Longleaf Partners Funds

Quarterly Summary Report

For the Quarter Ended
September 30, 2018

Longleaf Partners Funds

October 10, 2018

Longleaf Partners Shareholder Letter

3Q18

All four Longleaf Partners Funds posted positive gains in the third quarter. The International Fund exceeded both inflation plus 10% and the benchmark index. The Partners and Small-Cap Funds met our absolute goal of inflation plus 10% while the Global Fund was slightly below that target. Returns across the Funds were in the low single-digit range, while the relevant indices posted a more disparate 1.36% (MSCI EAFE), 3.58% (Russell 2000), 4.98% (MSCI World) and 7.71% (S&P 500). Southeastern's similar absolute compounding rates were perceived vastly differently with a relative lens.

	3 Year	1 Year	3Q
Partners Fund	14.99%	7.13%	2.70%
S&P 500 Index	17.31	17.91	7.71
Small-Cap Fund	15.86	12.61	2.76
Russell 2000 Index	17.12	15.24	3.58
International Fund	14.28	2.81	3.19
MSCI EAFE Index	9.23	2.74	1.36
Global Fund	17.79	3.95	1.61
MSCI World Index	13.54	11.24	4.98

Past performance does not guarantee future results.

Likewise, over the last 3 years, all four Funds appreciated at mid-to-high teens annual rates – well above the 12%[1] absolute bogey of inflation plus 10% - while the indices had much wider variation. The indices ranged from 9.23% (MSCI EAFE), 13.54% (MSCI World),

[1] 2% inflation using US Consumer Price Index plus 10%.

Average Annual Total Returns (9/30/18) Partners Fund: Since Inception (4/8/87): 10.43%, Ten Year: 8.06%, Five Year: 6.15%, One Year: 7.13%. Small-Cap Fund: Since Inception (2/21/89): 11.11%, Ten Year: 12.64%, Five Year: 10.17%, One Year: 12.61%. International Fund: Since Inception (10/26/98): 7.74%, Ten Year: 4.80%, Five Year: 3.82%, One Year: 2.81%. Global Fund: Since Inception (12/27/12): 8.55%, Ten Year: na, Five Year: 6.41%, One Year: 3.95%. *Returns reflect reinvested capital gains and dividends but not the deduction of taxes an investor would pay on distributions or share redemptions. Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting longleafpartners.com. The total expense ratio for the Partners Fund is 0.95% and 0.92% for the Small-Cap Fund. These expense ratios are subject to fee waiver to the extent a fund's normal annual operating expenses exceed 1.50% of average annual net assets. The total expense ratio for the International Fund is 1.19% (gross) and 1.15% (net). This expense ratio is subject to fee waiver to the extent the fund's normal annual operating expenses exceed the 1.15%. The total expense ratio for the Global Fund is 1.48% (gross) and 1.20% (net). This expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.20%*

17.12% (Russell 2000) and 17.31% (S&P 500). As the largest owners of the Funds, we are pleased to have compounded our capital at real, double-digit rates over 3 years, a feat even more noteworthy given headwinds of growth stocks dominating value stocks, our higher-than-normal cash balances and, aside from the International Fund, lower portfolio weights in U.S. stocks than the indices.

Focusing on delivering solid real returns, while seeking to minimize risk of capital loss, has always been our primary objective. We have not moved the goal post simply because the Index was higher than our strong absolute numbers in the Partners and Small-Cap Funds. With similar 3-year compounding rates, the Global and International Funds outperformed their benchmark indices. Over most longer-term periods, absolute returns of 10% over inflation will exceed index returns.

Payoff Patterns

Southeastern's long-term, concentrated, engaged value approach has been rewarding over multiple market cycles. Following our investment discipline has positioned us and our clients to benefit when payoffs occur, which is rarely in steady, even increments. Studies have shown that broader market returns have been generated over a small number of days. Not only has our performance often come in big moves over short periods, but because we own a limited number of businesses, each selected for its fundamental, company-specific merits, our idiosyncratic payoff patterns often have little to do with the broader stock market or returns within the company's industry. In the third quarter and over the course of 2018, our biggest performance contributors, including CenturyLink[2], OCI[3], Belmond[4] and Sonic[5], demonstrated how quickly and unexpectedly negative sentiment can turn.

Buying companies at a material discount normally requires a long-term time horizon and a willingness to invest in something that most will not buy because a stock usually becomes significantly undervalued when the business faces a current challenge with no obvious, near-term resolution. For example, when CenturyLink acquired Level 3 on November 1, 2017, analysts focused on the declining legacy landline business and its risk to the dividend. At OCI, after the proposed acquisition by CF Industries fell through in May 2016, the stock remained undervalued, as two massive plants were months from

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[2] CenturyLink was held in Partners, Global and Small-Cap Funds.
[3] OCI was held in Global, International and Small-Cap Funds.
[4] Belmond was held in International Fund.
[5] Sonic was held in Small-Cap Fund.

completion, and uncertainty in product prices created more pessimism. In May 2017, we bought the luxury hotel company Belmond well into a strong hotel cycle and with a previous leader who had prioritized management ahead of shareholder value. When we bought Sonic in the third quarter of 2016, investors feared a reinvigorated McDonald's and preferred higher-yielding quick service restaurant peers, especially after weather issues negatively impacted Sonic's drive-in restaurant earnings. Our appraisals of each of these companies incorporated the short-term concerns and were well above their stock prices. We believed value per share would grow over our investment horizon of multiple years.

In our research process, finding a stock selling at a steep discount is only the first step. We must do the in-depth analytical work to understand the current issues weighing on the stock and determine the likelihood of higher cash flow and a stronger competitive position going forward. Additionally, we engage with the company's leaders to determine how they intend to pursue growth in value per share. For a company to qualify for investment, we must believe in a high probability of double-digit value gains over the next 5 years, even though the exact timing is uncertain. At CenturyLink, we knew that, under the leadership of Jeff Storey, costs could be reduced, the Enterprise fiber business could grow at high margins that would make up for declining landline earnings and that the combined company's projected cash flow could cover the dividend. Similarly, we believed OCI's new plants would have a low-cost advantage when completed, the outlook for supply and demand made commodity price recovery likely and CEO Nassef Sawiris was committed to driving higher value through operations, company structure and opportunistic asset sales. In Belmond's case, relatively new CEO Roeland Vos, Chairman Roland Hernandez, whom we knew from our previous successful investment in Vail Resorts, and diminished influence from the company founder made us confident that capital discipline and margin improvement at the company's trophy properties were highly likely. At Sonic, we believed that CEO Cliff Hudson and his team would continue to sell stores to franchisees, the number of store locations would increase and the unique menu and drive-in format provided a longer-term competitive advantage. We were happy to own these out-of-favor companies because we believed their competitive strengths and capable managements meant a high probability of attractive value growth.

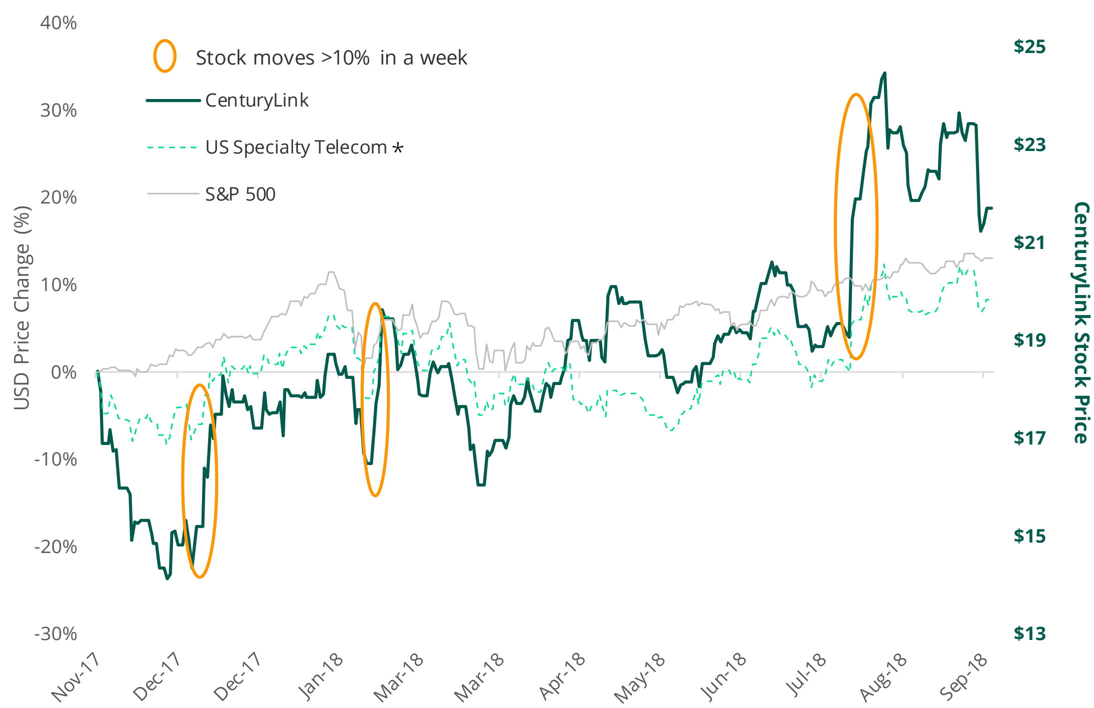
Once we invest in a company, we continue to engage with management and track the business's progress. If the case remains intact with increasing value per share, we patiently wait for the stock price to reflect intrinsic worth, knowing that the timing is unpredictable. The wait, however, can be frustrating if one focuses on daily stock price movement, and we can look wrong in the short term. None of these four stocks moved up in a steady, straight line, and each declined at various points. But, sentiment turned quickly. The total 2018 year to date returns for these top contributors were created in just 3 to 7 days – less than 4% of the 188 trading days this year.

Company-specific events that are not closely correlated to broader stock markets, or even a company's industry group, usually create our payoffs. In CenturyLink's case, Jeff Storey became the CEO ahead of schedule, and the company's strong results reflected cost reductions and the ability to maintain the dividend. At OCI, the successful completion and ramp up of the Iowa nitrogen plant in 2017 and the Texas methanol plant in 2018 were two discrete events that drove stock surges and contributed to a longer, ongoing price gain as the market digested them. At Belmond, the board announced it had hired bankers to review "strategic options" for the company. After Sonic's substantial share repurchases, owned store conversions to franchisees and improving sales helped increase earnings, Inspire Brands offered to buy the company at our appraisal price.

The charts below illustrate the sudden and uncorrelated payoffs at each company, highlighting cases where the stock rose more than 10% in a week. The graphs show the company's stock price movement versus its broader index and its industry group performance.

CenturyLink Price Chart

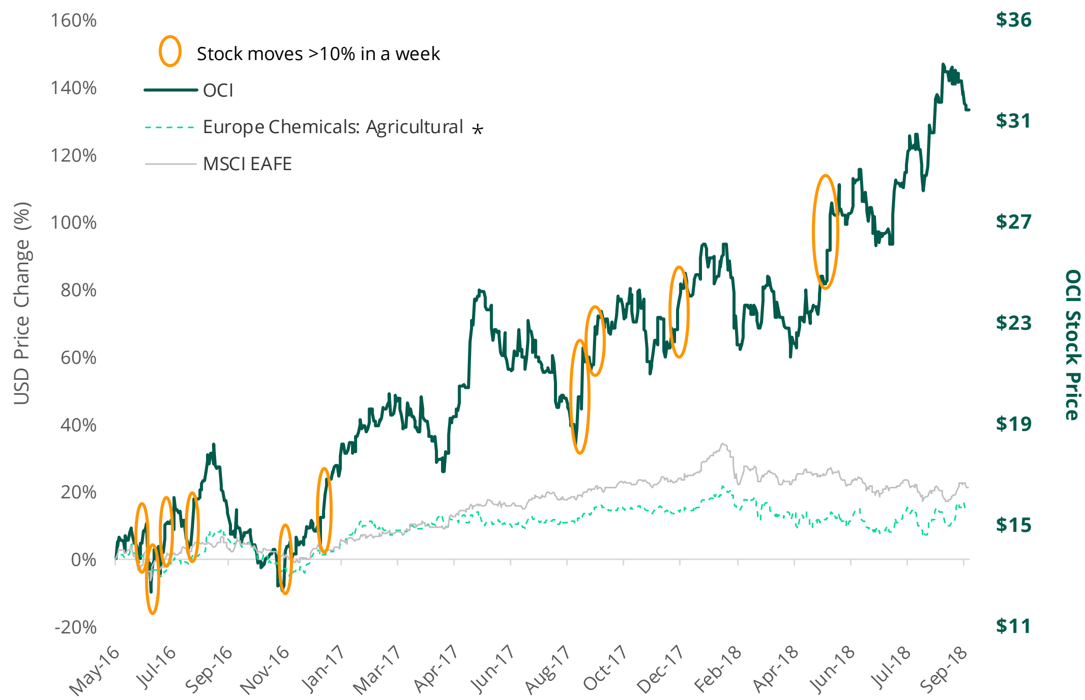
Since Level 3 acquisition (11/1/2017 to 9/30/2018)



Source FactSet
** FactSet Market Index*

OCI Price Chart

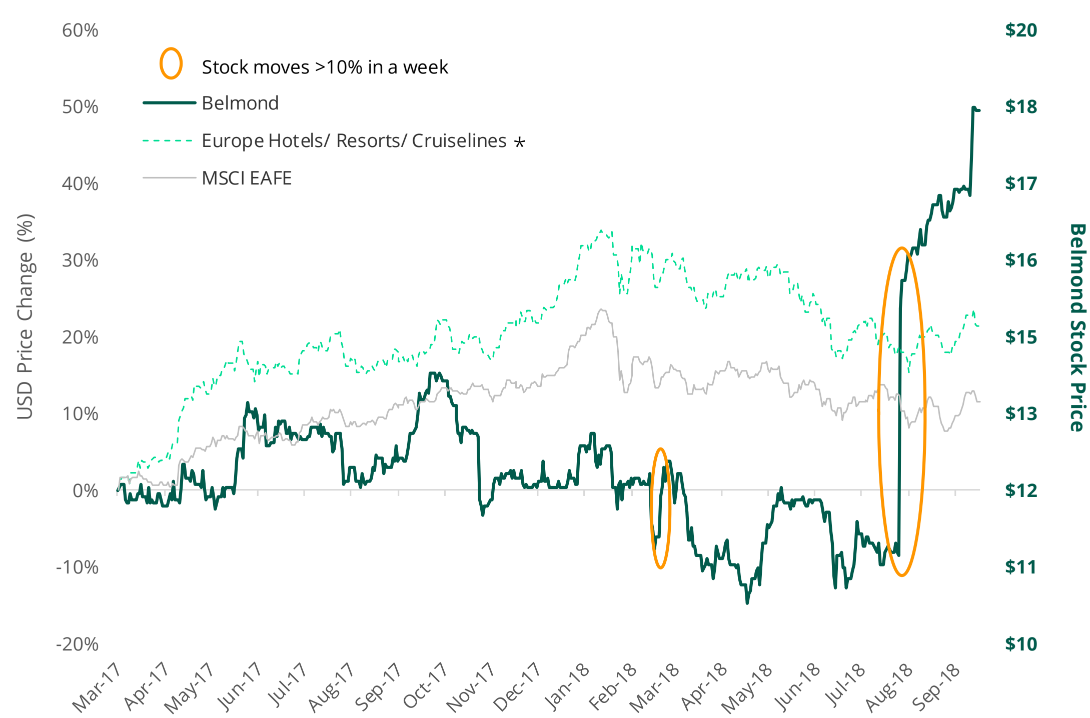
Since failed CF acquisition (5/23/2016 to 9/30/2018)



Source FactSet
** FactSet Market Index*

Belmond Price Chart

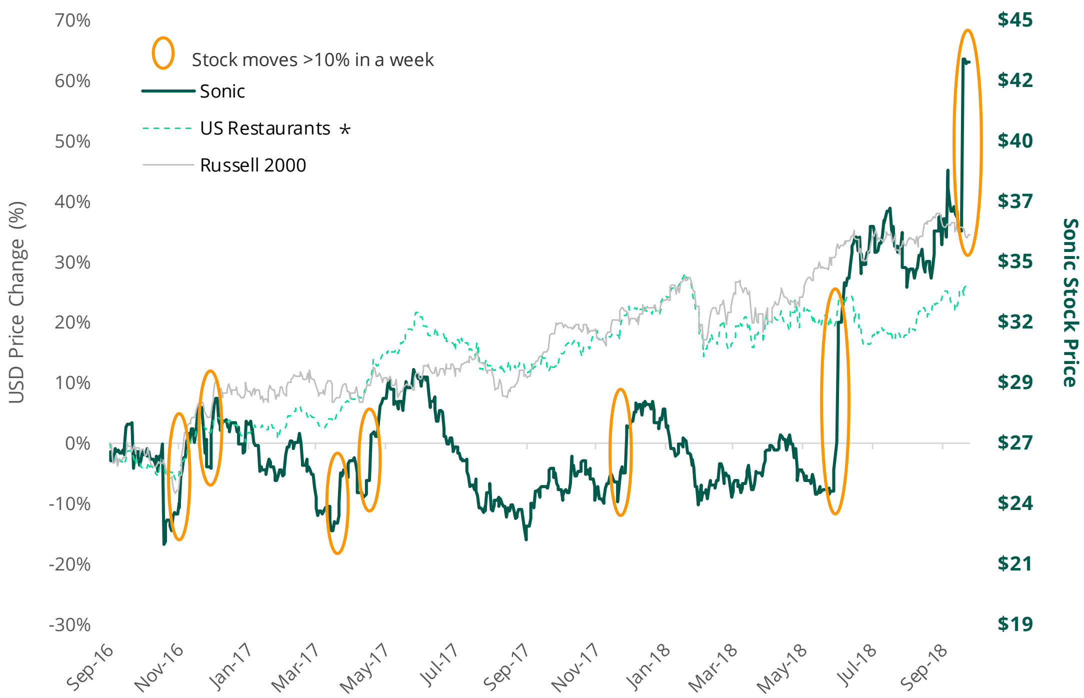
Since Southeastern purchase (3/15/2017 to 9/30/2018)



Source FactSet
** FactSet Market Index*

Sonic Price Chart

Since Southeastern purchase (9/7/2016 to 9/30/2018)



Source FactSet

** FactSet Market Index*

The recent performance bursts at these companies indicate how quickly and unexpectedly prices can rise, but this year's payoffs are not necessarily a victory lap. Stock price moves can take longer than we would like. We owned CenturyLink's predecessor, Level 3, for a number of years while the company's founder reduced industry capacity through consolidation, before Jeff Storey became CEO and drove higher revenues over the fiber network. We must constantly reassess each investment to determine if, and when, value growth is no longer a high probability because payoffs ultimately follow the direction of corporate value. We sold Sonic because it is being purchased by a private company paying fair value. We still own the other three companies, since their prices remain below our appraisals, which are growing. Additionally, we believe each company has unique upside potential beyond our long-hand appraisal, and our management partners are capable of extracting that upside, regardless of what happens in broader stock markets.

Outlook

When we invested in the businesses responsible for the Funds' recent returns, we did not know when their overly discounted stock prices would rebound. We were buying competitively advantaged companies led by good stewards, who we felt had the potential to grow value per share over time. We believed that at some point, the intrinsic value of the company would be reflected in the stock price. Today, we have a similar view of our current holdings, which is why we are optimistic about our prospects for long-term future returns. We remain engaged with our management partners, who are properly focused on shareholders, and who, we believe, will play an important role in driving value recognition. We are confident the payoffs can come, albeit not in a pattern or timeframe we can predict or that looks like market indices.

We are further encouraged about future returns, as we continue to find more qualifying investments. In spite of rising indices in the U.S., select good businesses are discounted, even as their values increase. The EAFE Index's positive performers have been limited, and we have more opportunities than we have cash in the International and Global Funds. We believe we can compound at attractive rates in unexpected bursts over the next 5 years across the Longleaf Funds. Given the deeper discounts and broader opportunity set, the payoff patterns outside of the U.S. could be particularly compelling.

See following page for important disclosures.

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

RISKS

The Longleaf Partners Funds are subject to stock market risk, meaning stocks in the Funds may fluctuate in response to developments at individual companies or due to general market and economic conditions. Also, because the Funds generally invest in 15 to 25 companies, share value could fluctuate more than if a greater number of securities were held. Mid-cap stocks held may be more volatile than those of larger companies. With respect to the Small-Cap Fund, smaller company stocks may be more volatile with less financial resources than those of larger companies. With respect to the International and Global Funds, investing in non-U.S. securities may entail risk due to non-US economic and political developments, exposure to non-US currencies, and different accounting and financial standards. These risks may be higher when investing in emerging markets.

There is no assurance the investment process discussed will consistently lead to successful investing. There is no assurance the Fund objectives will be met.

The S&P 500 Index is an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. An index cannot be invested in directly.

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

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

MSCI World Index is a broad-based, unmanaged equity market index designed to measure the equity market performance of 24 developed markets, including the United States. An index cannot be invested in directly.

As of September 30, 2018, the top ten holdings for the Longleaf Partners Fund: CenturyLink, 11.8%; CK Hutchinson, 7.5%; LafargeHolcim, 6.5%; FedEx, 6.3%; Mattel, 6.1%; CNX Resources, 5.4%; GE, 5.3%; Park Hotels, 4.9%; Fairfax, 4.9%; Allergan, 4.8%. Longleaf Partners Small-Cap Fund: CenturyLink, 7.8%; OCI, 7.7%; Liberty Media, 6.3%; Graham Holdings, 6.2%; Mattel, 5.3%; Park Hotels, 5.2%; Realogy Holdings, 4.7%; ViaSat, 4.7%; Neiman Marcus, 4.7%; Hopewell, 4.3%. Longleaf Partners International Fund: OCI, 8.0%; EXOR, 8.0%; CK Hutchison, 7.3%; LafargeHolcim, 6.6%; Belmond, 5.5%. Melco, 5.1%, Thyssenkrupp, 5.1%; Baidu, 4.9%; Millicom, 4.7%; CK Asset, 4.7%. Longleaf Partners Global Fund: CenturyLink, 9.7%; EXOR, 7.7%; CK Hutchison, 6.5%; OCI, 6.1%; FedEx, 5.5%; Comcast, 5.3%; GE, 5.1%, Fairfax, 4.9%; Allergan, 4.8%; Vestas Wind Systems, 4.8%. Fund holdings are subject to change and holding discussions are not recommendations to buy or sell any security. Current and future holdings are subject to risk.

The statements and opinions expressed are those of the author and are as of the date of this report.

Mutual Funds distributed by ALPS Distributors, Inc.
LLP000801
Expires 1/31/2019

Longleaf Partners Fund

Longleaf Partners Funds

Summary - September 30, 2018

Longleaf Partners Funds

3Q18
Longleaf Partners Fund

(Closed to New Investors)

(800) 445-9469 / longleafpartners.com

Long-Term / Concentrated / Engaged / Value

Founded in 1975, Southeastern Asset Management is an independent, global investment firm managing $17.3 billion. Partnership is core to all that we do, and Southeastern's employees and related entities are the largest investors across the Longleaf Partners Funds. Our team of 14 research analysts are generalists, tasked with finding the best bottom-up opportunities across the globe.

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

Fund Profile

Investment Style	U.S. mid-large cap value
Ticker	LLPFX
Inception Date	April 8, 1987
Net Assets	$2.8 billion
Expense Ratio	0.95%
Turnover (5 yr avg)	29%
Weighted Average Market Cap.	$85.5 billion

Holdings (16)

	Activity*	Weight
CenturyLink	-	11.8%
CK Hutchison		7.5
LafargeHolcim		6.5
FedEx		6.3
Mattel		6.1
CNX Resources		5.4
General Electric	+	5.3
Park Hotels & Resorts		4.9
Fairfax Financial		4.9
Allergan	-	4.8
Alphabet		4.8
CNH Industrial		4.7
Comcast	-	4.7
CK Asset Holdings		4.5
United Technologies	-	4.3
Undisclosed	NEW	2.9
Cash		10.6
Total		100.0%

*Full eliminations include the following positions: CONSOL Energy.

Holdings are subject to change and discussion of holdings are not a recommendation to buy or sell any security. Holdings are subject to risk. Funds distributed by ALPS Distributed, Inc.

Sector Composition

Industrials	28.1 %
Communication Services	21.3
Real Estate	9.4
Financials	7.8
Materials	6.5
Consumer Discretionary	6.1
Energy	5.4
Healthcare	4.8
Cash	10.6

Performance Contribution

Top Contributors	Return	Portfolio contribution	Top Detractors	Return	Portfolio contribution
CenturyLink	17 %	1.65 %	CNX Resources	-20 %	-1.27 %
Allergan	15	0.69	General Electric	-16	-0.95
CNH Industrial	13	0.64	Undisclosed	-6	-0.27

Performance at 9/30/18

	Total Return		Average Annual Return					
	Qtr	YTD	One Year	Five Year	Ten Year	15 Year	20 Year	Since Inception
Partners Fund	2.70%	3.39%	7.13%	6.15%	8.06%	6.24%	7.69%	10.43%
S&P 500 Index	7.71%	10.56%	17.91%	13.95%	11.97%	9.65%	7.42%	10.02%

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

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

RISKS - The Fund is subject to stock market risk, meaning stocks in the Fund may fluctuate in response to developments at individual companies or due to general market and economic conditions. Also, because the Fund generally invests in 15 to 25 companies, share value could fluctuate more than if a greater number of securities were held. Mid-cap stocks held may be more volatile than those of larger companies.

S&P 500 Index – An index of 500 stocks are chosen for market size, liquidity and industry grouping, among other factors. The S&P is designed to be a leading indicating of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. An index cannot be invested in directly.

October 12, 2018

Longleaf Partners Fund Commentary

3Q18

Longleaf Partners Fund gained 2.70% in the third quarter, on pace to meet our absolute annual goal of inflation plus 10% but lagging the S&P 500 Index's 7.71%. Year-to-date (YTD) the Fund gained 3.39%, while the Index rose 10.56%. The Fund compounded at 7.13% over the last 12 months, below our absolute goal. By contrast, the Index delivered 17.91%, capping off a 9-year bull run with a gain almost 2X its average long-term return. The Fund's relative results in the third quarter, the last year and the last 3 years have been primarily about what has gone right for the Index, rather than poor results at the companies we own.

A concentrated set of companies drove much of the S&P 500's 1-year return. Minus companies in the Information Technology sector, Amazon (part of Consumer Discretionary) and Alphabet and Netflix (both part of Communication Services), the Index would have approximately returned a more modest 8%. While a limited number of stocks often drive most of Index returns, the big drivers over the recent past have been mega technology-related companies that have now grown to a combined size that makes it very unlikely mathematically that they can grow by similar multiples over the next 5 years. We find it difficult to assess with confidence the next 5 years' landscapes and competitive advantages of most technology related businesses and/or think their current multiples imply a growth rate that has no room for inevitable bumps in the road. As was the case in the late 1990's, our requisite margin of safety to hedge against capital loss makes us avoid companies priced for perfection, and, when those dominate, the Fund underperforms.

Average Annual Total Returns (9/30/18): Since Inception (4/8/87): 10.43%, Ten Year: 8.06%, Five Year: 6.15%, One Year: 7.13%.

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

As reported in the Prospectus dated May 1, 2018, the total expense ratio for the Longleaf Partners Fund is 0.95%. The expense ratio is subject to fee waiver to the extent a fund's normal annual operating expenses exceed 1.50% of average net assets.

Beyond the absence of the high-flyers, two other things have held back the Fund's relative returns. First, just as in previous overvalued markets, cash from successful sales has built in the absence of qualifying new investments. The Fund's 18% average cash position over the last year cost approximately 300 basis points versus the Index but obviously incurred no risk of capital loss. Second, five companies based outside of the U.S. comprised 28% of the portfolio and subtracted 112 basis points from performance over the last year. The rising dollar, tariffs and geopolitical uncertainties, such as Brexit, all contributed to Non-U.S. stocks rising just 2.7% (measured by the MSCI EAFE Index) in the last year, while the overpriced U.S. market appreciated over 6X that amount. The Fund's foreign holdings - LafargeHolcim, CK Hutchison, CK Asset, CNH and Fairfax - each have growing, quality, global businesses led by capable management teams and we view them as superior or comparable to their U.S. peers, even though they trade at lower multiples.

Although we believe the Index will face a correction and revert to its long-term average return at some point, our ability to compound at a real double-digit rate does not depend on what happens to the Index. With around twenty holdings, performance in any given year usually comes from just a few stocks. Company-specific events and management-led outcomes drive the Fund's investment results, which generally have little to do with what drives the broader index. Stock prices often move up in a short number of days as sentiment quickly changes. For example, CenturyLink was the Fund's largest contributor for the quarter and YTD as management delivered results that many had doubted, and the stock gained 26% over just 3 days in 2018. CNH rose 18% in less than two weeks after raising guidance, having its debt upgraded, and appointing a new CEO. Park Hotels began a 3-month 34% rise with news of HNA's plan to sell its 25% stake.

Living patiently with idiosyncratic payoff patterns can be difficult but is necessary. More often investors make decisions based on stock price performance without regard to the direction of a company's underlying business value. Chasing performance puts capital at risk, with the danger usually realized too late. We usually do not know when payoffs among our portfolio companies will occur, but most values are appreciating, and many current holdings offer significant upside potential with our management partners pursuing restructuring, substantial repurchases at deep discounts and sales of assets or entire businesses.

Contributors/Detractors

(Q3 Investment return; Q3 Fund contribution)

CenturyLink (17%,1.65%), the global fiber infrastructure company, was the Fund's largest contributor. Quarterly EBITDA grew 5% year-over-year (YOY) on nearly 300 basis points of margin improvement. The company's Business segment revenues showed a slight decline due to management's appropriate decision to eliminate unprofitable customers. Looking ahead, the company is improving customer service while reducing network, billing and inventory expenses. With free cash flow (FCF) ($3+/share) easily covering the dividend ($2.16/share), CenturyLink is reducing debt and expanding in select areas of enterprise and consumer broadband. Late in the quarter, CFO Sunit Patel announced his departure to oversee the merger integration at Sprint and T-Mobile. Patel has been a valued partner during our investment with Level 3 and CenturyLink. Although the stock pulled back upon the announcement, Patel's departure does not impact our appraisal of the company. Interim CFO Neel Dev is a well prepared 14-year company veteran who has worked directly under Patel for the last 6 years and overseen much of the successful merger integration.

Allergan (15%, 0.69%), the pharmaceutical company, added to the Fund's results in the quarter. Allergan's Medical Aesthetics portfolio, consisting of Botox, Juvederm and Coolsculpting, grew revenues 12%. Despite the stock's recent performance, the price ascribes little-to-no value for Allergan's promising late-stage mental health, migraine and macular degeneration research and development pipeline projects. During the quarter, CEO Brent Saunders sold the company's dermatology drug portfolio to Almirall for a good price and increased the share repurchase program by $2billion. The stock trades at a low-double-digit multiple of next year's FCF, despite Botox's growing consumer franchise, insulation from systemic healthcare cost pressures and large non-earning assets in the pipeline.

CK Hutchison (10%, 0.64%), a conglomerate of telecommunications, health & beauty, infrastructure, global ports and energy, was a contributor in the quarter. CK Hutchison reported strong first half results, with YOY revenue and EBITDA up +16% and +19%, respectively. Interim dividend per share grew by 11.5%, the first double-digit increase in the past decade. The company highlighted the strength of its Retail segment, which is the largest health and beauty retailer in the world with over 14,000 stores, 12 brands and 130 million loyalty members that contribute over 62% of sales. Oil price recovery added to Husky results. In the first half, revenue increased by 37% YOY and EBITDA by 47%. In the quarter, CK Hutchison announced the sale of its interests in several infrastructure projects at a 12X earnings and redeployed the proceeds to acquire an Italian telecom joint venture at 5x earnings. Management also repurchased the company's discounted shares in the quarter for the first time in almost 2 years.

CNH Industrial (CNHI) (13%, 0.64%), the maker of Case and New Holland agriculture equipment (AG) and Iveco trucks (CV), added to performance. CNHI reported strong Q2 results with sales growing 13% YOY at constant currency and EBITDA up 30%. Management upgraded its FY18 forecast. The AG segment continued to improve, with sales up 18% YOY. Increasing replacement demand for high horsepower NAFTA row crop equipment is driving AG margins higher. Cash generation was strong, and S&P Global raised CNHI's credit rating by a notch within investment grade. The company continued to return excess capital to shareholders in the form of dividends and buybacks. New CEO Hubertus M. Mühlhäuser, who has both AG and breakup experience, joined in the quarter.

United Technologies (12%, 0.56%), the industrial conglomerate, contributed in the quarter. Aerospace revenues grew high single-digits, and the Rockwell Collins acquisition is scheduled to close soon. Climate, Controls and Security segment revenues increased steadily at 4%. Otis Elevators had smaller growth but a 10% increase in new equipment orders. Missed quarters, confusion around the company's strategy and the temporary growing pains for Pratt & Whitney's geared turbofan (GTF) engine allowed us to purchase the stock cheaply three years ago, but these worries are all fading. CEO Greg Hayes and the board are considering separating the company's three businesses, which would likely result in further value recognition.

CNX Resources (-20%, -1.27%), the Appalachian natural gas exploration and production (E&P) company, detracted from performance in the quarter. The company disappointed the market on a few metrics – some that the company can do better on itself, some outside of its control – that did not impact our long-term appraisal. To the positive, the company closed the sale of a Utica joint venture for $400 million. Additionally, former partner Noble finally sold the last of its ownership of CNX's midstream master limited partnership, removing an overhang and enabling CNX to operate the business more flexibly. CEO Nick Deluliis and CFO Don Rush continued repurchasing discounted shares at an annualized double-digit pace, which is very rare in the E&P world.

General Electric (-16%, -0.95%), the reorganizing aviation, healthcare and power company, declined after announcing a technical problem with an H-series gas turbine blade. Based on management's assessment, we view this as a temporary issue that should not impact the Power segment's long-term value – much like United Technology's GTF issues during our first 1-2 years of owning it. The extreme negative sentiment around the company, however, caused the stock price to overcompensate for any disappointing news. More importantly, GE Aviation and Healthcare, which constitute a large majority of our appraisal, grew on strong orders and revenues. Over the last year, GE sold nearly $18 billion of businesses for higher prices than we carried them. On October 1, the company announced that board member Larry Culp, former CEO of Danaher, would become CEO and Chairman, replacing John Flannery. We were excited when Culp joined the board in April, given his success at Danaher, and we believe he can accelerate GE's turnaround that Flannery initiated. In the next year, it is possible that GE's Healthcare segment could be spun off or sold to one of several suitors willing to pay a fair price. Energy (Baker Hughes) also is a candidate for monetizing. Transportation is slated to be a separate entity by this time next year. We believe that, as the company's structure simplifies and divestitures further strengthen the balance sheet, the stock should more properly reflect the values of these strong assets, which we believe to be worth more than$20/share.

Portfolio Activity

During the quarter, we began purchasing one new business, which remains undisclosed while we work to build the position. The market's big gains in the quarter reduced our on-deck list of prospects, as prices moved away. We sold CONSOL Energy, the coal business that spun off from gas company CNX Resources in November of 2017. Since separating, the stock gained 93%, after strong production led to increased earnings guidance.

Outlook

Because it is a challenging time for disciplined value investors to buy discounted, quality businesses, the Fund's cash remained high, ending the quarter at 10.6%. Cash has been a performance headwind in this strong market, but we are disciplined buyers and will seek to avoid putting capital at risk of loss. We are confident that we will find additional qualifiers, as individual companies fall out of favor or the whole market pulls back.

The Fund's high-60%s price-to-value ratio (P/V) is based on our discounted FCF appraisals, which are growing and potentially understated, especially to the extent that our management partners are successful in their pursuit of value recognition. Many companies we own are in whole or have parts that are more valuable to others, and acquisition multiples are notably higher than our long-hand appraisal math. We have CEOs with a history of monetizing assets and selling companies at fair prices, including Jeff Storey at CenturyLink, Victor Li at CK Hutchison and CK Asset, Ynon Kreiz at Mattel, Nick Deluliis at CNX, Tom Baltimore at Park Hotels, Brent Saunders at Allergan, Prem Watsa at Fairfax and Greg Hayes at United Technologies. Transactions offer upside optionality not imbedded in the stock price or our appraisal.

As important, our appraisals should grow, as our management partners focus on the competitive strengths of their companies, drive higher margins and reinvest FCF prudently, including into discounted shares. Whether by internally-driven operations or externally-focused capital allocation, rising values ultimately pull stock prices higher. The timing is usually unpredictable, and big performance spikes occur regardless of the broader stock market's direction. As the managers and largest collective investor in the Partners Fund, we are confident that our CEOs can create more of the idiosyncratic, large payoffs that have driven the Fund's successful long-term results.

See following page for important disclosures.

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

RISKS

The Longleaf Partners Fund is subject to stock market risk, meaning stocks in the Fund may fluctuate in response to developments at individual companies or due to general market and economic conditions. Also, because the Fund generally invests in 15 to 25 companies, share value could fluctuate more than if a greater number of securities were held. Mid-cap stocks held by the Fund may be more volatile than those of larger companies.

The S&P 500 Index is an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. An index cannot be invested in directly.

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

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

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

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

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

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

As of September 30, 2018, the top ten holdings for the Longleaf Partners Fund: CenturyLink, 11.8%; CK Hutchinson, 7.5%; LafargeHolcim, 6.5%; FedEx, 6.3%; Mattel, 6.1%; CNX Resources, 5.4%; GE, 5.3%; Park Hotels, 4.9%; Fairfax, 4.9%; Allergan, 4.8%. Fund holdings are subject to change and holdings discussions are not recommendations to buy or sell any security. Current and future holdings are subject to risk.

Funds distributed by ALPS Distributors, Inc.

LLP000807
Expires 1/31/2019

Longleaf Partners Small-Cap Fund

Longleaf Partners Funds

Summary - September 30, 2018

3Q18
Longleaf Partners Small-Cap Fund

(Closed to New Investors)

(800) 445-9469 / longleafpartners.com

Longleaf Partners Funds

Long-Term / Concentrated / Engaged / Value

Founded in 1975, Southeastern Asset Management is an independent, global investment firm managing $17.3 billion. Partnership is core to all that we do, and Southeastern's employees and related entities are the largest investors across the Longleaf Partners Funds. Our team of 14 research analysts are generalists, tasked with finding the best bottom-up opportunities across the globe.

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

Fund Profile

Investment Style	U.S. small-cap value
Ticker	LLSCX
Inception Date	February 21, 1989
Net Assets	$4.0 billion
Expense Ratio	0.92%
Turnover (5 yr avg)	35%
Weighted Average Market Cap.	$6.7 billion

Holdings (16)

	Activity*	Weight
CenturyLink		7.8 %
OCI		7.7
Formula One Group	-	6.3
Graham Holdings		6.2
Mattel	+	5.3
Park Hotels & Resorts	-	5.2
Realogy	+	4.7
ViaSat		4.7
Neiman Marcus *(bonds)*		4.7
Hopewell		4.3
CNX Resources	+	4.3
Undisclosed	NEW	4.1
Eastmand Kodak *(preferreds/common)*		4.1
Actuant		4.1
Undisclosed	NEW	1.1
GCI Libery		0.2
Cash		25.2
Total		100.0%

*Full eliminations include the following positions: CONSOL Energy, Forest City, and Sonic.

Holdings are subject to change and discussion of holdings are not a recommendation to buy or sell any security. Holdings are subject to risk. Funds distributed by ALPS Distributed, Inc.

Sector Composition

Consumer Discretionary	16.2 %
Communication Services	14.3
Real Estate	14.2
Materials	11.8
Information Technology	8.8
Energy	4.3
Industrials	4.1
Financials	1.1
Cash	25.2

Performance Contribution

Top Contributors	Return	Portfolio contribution
Sonic	27 %	1.45 %
OCI	18	1.22
CenturyLink	17	1.21

Top Detractors	Return	Portfolio contribution
CNX Resources	-19 %	-1.01 %
Realogy	-9	-0.43
Mattel	-4	-0.25

Performance at 9/30/18

	Total Return		Average Annual Return					
	Qtr	YTD	One Year	Five Year	Ten Year	15 Year	20 Year	Since Inception
Small-Cap Fund	2.76%	10.69%	12.61%	10.17%	12.64%	10.88%	11.00%	11.11%
Russell 2000 Index	3.58%	11.51%	15.24%	11.07%	11.11%	10.12%	9.45%	9.94%

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

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

RISKS - The Fund is subject to stock market risk, meaning stocks in the Fund may fluctuate in response to developments at individual companies or due to general market and economic conditions. Also, because the Fund generally invests in 15 to 25 companies, share value could fluctuate more than if a greater number of securities were held. Smaller company stocks may be more volatile with less financial resources than those of larger companies.

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

October 12, 2018

Longleaf Partners Small-Cap Fund Commentary

3Q18

Longleaf Partners Small-Cap Fund gained 2.76% in the third quarter, while the Russell 2000 Index rose 3.58%. The Fund's year-to-date (YTD) 10.69% return was slightly short of the Index's 11.51% but is exceeding our annual absolute goal of inflation plus 10%, as did the 1 and 3-year returns. Because it has been a challenging time for disciplined value investors to buy discounted, quality businesses, the Fund's cash has remained high.

With around twenty holdings, performance in any given quarter or year usually comes from just a few stocks. Company-specific events and management-led outcomes drive our investment results, which generally have little to do with what drives the broader index. Stock prices often spike in a short number of days as sentiment quickly changes. 100% or more of a stock's multi-year return can occur in a matter of days. For example, in the third quarter, the announcements that Forest City and Sonic were being acquired moved their stocks to fair value in less than a day. As managements delivered results that many had doubted, CenturyLink and OCI posted large returns in the quarter, as did Park Hotels and Actuant earlier in the year. In spite of their rapid stock moves, these businesses remain below our appraisals, and we believe our partners can build additional value.

Living patiently with idiosyncratic payoff patterns can be difficult but is necessary. More often investors make decisions based on stock price performance without regard to the direction of

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Average Annual Total Returns (9/30/18): Since Inception (2/21/89): 11.11%, Ten Year: 12.64%, Five Year: 10.17%, One Year: 12.61%.

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

As reported in the Prospectus dated May 1, 2018, the total expense ratios for the Longleaf Partners Small-Cap Fund is 0.92%. The expense ratio is subject to fee waiver to the extent a fund's normal annual operating expenses exceed 1.50% of average net assets.

a company's underlying business value. Chasing performance puts capital at risk, with the danger usually realized too late. We usually do not know when payoffs among our portfolio companies will occur, but most values are appreciating. Many current holdings offer significant upside potential with our management partners pursuing restructuring/corporate actions (Mattel, Formula One Group and Neiman Marcus), substantial repurchases at deep discounts (Realogy and CNX) and sales of assets or entire businesses (Kodak, Park Hotels, Actuant and Graham Holdings). At some holdings, such as ViaSat, other shareholders are actively pursuing value recognition.

Contributors/Detractors

(Q3 Investment return; Q3 Fund contribution)

Sonic (27%, 1.45%), the drive-in quick serve restaurant (QSR) franchise, was the largest performance contributor. Following improved sales growth and a large share repurchase authorization that drove the stock up over 35% in the second quarter, the company announced in the last week of September that Inspire Brands, a private equity-backed company, is acquiring Sonic at a good price. We appreciate CEO Cliff Hudson and his team, who built value by selling company-owned stores to franchisees, improving operations and repurchasing a significant number of shares, while developing a mobile app to capitalize on the chain's unique drive-in format. The stock returned 96% during our 2-year holding period. Sonic represents several common traits in Southeastern's investments. First, the payoff was company-specific with unpredictable timing, with all the stock's 2018 return occurring across just 5 days, following a period when the shares languished. Second, our engagement with management was positive and highly productive, as we filed a 13D to talk more openly with Hudson about ways to drive value per share. Third, large ownership stakes can help our outcome without creating liquidity challenges. Our 17% ownership of Sonic played an important role in our ability to constructively engage with the company, and we sold our shares in one day upon the acquisition announcement at a tiny discount to the offer price, with some shares selling above the offer because the stock was so heavily shorted.

OCI (18%, 1.22%), a leading producer of nitrogen fertilizers and natural gas-based chemicals, was a strong contributor this quarter, as new projects continued to ramp up, and commodity price strength came through. The methanol market should remain strong for the coming 4 to 5 years due to lack of supply and increasing demand. In the quarter, OCI completed its tender for the remaining shares of OCI Partners, the master limited partnership (MLP) primarily made up of a single integrated methanol and ammonia facility on the U.S. Gulf coast. The price paid is already looking good, as methanol's price has continued to increase since the deal was announced. CEO Nassef Sawiris delivered value growth through this transaction, as well as the successful completion and ramp up of major plants in Iowa and Texas in the last few years. With large capital expenditure (capex) projects complete, free cash flow (FCF) should grow meaningfully.

CenturyLink (17%,1.21%), the global fiber infrastructure company, was a large contributor. Quarterly EBITDA grew 5% year-over-year (YOY) on nearly 300 basis points of margin improvement. The company's Business segment revenues showed a slight decline due to management's appropriate decision to eliminate unprofitable customers. Looking ahead, the company is improving customer service while reducing network, billing and inventory expenses. With FCF ($3+/share) easily covering the dividend ($2.16/share), CenturyLink is reducing debt and expanding in select areas of enterprise and consumer broadband. Late in the quarter, CFO Sunit Patel announced his departure to oversee the merger integration at Sprint and T-Mobile. Patel has been a valued partner during our investment with Level 3 and CenturyLink. Although the stock pulled back upon the announcement, Patel's departure does not impact our appraisal of the company. Interim CFO Neel Dev is a well prepared 14-year company veteran who has worked directly under Patel for the last 6 years and overseen much of the successful merger integration.

CNX Resources (-19%, -1.01%), the Appalachian natural gas exploration and production (E&P) company, detracted from performance in the quarter. The company disappointed the market on a few metrics – some that the company can do better on itself, some outside of its control – that did not impact our long-term appraisal. To the positive, the company closed the sale of a Utica joint venture for $400 million. Additionally, former partner Noble finally sold the last of its ownership of CNX's midstream MLP, removing an overhang and enabling CNX to operate the business more flexibly. CEO Nick DeIuliis and CFO Don Rush continued repurchasing discounted shares at an annualized double-digit pace, which is very rare in the E&P world.

Portfolio Activity

During the quarter, we began purchasing two new businesses, which remain undisclosed, as we hope to build those positions. We exited three businesses, including the Sonic sale described above. Forest City, the diversified real estate company that we purchased in the second quarter, received a bid from Brookfield near our appraisal. In our short 3-month holding period, the stock gained 26%. We previously owned Forest City and knew its assets well. The stock became discounted after the company rejected an offer in April. We believed that, following the expiration of the 5-year tax penalty for transactions after its REIT conversion, a higher offer was likely. Given the discount, prospects for value growth and capable management team, we anticipated profiting regardless of whether the company ultimately was acquired. In late July, CEO David LaRue and CFO Bob O'Brien agreed to sell the company at a premium.

We also sold CONSOL Energy, the coal business that spun off from gas company CNX Resources in November of 2017. Since separating, the stock gained 93%, as strong production led to increased earnings guidance.

Outlook

The large move in small cap stocks since the tax bill passed last year has made finding discounted high quality companies more challenging. Our third quarter sales, two of which were due to buyouts, increased the Fund's cash to 25%. Cash has been a headwind in this strong market, but we will remain disciplined buyers and seek to avoid putting capital at risk of loss.

The Fund's low-70%s price-to-value ratio (P/V) is based on our discounted FCF appraisals, but to the extent we continue to have acquisitions, our appraisals are understated. Takeout multiples are higher than our long-hand math. We believe that over the next five years, we are likely to see other businesses we own get bought at premium prices, based on the quality of the assets that others would benefit from owning and the history of many of our management partners, who previously have sold either companies or business segments and/or have stated their desire to sell their current companies. We will wait patiently for the idiosyncratic, large payoffs that have driven the Fund's successful long-term results.

See following page for important disclosures.

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

RISKS

The Longleaf Small-Cap Fund is subject to stock market risk, meaning stocks in the Fund may fluctuate in response to developments at individual companies or due to general market and economic conditions. Also, because the Fund generally invests in 15 to 25 companies, share value could fluctuate more than if a greater number of securities were held. Smaller company stocks may be more volatile with less financial resources than those of larger companies.

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

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

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

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

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

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

REIT is a real estate investment trust.

As of September 30, 2018, the top ten holdings for the Longleaf Partners Small-Cap Fund: CenturyLink, 7.8%; OCI, 7.7%; Liberty Media, 6.3%; Graham Holdings, 6.2%; Mattel, 5.3%; Park Hotels, 5.2%; Realogy Holdings, 4.7%; ViaSat, 4.7%; Neiman Marcus, 4.7%; Hopewell, *4.3%. Fund holdings are subject to change and holding discussions are not recommendations to buy or sell any security. Current and future holdings are subject to risk.*

Funds distributed by ALPS Distributors, Inc.

LLP000808
Expires 1/31/2019

Longleaf Partners International Fund

Longleaf Partners Funds

Summary - September 30, 2018

3Q18
Longleaf Partners International Fund

(800) 445-9469 / longleafpartners.com

Fund Profile

Investment Style	International value
Ticker	LLINX
Inception Date	October 26, 1998
Net Assets	$1.1 billion
Expense Ratio (Gross/Net)	1.19% / 1.15%
Turnover (5 yr avg)	36%
Weighted Average Market Cap.	$16.9 billion

Holdings (20)

	Activity*	Weight
OCI		8.0 %
EXOR		8.0
CK Hutchison		7.3
LafargeHolcim		6.6
Belmond	-	5.5
Melco International	+	5.1
Thyssenkrupp	+	5.1
Baidu	+	4.9
Millicom	+	4.7
CK Asset Holdings		4.7
Great Eagle		4.6
Fairfax Financial		4.5
MinebeaMitsumi		4.5
Vestas Wind Systems		4.5
C&C	+	4.3
Undisclosed	NEW	3.4
Ferrovial	-	2.9
Bharti Infratel		2.5
AIN Holdings Inc.	-	1.3
Undisclosed	NEW	0.4
Cash		7.2
Total		100.0%

*Full eliminations include the following positions: Genting Berhad, Hikma Pharmaceuticals, Televisa, Vocus Group.

Holdings are subject to change and discussion of holdings are not a recommendation to buy or sell any security. Holdings are subject to risk. Funds distributed by ALPS Distributed, Inc.

The total expense ratio for the Longleaf Partners International Fund is 1.19% (gross) and 1.15% (net). The International Fund's expense ratio is subject to a fee waiver to the extent the Fund's normal annual operating expenses exceed 1.15% of average annual net assets.

LLP000774 expires November 30, 2018

Longleaf Partners Funds

Long-Term / Concentrated / Engaged / Value

Founded in 1975, Southeastern Asset Management is an independent, global investment firm managing $17.3 billion. Partnership is core to all that we do, and Southeastern's employees and related entities are the largest investors across the Longleaf Partners Funds. Our team of 14 research analysts are generalists, tasked with finding the best bottom-up opportunities across the globe.

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

Sector Composition

Industrials	22.6 %
Materials	19.7
Financials	12.5
Communication Services	12.1
Consumer Discretionary	10.6
Real Estate	9.3
Consumer Staples	6.0
Cash	7.2

Regional Composition

Europe ex-U.K.	47.5 %
Asia ex-Japan	29.1
Japan	5.8
U.K.	5.5
North America	4.9
Cash	7.2

Performance Contribution

Top Contributors	Return	Portfolio contribution
Belmond	64 %	2.85 %
OCI	18	1.33
CK Hutchison	10	0.71

Top Detractors	Return	Portfolio contribution
Melco International	-34 %	-2.20 %
Bharti Infratel	-13	-0.39
Baidu	-6	-0.24

Performance at 9/30/18

	Total Return		Average Annual Return					
	Qtr	YTD	One Year	Five Year	Ten Year	15 Year	20 Year	Since Inception
International Fund	3.19%	3.13%	2.81%	3.82%	4.80%	5.38%	na%	7.74%
MSCI EAFE Index	1.36%	-1.43%	2.74%	4.42%	5.38%	6.80%	na%	4.70%

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

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

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

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

October 12, 2018

Longleaf Partners International Fund Commentary

3Q18

Longleaf Partners International Fund gained 3.19% in the third quarter, on pace to exceed our absolute goal of inflation plus 10%, as well as the MSCI EAFE Index's 1.36% return. The Fund's last 3 months comprised all the Fund's 3.13% year-to-date (YTD) rise, which exceeded the Index decline of -1.43%. Over the last 9 months, the Fund maintained positive results, in spite of the headwinds of a rising U.S. dollar, trade war fears, Emerging Market weakness and uncertainty over Brexit's unwinding next year. European and Asian markets were broadly negative, declining -2.5 to -2.9%, and Emerging Markets fell more than -7.5%.

With around twenty holdings, performance usually comes from just a few stocks. Company-specific events and management-led outcomes drive the Fund's investment results, which generally have little to do with what drives the broader index. Stock prices often move up in a short number of days as sentiment quickly changes. For example, Belmond was the Fund's largest contributor for the quarter and YTD, as management announced the company would do a strategic review to consider selling some or all of its luxury hotels, and the stock gained 43% in just 4 days. Hikma rose sharply following several positive earnings reports. OCI had several meaningful step-ups in its price over the last year, as its new plants ramped up production and nitrogen

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Average Annual Total Returns (9/30/18): Since Inception (10/26/98): 7.74%, Ten Year: 4.80%, Five Year: 3.82%, One Year: 2.81%.

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

The total expense ratio for the Longleaf Partners International Fund is 1.19% (gross) and 1.15% (net). The expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.15% of average annual net assets.

fertilizer prices rose. Within just a few months of purchase, Televisa and Vocus each gained approximately 30%.

Living patiently with idiosyncratic payoff patterns can be difficult but is necessary. More often investors make decisions based on stock price performance without regard to the direction of a company's underlying business value. Chasing performance puts capital at risk, with the danger usually realized too late. We usually do not know when payoffs among our portfolio companies will occur, but most values are appreciating, and many current holdings offer significant upside potential with our management partners pursuing restructuring, substantial repurchases at deep discounts and sales of assets or entire businesses.

The juxtaposition of rapid, large payoffs in some of the Fund's companies against broader market declines resulted in quite a bit of portfolio activity in the quarter. Trims and four exits funded three new companies, plus additions to five other positions. We have a robust on-deck list of qualifiers, including stocks declining in the broad Asian correction and companies trading at a discount because of geopolitical concerns in countries such as the U.K. and Italy. Conglomerates are a current common source of undervaluation. Companies such as EXOR, the Fund's second largest position, CK Hutchison and Thyssenkrupp trade for substantial discounts to our sum-of-the-parts appraisals. We continue to consider which names can be sources of cash for purchases with a view toward minimizing risk of loss and maximizing portfolio return.

Contributors/Detractors

(Q3 Investment return; Q3 Fund contribution)
Belmond, (64%, 2.85%) a collection of iconic luxury hotels located mostly in Europe, was the Fund's largest contributor in the quarter. Owned Hotels are over 85% of the asset value, with Hotel Management fees another 5-10%. In August, management announced a strategic review of the Hotel Portfolio, which could result in a possible sale of some (or all) of the properties. Operationally, management confirmed guidance of $140-150 million for this year and the EBITDA target of $240 million by 2020. Group bookings for 2019 were up 70%, which should strengthen transient pricing. The company also announced that following last year's Caribbean hurricane, Cap Juluca and La Samanna will re-open by the end of the year. Belmond is a good example of several important Southeastern traits. First, the payoff came swiftly, driven by the unanticipated news of a strategic review, which did not change the value of the assets but made value recognition more likely. Second, our engagement with management

was positive and collaborative, and we are pleased our partners decided to seek maximum value via outside bidders. Third, Belmond illustrates how our global research team benefits from being a single unit, as opposed to geographic or industry silos. The Fund's Co-Manager Staley Cates surfaced the idea from the U.S.; our hotel CEO partners and board members from investments past and present helped confirm our case; and our London analysts handled the local engagement with CEO Roeland Vos, as well as the assessment of the company's primary properties.

OCI (18%,1.33%), a leading producer of nitrogen fertilizers and natural gas-based chemicals, was a strong contributor this quarter, as new projects continued to ramp up and commodity price strength came through. The methanol market should remain strong for the coming 4 to 5 years due to lack of supply and increasing demand. In the quarter, OCI completed its tender for the remaining shares of OCI Partners, the master limited partnership primarily made up of a single integrated methanol and ammonia facility on the U.S. Gulf coast. The price paid is already looking good as methanol's price has continued to increase since the deal was announced. CEO Nassef Sawiris delivered value growth through this transaction as well as the successful completion and ramp up of major plants in Iowa and Texas in the last few years. With large capital expenditure (capex) projects complete, free cash flow should grow meaningfully.

CK Hutchison (10%, 0.71%), a conglomerate of telecommunications, health & beauty, infrastructure, global ports and energy, was a contributor in the quarter. CK Hutchison reported strong first half results, with (year over year) YOY revenue and EBITDA up +16% and +19%, respectively. Interim dividend per share grew by 11.5%, the first double-digit increase in the past decade. The company highlighted the strength of its Retail segment, which is the largest health and beauty retailer in the world with over 14,000 stores, 12 brands and 130 million loyalty members that contribute over 62% of sales. Oil price recovery added to Husky results. In the first half, revenue increased by 37% YOY and EBITDA by 47%. In the quarter, CK Hutchison announced the sale of its interests in several infrastructure projects at a 12X earnings and redeployed the proceeds to acquire an Italian telecom joint venture at 5x earnings. Management also repurchased the company's discounted shares in the quarter for the first time in almost 2 years.

Melco (-34%, -2.20%), the Macau based gaming company, was the only notable detractor in the quarter. Investor sentiment soured on Macau due to concerns that growth will decelerate with ongoing U.S.-China trade war issues, a slower Chinese economy and weakening Renminbi. Following analyst downgrades, stock prices for most Macau peers were down 40-50% in the last few months. While we agree that the decline in A-share markets and the slow-down in neighboring province Guangdong (export hub of China) will impact gross gaming revenues, we believe most of the impact will be on the lower-margin VIP business. Increased profits from the growth in the higher-margin Mass business should compensate for any VIP decline over time, as ongoing improvements in infrastructure (HK-Zhuhai-Macau bridge, high speed rail, etc.) and additional supply of hotel rooms make Macau more accessible. Melco is facing additional pressure, as the company looks to IPO its Studio City joint venture in this tough market to fund phase two of this property. On a more positive note, Melco's new Morpheus hotel tower near its City of Dreams casino opened in June this year and is ramping up in line with expectations.

Portfolio Activity

An increasing list of qualifiers created more activity in the quarter. We purchased three new companies, two of which remain undisclosed, as we are still building positions. We exited Genting Berhad because its value stagnated and the Malaysian political environment grew less certain. We sold three additional businesses as their stock prices neared our appraisals. Hikma, a multinational, family-owned and operated, generic pharmaceutical company with three divisions: Branded Generics with products sold primarily in the Middle East and North Africa (MENA), Injectable Generics (U.S., MENA and Europe) and U.S. Oral Generics, was a successful investment, gaining 55% in the 10 months that we owned the company. The Injectables and Branded Generics made up most of the value with high barriers to entry. Over our holding period, our appraisal grew double-digits with considerable progress made in Injectables operations and what turned out to be a more favourable Generics environment. Hikma is an example of not only two quality businesses being temporarily overshadowed by a more competitive one (Oral Generics), but also of the importance of aligned corporate leadership. Much of the turn in results occurred after Chairman Said Darwazah proved his long-term ownership mentality by standing down from the CEO role to bring on well-respected industry veteran Siggi Olafsson.

Vocus was both a new purchase and an exit in the quarter after a quick 27% gain. Vocus is a full-service telco operator providing fixed network services (data, fiber, internet, voice) to Enterprise, Wholesale and Retail customers in Australia and New Zealand. Vocus sold off due to repeated earnings downgrades, management turnover, balance sheet concerns and National Broadband Network related worries. We initiated a position when the stock fell below the replacement cost of its fiber network. Good

2018 fiscal year results, debt refinancing and the appointment of a new, proven CEO created a rapid payoff before we were able to purchase a meaningful position.

Televisa, the Mexican media and cable company that we purchased earlier in 2018, reported solid results with the Cable segment growing at double digits. The Content segment, a laggard in recent years, reported 9% growth in advertising sales, higher network subscription prices and a step-up in its Univision royalty stream. As in the case of Vocus, we got a small position of Televisa before the stock ran away from us, gaining 32% over our brief holding period.

Outlook

Fear-laden markets usually yield investment opportunities. In less than 15 months, the Fund went from a high 29% cash position to being almost fully invested. We are well-positioned to capitalize on the uncertain environment, as we reach the 20th anniversary of the International Fund. Our 15-person global research team is finding prospective qualifiers around the world, working together across offices in Memphis, Asia and Europe. Our analysts are locals who intend to remain in their regions, because we view understanding cultural differences and norms and building long-term networks as critical to our research quality. Additionally, our cumulative research and investments over two decades have built our network and credibility, giving us insights and opportunities to engage with managements.

The International Fund owns strong businesses with capable management partners, who are focused on growing value for shareholders and pursuing value recognition. The Fund's price-to-value ratio (P/V) is in the low 70%s, which does not account for any assets or companies that might be sold at higher take-out multiples. As we continue to swap some of our higher P/V investees for compelling on-deck opportunities, the Fund will become even more discounted. We believe it is an attractive time to add to the International Fund.

See following page for important disclosures.

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

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

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

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

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

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

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

IPO is an initial public offer.

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

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

As of September 30, 2018, the top ten holdings for the Longleaf Partners International Fund: OCI, 8.0%; EXOR, 8.0%; CK Hutchison, 7.3%; LafargeHolcim, 6.6%; Belmond, 5.5%. Melco, *5.1%, Thyssenkrupp, 5.1%; Baidu, 4.9%; Millicom, 4.7%; CK Asset, 4.7%. Fund holdings are subject to change and holding discussions are not recommendations to buy or sell any security. Current and future holdings are subject to risk.*

Funds distributed by ALPS Distributors, Inc.
LLP000809
Expires 1/31/2019

Longleaf Partners Global Fund

Longleaf Partners Funds

Summary - September 30, 2018

3Q18 Longleaf Partners Global Fund

(800) 445-9469 / longleafpartners.com

Fund Profile

Investment Style	Global value
Ticker	LLGLX
Inception Date	December 27, 2012
Net Assets	$0.2 billion
Expense Ratio (Gross/Net)	1.48% / 1.20%
Turnover (5 yr avg)	35%
Weighted Average Market Cap.	$79.1 billion

Holdings (20)

	Activity*	Weight
CenturyLink		9.7 %
EXOR	+	7.7
CK Hutchison	+	6.5
OCI		6.1
FedEx		5.5
Comcast	-	5.3
General Electric	+	5.1
Fairfax Financial		4.9
Allergan	-	4.8
Vestas Wind Systems	+	4.8
Melco International	+	4.8
Alphabet		4.7
LafargeHolcim		4.5
CNX Resources	+	4.4
United Technologies	-	4.1
Ferrovial	-	4.1
CK Asset Holdings	+	4.0
CNH Industrial		3.3
Hopewell	-	1.3
Undisclosed	NEW	0.9
Cash		3.5
Total		100.0%

*Full eliminations include the following positions: CONSOL Energy and Genting Berhad.

The total expense ratio for the Longleaf Partners Global Fund is 1.48% (gross) and 1.20% (net). The Global Fund's expense ratio is subject to a fee waiver to the extent the Fund's normal annual operating expenses exceed 1.20% of average annual net assets.

Holdings are subject to change and discussion of holdings are not a recommendation to buy or sell any security. Holdings are subject to risk. Funds distributed by ALPS Distributors, Inc.

LLP000775 expires November 30, 2018

Longleaf Partners Funds

Long-Term / Concentrated / Engaged / Value

Founded in 1975, Southeastern Asset Management is an independent, global investment firm managing $17.3 billion. Partnership is core to all that we do, and Southeastern's employees and related entities are the largest investors across the Longleaf Partners Funds. Our team of 14 research analysts are generalists, tasked with finding the best bottom-up opportunities across the globe.

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

Sector Composition

Industrials	33.4 %
Communication Services	19.7
Financials	12.6
Materials	10.6
Consumer Discretionary	5.7
Real Estate	5.3
Health Care	4.8
Energy	4.4
Cash	3.5

Regional Composition

North America	48.5 %
Europe ex-U.K.	30.5
Asia ex-Japan	17.5
Cash	3.5

Performance Contribution

Top Contributors	Return	Portfolio contribution
CenturyLink	17 %	1.43 %
OCI	18	0.91
Allergan	15	0.79

Top Detractors	Return	Portfolio contribution
Melco International	-34 %	-2.17 %
CNX Resources	-19	-0.96
General Electric	-16	-0.93

Performance at 9/30/18

	Total Return		Average Annual Return					
	Qtr	YTD	One Year	Five Year	Ten Year	15 Year	20 Year	Since Inception
Global Fund	1.61%	1.27%	3.95%	6.41%	na%	na%	na%	8.55%
MSCI World Index	4.98%	5.43%	11.24%	9.28%	na%	na%	na%	11.08%

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

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

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

MSCI World Index is a broad-based, unmanaged equity market index designed to measure the equity market performance of 24 developed markets, including the United States. An index cannot be invested in directly.

October 10, 2018

Longleaf Partners Global Fund Commentary

3Q18

Longleaf Partners Global Fund gained 1.61% in the third quarter, short of our absolute goal of inflation plus 10%, as well as the MSCI World Index's 4.98% return. Year-to-date (YTD) the Fund gained 1.27%, while the Index rose 5.43%. The Fund compounded at 3.95% over the last 12 months, while the Index delivered 11.24%. The Fund's relative results in the third quarter and the last year have been primarily about what has gone right for the Index, rather than poor results at the companies we own. Over the last 3 years, the Fund has delivered superior performance, resulting in a 17.79% per year return versus 13.54% for the Index.

Our ability to compound at a real double-digit rate does not depend on what happens to the Index. With around twenty holdings, performance in any given year usually comes from just a few stocks. Company-specific events and management-led outcomes drive the Fund's investment results, which generally have little to do with what drives the broader index. Stock prices often move up in a short number of days as sentiment quickly changes. For example, CenturyLink was the Fund's largest contributor for the quarter and YTD, as management delivered results that many had doubted, and the stock gained 26% over just 3 days in 2018. CNH rose 18% in less than two weeks after raising guidance, having its debt upgraded, and appointing a new CEO. OCI had several meaningful step-ups in its price over the last year, as its new plants ramped up production and nitrogen fertilizer prices rose.

Living patiently with idiosyncratic payoff patterns can be difficult but is necessary. More often investors make decisions based on stock price performance without regard to the direction of a company's underlying business value. Chasing performance puts capital at risk, with the

Average Annual Total Returns (9/30/18): Since Inception (12/27/12): 8.55%, Ten Year: na, Five Year: 6.41%, One Year: 3.95%.

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

The total expense ratio for the Longleaf Partners Global Fund is 1.48% (gross) and 1.20% (net). The expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.20% of average annual net assets.

danger usually realized too late. We usually do not know when payoffs among our portfolio companies will occur, but most values are appreciating, and many current holdings offer significant upside potential with our management partners pursuing restructuring, substantial repurchases at deep discounts and sales of assets or entire businesses.

Additionally, although U.S. prospective investments are somewhat limited, we have a robust on-deck list outside the U.S., including stocks declining in the broad Asian correction and companies trading at a discount because of geopolitical concerns in countries, such as the U.K. and Italy. Conglomerates are a current common source of undervaluation. Companies such as EXOR, CK Hutchison, GE and United Technologies trade for substantial discounts to our sum-of-the-parts appraisals.

Contributors/Detractors

(Q3 Investment return; Q3 Fund contribution)
CenturyLink (17%,1.43%), the global fiber infrastructure company, was the Fund's largest contributor in the quarter and for YTD. Quarterly EBITDA grew 5% year-over-year (YOY) on nearly 300 basis points of margin improvement. The company's Business segment revenues showed a slight decline due to management's appropriate decision to eliminate unprofitable customers. Looking ahead, the company is improving customer service while reducing network, billing and inventory expenses. With free cash flow (FCF) ($3+/share) easily covering the dividend ($2.16/share), CenturyLink is reducing debt and expanding in select areas of enterprise and consumer broadband. Late in the quarter, CFO Sunit Patel announced his departure to oversee the merger integration at Sprint and T-Mobile. Patel has been a valued partner during our investment with Level 3 and CenturyLink. Although the stock pulled back upon the announcement, Patel's departure does not impact our appraisal of the company. Interim CFO Neel Dev is a well prepared 14-year company veteran who has worked directly under Patel for the last 6 years and overseen much of the successful merger integration.

OCI (18%, 0.91%), a leading producer of nitrogen fertilizers and natural gas-based chemicals, was a strong contributor this quarter, as new projects continued to ramp up, and commodity price strength came through. The methanol market should remain strong for the coming 4 to 5 years due to lack of supply and increasing demand. In the quarter, OCI completed its tender for the remaining shares of OCI Partners, the master limited partnership (MLP) primarily made up of a single integrated methanol and ammonia facility on the U.S. Gulf coast. The price paid is already looking good, as methanol's price has continued to increase since the deal was announced. CEO Nassef Sawiris delivered value growth through this transaction, as well as the successful completion and ramp up of major plants in Iowa and Texas in the last few years. With large capital expenditure (capex) projects complete, FCF should grow meaningfully.

Allergan (15%, 0.79%), the pharmaceutical company, added to the Fund's results in the quarter. Allergan's Medical Aesthetics portfolio, consisting of Botox, Juvederm and Coolsculpting, grew revenues 12%. Despite the stock's recent performance, the price ascribes little-to-no value for Allergan's promising late-stage mental health, migraine and macular degeneration research and development pipeline projects. During the quarter, CEO Brent Saunders sold the company's dermatology drug portfolio to Almirall for a good price and increased the share repurchase program by $2billion. The stock trades at a low-double-digit multiple of next year's FCF, despite Botox's growing consumer franchise, insulation from systemic healthcare cost pressures and large non-earning assets in the pipeline.

CK Hutchison (10%, 0.58%), a conglomerate of telecommunications, health & beauty, infrastructure, global ports and energy, was a contributor in the quarter. CK Hutchison reported strong first half results, with YOY revenue and EBITDA up +16% and +19%, respectively. Interim dividend per share grew by 11.5%, the first double-digit increase in the past decade. The company highlighted the strength of its Retail segment, which is the largest health and beauty retailer in the world with over 14,000 stores, 12 brands and 130 million loyalty members that contribute over 62% of sales. Oil price recovery added to Husky results. In the first half, revenue increased by 37% YOY and EBITDA by 47%. In the quarter, CK Hutchison announced the sale of its interests in several infrastructure projects at a 12X earnings and redeployed the proceeds to acquire an Italian telecom joint venture at 5x earnings. Management also repurchased the company's discounted shares in the quarter for the first time in almost 2 years.

Melco (-34%, -2.17%), the Macau based gaming company, was the largest detractor in the quarter. Investor sentiment soured on Macau due to concerns that growth will decelerate with ongoing U.S.-China trade war issues, a slower Chinese economy and weakening Renminbi. Following analyst downgrades, stock prices for most Macau peers were down 40-50% in the last few months. While we agree that the decline in A-share markets and the slow-down in neighboring province Guangdong (export hub of China) will impact gross gaming revenues, we believe most of the impact will be on the lower-margin VIP business. Increased profits from the growth in the higher-margin Mass business should compensate for any VIP decline over time, as ongoing improvements in infrastructure (HK-Zhuhai-Macau bridge, high speed rail, etc.) and additional supply of hotel rooms make Macau more accessible. Melco is facing additional pressure, as the company looks to take its Studio City joint venture public in this tough market to fund phase two of this property. On a more positive note, Melco's new Morpheus hotel tower near its City of Dreams casino opened in June this year and is ramping up in line with expectations.

CNX Resources (-19%, -0.96%), the Appalachian natural gas exploration and production (E&P) company, declined after being a notable positive contributor in the second quarter. The company disappointed the market on a few metrics – some that the company can do better on itself, some outside of its control – that did not impact our long-term appraisal. To the positive, the company closed the sale of a Utica joint venture for $400 million. Additionally, former partner Noble finally sold the last of its ownership of CNX's midstream master limited partnership (MLP), removing an overhang and enabling CNX to operate the business more flexibly. CEO Nick DeIuliis and CFO Don Rush continued repurchasing discounted shares at an annualized double-digit pace, which is very rare in the E&P world.

General Electric (-16%, -0.93%), the reorganizing aviation, healthcare and power company, declined after announcing a technical problem with an H-series gas turbine blade. Based on management's assessment, we view this as a temporary issue that should not impact the Power segment's long-term value – much like United Technology's geared turbofan issues during our first 1-2 years of owning it. The extreme negative sentiment around the company, however, caused the stock price to overcompensate for any disappointing news. More importantly, GE Aviation and Healthcare, which constitute a large majority of our appraisal, grew on strong orders and revenues. Over the last year, GE sold nearly $18 billion of businesses for higher prices than we carried them. On October 1, the company announced that board member Larry Culp, former CEO of Danaher, would become CEO and Chairman, replacing John Flannery. We were excited when Culp joined the board in April, given his success at Danaher, and we believe he can accelerate GE's turnaround that Flannery initiated. In the next year, it is possible that GE's Healthcare segment could be spun off or sold to one of several suitors willing to pay a fair price. Energy (Baker Hughes) also is a candidate for monetizing. Transportation is slated to be a separate entity by this time next year. We believe that, as the company's structure simplifies and divestitures further strengthen the balance sheet, the stock should more properly reflect the values of these strong assets, which we believe to be worth more than $20/share.

Portfolio Activity

During the quarter, we began purchasing one new business, which we have previously owned and remains undisclosed, while we work to build the position. We sold CONSOL Energy, the coal business that spun off from gas company CNX Resources in November of 2017. Since separating, the stock gained 79%, as strong production led to increased earnings guidance. We exited Genting Berhad as more attractive investments became available and Genting's own value stagnated.

Outlook

The Global Fund is fully invested in strong businesses with capable management partners who are focused on growing value for shareholders and pursuing value recognition. The Fund's low-70%s price-to-value ratio (P/V) is based on our discounted FCF appraisals, which are growing and potentially understated, especially to the extent that our management partners are successful in their pursuit of value recognition. Many companies we own are in whole or have parts that are more valuable to others, and acquisition multiples are notably higher than our long-hand appraisal math. We have CEOs with a history of monetizing assets and selling companies at fair prices, including Jeff Storey at CenturyLink, John Elkan at EXOR, Victor Li at CK Hutchison and CK Asset, Nassef Sawiris at OCI, Prem Watsa at Fairfax, Brent Saunders at Allergan, Nick Deluliis at CNX, Greg Hayes at United Technologies and Inigo Meiras at Ferrovial. Transactions offer upside optionality not imbedded in the stock price or our appraisal.

As important, our appraisals should grow, as our management partners focus on the competitive strengths of their companies, drive higher margins and reinvest FCF prudently, including into discounted shares. Whether by internally-driven operations or externally-focused capital allocation, rising values ultimately pull stock prices higher. The timing is usually unpredictable, and big performance spikes occur regardless of the broader stock market's direction. We are confident that our CEOs can create more idiosyncratic, large payoffs to drive successful long-term results.

The outlook for what we own is compelling. The Fund is fully invested, and we are finding additional qualifiers. As we swap some of our higher P/V investees for qualifying on-deck opportunities, the Fund will become even more discounted. As the managers and largest collective investor in the Global Fund, we believe it is an attractive time to add to the Global Fund.

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

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As of September 30, 2018, the top ten holdings for the Longleaf Partners Global Fund: CenturyLink, 9.7%; EXOR, 7.7%; CK Hutchison, 6.5%; OCI, 6.1%; FedEx, 5.5%; Comcast, 5.3%; GE, 5.1%, Fairfax, 4.9%; Allergan, 4.8%; Vestas Wind Systems, 4.8%. Fund holdings are subject to change and holding discussions are not recommendations to buy or sell any security. Current and future holdings are subject to risk.