15,312)	-
Units in issue at the end of period/year	3,441,160	120,809
Net Asset Value	US$51,176,306	£1,326,687
Number of Units in Issue	3,441,160	120,809
Net Asset Value per Unit	US$14.87	£10.98

* The share class was launched 15 September 2017.

Asia Pacific Fund	For the six months ended 30 June 2017 Class I U.S. Dollar
Units in issue at the beginning of period/year	2,562,166
Units issued	684,585
Units redeemed	-
Units in issue at the end of period/year	3,246,751
Net Asset Value	US$42,667,803
Number of Units in Issue	3,246,751
Net Asset Value per Unit	US$13.14

Significant shareholders

The following table details the number of shareholders with significant holdings of at least 20 percent of the relevant sub-fund and the percentage of that holding as at 30 June 2018 and 31 December 2017.

Fund	Number of significant shareholders 30 Jun 2018	Total Holding as at 30 Jun 2018	Total Shareholding as a % of the sub fund as at 30 Jun 2018	Number of significant shareholders 31 Dec 2017	Total Holding as at 31 Dec 2017	Total Shareholding as a % of the sub fund as at 31 Dec 2017
Global Fund	1	2,666,744	27.19	1	2,666,744	25.36
Asia Pacific Fund	1	2,000,000	37.59	1	2,000,000	56.15

4. Taxation

Under current law and practice, the Trust qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended. On that basis, it is not chargeable to Irish tax on its income or gains.

However, Irish tax may arise on the happening of a "chargeable event". A chargeable event includes any distribution payments to unitholders, any encashment, redemption, cancellation or transfer of units and the holding of units at the end of each eight year period beginning with the acquisition of such units.

No Irish tax will arise on the Trust in respect of chargeable events in respect of:

a) a unitholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes, at the time of the chargeable event, provided appropriate valid declarations in accordance with the provisions of the Taxes Consolidation Act, 1997, as amended, are held by the Trust or the Trust has been authorised by the Irish Revenue to make gross payments in the absence of appropriate declarations; and
b) certain exempted Irish tax resident unitholders who have provided the Trust with the necessary signed statutory declarations.

Dividends, interest and capital gains (if any) received on investments made by the relevant Fund in the Trust may be subject to taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the Fund or its unitholders.

5. Financial Instruments

The Trust's financial risk management objectives and policies are consistent with those disclosed in the Trust's annual audited financial statements as at 31 December 2017.

Fair Valuation Hierarchy

IFRS 13 requires the Trust to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted market price in an active market for an identical instrument that the entity can access at the measurement point.
- Level 2 - Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3 - Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement.

Equities are classified as Level 1.

Repurchase agreements are classified as Level 2.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The financial assets and liabilities at 30 June 2018 and 31 December 2017 are classified as follows:

Global Fund	**at 30 June 2018 US$**			
	Level 1	Level 2	Level 3	Total
Transferable securities	166,702,052	-	-	166,702,052
Short Term Obligations	-	15,525,000	-	15,525,000
	166,702,052	15,525,000	-	182,227,052

Global Fund	**at 31 December 2017 US$**			
	Level 1	Level 2	Level 3	Total
Transferable securities	153,232,670	-	95,074	153,327,744
Short Term Obligations	-	39,527,000	-	39,527,000
	153,232,670	39,527,000	95,074	192,854,744

Asia Pacific Fund	at 30 June 2018 US$			
	Level 1	Level 2	Level 3	Total
Transferable securities	68,353,160	-	-	68,353,160
Short Term Obligations	-	5,178,000	-	5,178,000
	68,353,160	5,178,000	-	73,531,160

Asia Pacific Fund	at 31 December 2017 US$			
	Level 1	Level 2	Level 3	Total
Transferable securities	49,163,939	-	-	49,163,939
Short Term Obligations	-	3,815,000	-	3,815,000
	49,163,939	3,815,000	-	52,978,939

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the period and are deemed to have occurred when the pricing source or methodology used to price an investment has changed which triggers a change in level as defined under IFRS 13. There were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the period ended 30 June 2018 and year ended 31 December 2017.

The following tables reconcile fair value changes in the Global Fund's Level 3 holding in MLog (previously Manabi S.A.) for the period ended 30 June 2018 and year ended 31 December 2017:

		Common Stock
Fair Value at 31 December 2017	$	95,074
Change in unrealized appreciation		4,196,609
Realized Loss	$	(4,291,683)
Fair Value at 30 June 2018		-

		Common Stock
Fair Value at 31 December 2016	$	604,945
Change in unrealized appreciation		(509,871)
Fair Value at 31 December 2017	$	95,074

6. Exchange Rates

Where applicable, the Administrator translated foreign currency amounts, fair value of investments and other assets and liabilities into U.S. Dollars at the following period end rates:

	30 June 2018	31 December 2017	30 June 2017
Australian Dollar	1.3513	1.2816	1.3011
Brazilian Real	3.8757	3.3171	3.3129
British Pound	0.7577	0.7406	0.7678
Danish Krone	6.3799	6.2047	6.5103
Euro	0.8563	0.8334	0.8755
Hong Kong Dollar	7.8456	7.8128	7.8074
Indian Rupee	68.5150	-	-
Japanese Yen	110.7150	112.6750	112.4750
Korean Won	1114.5000	1070.5500	1144.1500
Malaysian Ringgit	4.0395	4.0470	4.2926
Singapore Dollar	-	-	1.3767
Swiss Franc	0.9903	0.9744	0.9589

7. Efficient Portfolio Management

To the extent that the Trust may use techniques and instruments for efficient portfolio management, the Manager, on behalf of the Trust, would comply with the conditions and limits laid down from time to time by the Central Bank under the UCITS Regulations and as set out in Appendix II of the Trust's Prospectus. Transactions entered into for efficient portfolio management purposes would be entered into to enhance investment returns or for one or more of the following specified aims: the reduction of risk; the reduction of cost or the generation of additional capital or income for the Trust with a level of risk that is consistent with the risk profile of the Trust and the risk diversification rules set out in the UCITS Regulations.

As at 30 June 2018 and 31 December 2017, the Funds' derivative holdings include the warrant held in the Global Fund, with a fair value of US$264,420 (31 December 2017: US$874,318).

As at 30 June 2018 and 31 December 2017, the Funds held repurchase agreements as detailed in the Schedules of Investments. No material revenues arose and no direct or indirect costs were incurred for the repurchase agreements for the period ended 30 June 2018 and year ended 31 December 2017.

8. Related Party Transactions

In accordance with IAS 24, "Related Party disclosures", the following are the related parties and related party transactions during the period.

Transactions with entities with significant influence:

Southeastern Asset Management, Inc. serves in an appointed role as the Investment Manager, and is paid an investment management fee for its services. For the Global Fund the Investment Manager earned a fee of US$950,246 (June 2017: US$854,215) of which US$151,029 (December 2017: US$161,472) was outstanding at the period/year end.

For the Asia Pacific Fund the Investment Manager earned a fee of US$376,162 (June 2017: US$209,306) of which US$68,812 (December 2017: US$50,028) was outstanding at the period/year end.

The Investment Manager has been appointed by the board members of the Manager, which is a wholly-owned subsidiary of the Investment Manager.

Directors of the Manager, Steve McBride and Gwin Myerberg are employees of Southeastern Asset Management, Inc. and there are two Irish directors, Eimear Cowhey and Michael Kirby.

Transactions with other related parties:

The Pyramid Peak Foundation provided the Asia Pacific Fund's initial seed capital. Because some of the members of the Foundation's governing board are also owners of the Investment Manager, the Asia Pacific Fund and Pyramid Peak are considered related parties. The Pyramid Peak Foundation's holding in the Asia Pacific Fund constitutes approximately 38% (December 2017: 56%) of the Asia Pacific Fund's assets, and are therefore noted as significant unitholders in Note 3.

In addition, employees of the Investment Manager owned approximately 0.8% (31 December 2017: 0.6%) and 8% (31 December 2017: 12%) of the Global and Asia Pacific Funds at 30 June 2018 respectively.

KB Associates ("KBA") have been engaged by the Manager to provide UCITS and Compliance Services. Michael Kirby is a Director and principal of KBA and also a Director of the Manager to the Trust. KBA fees are disbursed through the Manager.

9. Dealing with Connected Parties

Regulation 41 of the UCITS Regulations "Restrictions of transactions with connected persons" states that "A responsible person shall ensure that any transaction between a UCITS and a connected person conducted a) at arm's length; and b) in the best interest of the unit-holders of the UCITS".

As required under UCITS Regulation 78.4, the Directors, as responsible persons are satisfied that there are in place arrangements, evidenced by written procedures, to ensure that the obligations that are prescribed by Regulation 41(1) are applied to all transactions with a connected party; and all transactions with a connected parties that were entered into during the period to which the report relates complied with the obligations that are prescribed by Regulation 41(1).

10. Soft Commission Arrangements

There were no soft commission arrangements entered into by the Investment Manager, on behalf of the Trust, during the period ended 30 June 2018 or the year ended 31 December 2017.

11. Contingent Liability

There are no contingent liabilities at 30 June 2018 or 31 December 2017.

12. Committed Deals

There are no commitments at 30 June 2018 or 31 December 2017.

13. Distribution policy

The Manager is empowered to declare and pay dividends on any class of units in the Trust. The Manager did not declare any dividends during the period ended 30 June 2018 and year ended 31 December 2017.

14. Significant Events During the Period

Longleaf Partners U.S. UCITS Fund fully redeemed on 27 March 2018 and a separate set of audited financial statements was prepared for the extended period from 1 January 2017 to 27 March 2018.

There were no other significant events during the period ended 30 June 2018.

15. Significant Events Since the Period End

There were no significant events since the period ended 30 June 2018.

16. Approval of the Financial Statements

The Board of Directors of the Manager approved these financial statements on 23 August 2018.

The Trust is an umbrella open-ended unit trust established in Ireland as an Undertaking for Collective Investment in Transferable Securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended and Central Bank (Supervision And Enforcement) Act 2013 (Section 48(1)) (Undertakings For Collective Investment In Transferable Securities) Regulations 2015 (collectively the “UCITS Regulations”). The Trust was constituted on 23 December 2009 as an open ended umbrella structure unit trust.

The Trust is organized in the form of an umbrella fund and due to the nature of Trust law, has segregated liability between Funds. The Prospectus provides that there may be more than one class of Units allocated to each Fund. The Trust obtained the approval of the Central Bank for the establishment of two Funds, namely, the Longleaf Partners Global UCITS Fund (“Global Fund”) and Longleaf Partners Asia Pacific UCITS Fund (“Asia Pacific Fund”) (each a “Fund”, together the “Funds”). Additional funds may be established by the Trust with the prior approval of the Central Bank. The Global Fund commenced operations on 4 January 2010. The Asia Pacific Fund commenced operations on 2 December 2014. At 30 June 2018, the Class I U.S. Dollar, the Class I GBP and the Class I Euro shares of the Global Fund and the Class I U.S. Dollar and the Class I GBP shares of the Asia Pacific Fund were active.

Further classes of units may be issued on advance notification to, and in accordance with the requirements of the Central Bank.

The investment objective and policy of the Funds is summarized below. For a complete description of the objectives and policies of the Funds, an investor should read the Prospectus.

Investment Objective and Policy

Global Fund
The Global Fund seeks to provide long-term capital growth.

The Fund seeks to achieve its investment objective by purchasing securities of certain companies traded, domiciled or operating in global developed countries which the Investment Manager deems eligible.

The Fund will generally be invested in equity securities of eligible companies. In addition, investments may include collective investment schemes which should give returns in line with the target returns of the Fund. No more than 10% of the Fund’s net assets will be invested in collective investment schemes. If investments meeting the Fund’s criteria are not available, the Fund may invest the Fund’s assets temporarily in obligations of the U.S. government and its agencies, such as treasury bills or treasury bonds or in money market instruments such as commercial paper and certificates of deposit.

No more than 30% of the Fund’s net assets will be invested in countries which the Investment Manager considers to be emerging markets.

In addition, and to the extent only that the Investment Manager deems consistent with the investment policies of the Fund, the Fund may utilize financial derivative instruments to enhance investment returns or for the purposes of efficient portfolio management. A Risk Management Process document is on file with the Central Bank in relation to the use of such instruments.

Minimum Subscription Amount/Minimum Holding
The minimum subscription amount and minimum holding of each Unit Class is as follows:

Classes	Minimum initial application	Minimum Holding
Class I U.S. Dollar Shares	US$1,000,000	US$100,000
Class I Euro Shares	EUR equivalent of US$1,000,000	EUR equivalent of US$100,000
Class I GBP Shares	GBP equivalent of US$1,000,000	GBP equivalent of US$100,000
Class A U.S. Dollar Shares	US$500,000	US$100,000
Class A Euro Shares	EUR equivalent of US$500,000	EUR equivalent of US$100,000
Class A Swiss Franc Share	CHF equivalent of US$500,000	CHF equivalent of US$100,000

Asia Pacific Fund
The investment objective of Longleaf Partners Asia Pacific UCITS Fund is to deliver long-term capital growth.

The Fund seeks to achieve its investment objective primarily by purchasing equity and debt securities of certain companies located in any country or market, including both developed and emerging markets, in Asia or the Pacific region, including Australia and New Zealand (the “Asia Pacific Region”) which the Investment Manager deems eligible.

The Fund will generally be investing in equity securities of eligible companies. In addition, investments may include collective investment schemes which should give returns in line with the target returns of the Fund. No more than 10% of the Fund’s net assets will be invested in collective investment schemes. If investments meeting the Fund’s criteria are not available, the Fund may invest the Fund’s assets temporarily in obligations of the U.S. government and its agencies, such as treasury bills or treasury bonds or in money market instruments such as commercial paper and certificates of deposit.

In addition, and to the extent only that the Investment Manager deems consistent with the investment policies of the Fund, the Fund may utilize financial derivative instruments to enhance investment returns or for the purposes of efficient portfolio management. A Risk Management Process document is on file with the Central Bank in relation to the use of such instruments.

Minimum Subscription Amount/Minimum Holding
The minimum subscription amount of each Unit Class is as follows:

Classes	Minimum initial application	Minimum Holding
Class I U.S. Dollar Shares	US$1,000,000	US$100,000
Class I GBP Shares	GBP equivalent of US$1,000,000	GBP equivalent of US$100,000

Calculation of Net Asset Value
The Administrator shall determine the net asset value per unit of each class of the Funds on each dealing day (i.e. each day on which the relevant trading markets in Dublin and New York are open for normal business or as the Directors determine (“Business Day”)) on the basis set forth below and in accordance with the Trust Deed.

The net asset value per unit of the Funds is determined by dividing the net asset value of the relevant class of units in the Funds by the total number of units outstanding in the relevant class of units of the Funds in issue.

The net asset value of the relevant Fund will be equal to all its assets less all of its liabilities as at the valuation point on each Business Day plus any interest accrued on underlying assets between the valuation point and the time of calculation of the net asset value on the dealing day.

Directory

Manager
Longleaf Management Company (Ireland) Limited
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IFSC
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Directors of the Manager
Eimear Cowhey (Irish)*†
Michael Kirby (Irish)*
Steve McBride (American)*
Gwin Myerberg (American)*

Investment Manager
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6410 Poplar Avenue
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Memphis, TN 38119
United States of America

Administrator, Registrar and Transfer Agent
State Street Fund Services (Ireland) Limited
78 Sir John Rogerson's Quay
Dublin 2
Ireland

Depositary
State Street Custodial Services (Ireland) Limited
78 Sir John Rogerson's Quay
Dublin 2
Ireland

*Denotes non-executive Directors.
†Denotes Independent Director.

Independent Auditors
PricewaterhouseCoopers
Chartered accountants and registered auditors
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Legal Advisers as to Irish law
Dechert
3 George's Dock
IFSC
Dublin D01X5X0
Ireland

Company Secretary
Dechert Secretarial Limited
3 George's Dock
IFSC
Dublin D01X5X0
Ireland

Swiss Representative and Distributor
ARM Swiss Representatives SA
Route de Cité-Ouest 2
1196 Gland
Switzerland

Swiss Paying Agent
NPB Neue Private Bank AG
Limmatquai 1
PO Box 8024 Zurich
Switzerland

Information for Investors in Switzerland

1. **Representative in Switzerland**
   ARM Swiss Representatives SA., Route de Cité-Ouest 2, 1196 Gland, Switzerland is the representative in Switzerland for the Units distributed in Switzerland.

2. **Paying Agent in Switzerland**
   NPB Neue Private Bank AG., Limmatquai 1, PO Box 8024 Zurich, is the paying agent in Switzerland for the Units distributed in Switzerland.

3. **Place where the relevant documents may be obtained**
   The Prospectus, the Key Investor Information Document (KIID), the trust deed as well as the annual, semi-annual reports and a full listing of purchases and sales may be obtained free of charge from the representative in Switzerland.

4. **Publications**
   Publications in respect of the Trust and the Funds must be made in Switzerland.

5. **Performance Data**
   Details of the net asset value per unit are reported in Note 3 of the financial statements. The Investment Manager's report also contains the cumulative returns for the period.

6. **Total Expense Ratios**
   The Total Expense Ratios ("TER") are calculated according to the specifications of the "Guidelines on the calculation and disclosure of the TER and PTR" issued by the Swiss Funds & Asset Management Association, SFAMA.

   The average Total Expense Ratio table shows the actual operational expenses incurred by the Funds from 1 January 2018 to 30 June 2018 expressed as an annualised percentage of the average net asset value (NAV) of that Fund.

	Global Fund	Asia Pacific Fund
Total Expense Ratio		
Class I U.S. Dollar Shares	1.20%	1.45%
Class I Euro Shares	1.19%	-
Class I GBP Shares	1.20%	1.45%

Appendix 1 – Securities Financing Transactions Regulation

Article 13 of Regulation (EU) 2015/2365 on transparency of securities financing transactions (SFTs) and of reuse and amending Regulation (EU) No 648/2012, requires UCITS investment companies to provide the following information in their annual and semi-annual reports published after 13 January 2017, on the use made of SFTs. The SFT's held by the Funds at 30 June 2018 consisted of repurchase agreements as detailed hereunder:

Global Fund

Market value	US$15,525,000
% of Net Assets	8.52%
Counterparty Name	State Street Bank
Counterparty Country of Establishment	U.S.A
Maturity Date	02/07/2018
Settlement	Bilateral
Collateral Description	Collateral: U.S. Treasury Note 2.125% due 15/05/2025 Total collateral value is: US$15,836,135

Asia Pacific Fund

Market value	US$5,178,000
% of Net Assets	6.95%
Counterparty Name	State Street Bank
Counterparty Country of Establishment	U.S.A
Maturity Date	02/07/2018
Settlement	Bilateral
Collateral Description	Collateral: U.S. Treasury Note 2.125% due 15/05/2025 Total collateral value is US$5,281,910

Safekeeping of Collateral
The Funds' repurchase agreements are secured by collateral. State Street Corporation is responsible for the safekeeping of collateral received. The Funds did not reuse collateral received in relation to repurchase agreements. The Funds did not pledge collateral in relation to repurchase agreements.

Income and Costs
The interest income arising from the repurchase agreements earned by the Funds during the period ended 30 June 2018 is US$23,359 and this represents 100% of the overall returns generated by the repurchase agreements. Transaction costs are embedded in the price of the instruments and are not separately disclosed.