Annual Report & Audited Financial Statements

For the year ended
31 December 2018

Longleaf Partners
Unit Trust

Longleaf Partners Funds

Contents

Investment Manager’s Report

Widespread market declines hurt investors in public equities in 2018. As the year progressed, trade wars, U.S. interest rate increases, geopolitical unrest, fears of economic slowdowns in multiple countries, including China, and falling oil prices were among the primary headlines pressuring equity prices around the world. The U.S. significantly outperformed other regions in the first nine months of the year, particularly with the strengthening dollar, but the worldwide downturn in the fourth quarter most impacted the U.S. market. By the end of the year, broad indices around the world were in negative territory, but U.S. large caps outperformed once again, further increasing the value disparity in which the S&P 500 has almost tripled the MSCI EAFE Index (Europe, Australia, Far East) over the last decade.

	Three year	One year	4Q
Global UCITS Fund (Class I USD)	6.78%	-15.57%	-16.39%
MSCI World Index	6.30	-8.71	-13.42
Asia UCITS Fund (Class I USD)	6.76	-21.45	-12.05
MSCI AC Asia Pacific Index	6.10	-13.52	-10.96

Past performance does not guarantee future results.

The Longleaf UCITS Funds were not immune to the broad price declines. Strong stock performance at several portfolio companies was not enough to offset negative pressures, and both Funds were down for the year. The Global UCITS and Asia Pacific UCITS Funds underperformed the declines of their benchmarks, in part because of the Global Fund’s higher exposure to stocks outside the U.S. and trade war fears driving losses across the consumer discretionary sector, the Asia Pacific Fund’s largest exposed sector for the year. The Global Fund continued to battle the longstanding challenges of passive inflows at the expense of active managers, growth outperforming value and U.S. stocks overshadowing those offshore. The biggest performance detractors were those companies that missed expectations and/or lowered guidance, which the market punished particularly severely in the fourth quarter. Among the causes for disappointments were revenues associated with emerging markets, particularly China, companies undergoing some type of corporate or industry structural change and industrial businesses. The commentary for each Fund provides a more robust discussion of specific performance drivers.

2018 results did not reflect the progress within our portfolios, where we put cash to work and repositioned into more heavily discounted and/or qualitatively attractive opportunities over the course of the year. Early in the year, we locked in gains at several investments that successfully reached our appraisals - Wynn and YUM China in the Global Fund and Healthscope in the Asia Pacific Fund. In the second half, we sold an additional four companies in Global and five in Asia Pacific. We deployed cash on hand and proceeds from sales into new investment opportunities that emerged as world uncertainty increased and into existing holdings that became more discounted. We purchased four new companies in the Global Fund (two recycles) and eight in the Asia Pacific Fund (two recycles). We believe these new investments across the Funds add to the foundation for future compounding. Cash ended the year below 10% in Global, and just over 5% in the Asia Pacific Fund. Additionally, portfolio repositioning and value growth amid stock price declines helped the price-to-value (P/V) ratio move into the 50% for both Funds, a somewhat rare level that has historically preceded strong returns across other Southeastern-advised funds.

Just as performance did not reflect portfolio enhancements, we believe the stock prices of most companies in the Funds did not indicate the positive progress that our companies and management partners made throughout the year. Stronger CEOs were secured at CenturyLink, GE, Vocus and CNH. Several businesses sold assets for attractive prices, including Allergan, Fairfax, CK Asset, CK Hutchison, EXOR, LafargeHolcim, United Technologies, Baidu and GE. United Technologies, Bharti Infratel and GE also announced company breakup/simplification plans. Importantly, the primary business segments at most of our core holdings grew – Enterprise at CenturyLink, Cable at Comcast, Search and YouTube at Alphabet, Car Sales at Toyota Motors, Retail at CK Hutchison, Botox at Allergan, Ground at FedEx, Core Search at Baidu, Agriculture at CNH, Bearings at MinebeaMitsumi, North American Cement at LafargeHolcim, Aviation and Healthcare at GE, Partner Re at EXOR, North American Fertilizer at OCI and Mass Gaming at Melco and MGM China. As their stock prices became more discounted, numerous companies we own repurchased shares, thereby increasing the remaining value per share. We believe growing free cash flow and earnings per share eventually should translate into stock prices that properly reflect value, whether by investor re-rating, much higher earnings than currently being delivered or corporate partners taking action to gain value recognition.

Choppy markets and the economic uncertainty that feeds them could last for a while. While many CEOs we talk to are optimistic about revenue growth, they are cautious about rising labor and materials costs on a local level and general increases in barriers to trade and geopolitical friction potentially impacting revenue and margins. We believe the best way to manage against investment risk is to know what we own very well and incorporate conservative-to-skeptical assumptions about the future. Investing in a limited number of companies, having a broad and deep research network and engaging with management are critical advantages in providing the knowledge that may prevent permanent losses over the long term. In our process we always consider external challenges that could deteriorate competitive positions, such as technology, government regulation, higher tariffs and general geopolitical tensions. Most importantly, we have partnered with management teams who, in our view, can control their own destiny in terms of value realization, and we are working with boards and leaders at certain holdings to accelerate this realization.

We are neither pleased nor complacent about 2018 returns. As co-investors in the Funds Southeastern manages, it is our view that the momentum style and passive investing that have dominated for the past decade are overdue for a reversal. We believe that the attractive P/V of our portfolios, combined with the underlying strength of the businesses we own and the management teams leading them, can generate strong absolute and relative results going forward and the payoff for 2018 company-level and portfolio-level progress is deferred but not lost.

Enhancing Communications with Clients

Our Governing Principles state that we will “continue our efforts to enhance client and shareholder services” and “communicate with our investment partners as candidly as possible.” To that end, we are adjusting our communications to provide the most relevant information in a timely and convenient manner. Going forward, we will continue to provide a quarterly commentary with detailed discussion of each Fund’s strategy, individual positions and performance each period. We will move our more general quarterly shareholder letter to a year-end review, providing an overview of the year that includes broader market, strategy and portfolio-wide observations.

In addition, we have launched The Price-to-Value Podcast, which is available on our website or wherever you download podcasts. We will produce monthly podcasts to discuss current topics that are top of mind for our clients. Please send any suggestions for topics to podcast@SEasset.com. For those who prefer to read, rather than listen, transcripts are available on our website.

Succession Planning

We have thought a great deal about and discussed Southeastern’s management succession and the firm’s future leadership for almost a decade. As part of our planning, we are pleased to announce that Ross Glotzbach transitioned from President to CEO of Southeastern, effective January 1, 2019. We have made this important decision now because we believe Ross is the right person to lead our company and because we have developed effective department leaders and officers in COO Steve Fracchia, CFO Jessica Pressgrove, CCO Mike Wittke, General Counsel Andy McCarroll, Head of Risk Management Jim Barton, Jr., Head of Client Relations Gwin Myerberg and Head of Trading Doug Schrank. This experienced team will allow Ross to focus on investing and continue leading our global research efforts.

Ross has been an important contributor to our investment process over the past fifteen years in his roles as an analyst, Co-PM on the Small-Cap Fund (since 2014) and Partners Fund (since 2017) and Head of Research (since 2016). Effective January 1, he also became a Co-PM on the Global Fund. Ross is greatly respected by all our associates, is a humble team builder, leads by asking wise questions and is quick to give credit to others, while immediately taking responsibility for challenges. Most importantly, we are confident that Ross will protect our partnership culture and improve the execution of our long-term, concentrated, engaged value investing disciplines.

We also believe it is important for Southeastern to remain independent, so we can continue to work for our clients without distraction and provide career opportunities for our team members. Ross is assuring the firm’s independence by buying a more significant stake in the company from Mason Hawkins, who remains the Chairman and largest shareholder. Vice-Chairman Staley Cates will remain the second largest owner of Southeastern.

These changes and the competency of our department heads will give Mason and Staley more time to do what they love for many years to come - read, think, discuss investment opportunities and engage with our corporate partners. Both continue to serve as Co-PMs on the Global UCITS Fund, as well as all four Longleaf Partners Mutual Funds and sit on Southeastern’s Executive Committee, along with Ross, Steve Fracchia and Josh Shores.

We encourage you to listen to the Price-to-Value Podcast Episode 5: Three Generations of Leadership (available on our website or wherever you listen to podcasts) for a more robust discussion with Mason, Staley and Ross about Southeastern’s leadership succession and outlook. It is rare for an investment firm to have three experienced generations of investment leaders actively engaged. Mason, Staley and Ross are committed to ensuring the next four-plus decades at Southeastern are as fruitful as our first 43 years. Our ownership and responsibility transitions enable Southeastern to remain independent. As the largest investors in the Funds advised by Southeastern, it is our belief that the firm’s continuity and stability will enable us to deliver superior results, both in the near term and over decades.

Southeastern Asset Management, Inc.
February 2019

Statement of Manager's Responsibilities

Longleaf Management Company (Ireland) Limited (the "Manager"), is responsible for preparing the annual report and the financial statements for each financial period in accordance with applicable International Financial Reporting Standards ("IFRS"). The Directors of the Manager are required to prepare financial statements which give a true and fair view.

In preparing these financial statements, the Directors of the Manager are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

The Directors of the Manager are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Trust;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Trust to be determined with reasonable accuracy; and
- enable the Directors of the Manager to ensure that the financial statements comply with the Unit Trust Act, 1990 and enable those financial statements to be audited.

The Manager is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable it to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards and comply with the provisions of the Trust Deed and with Irish statute comprising the Unit Trust Act, 1990 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended and Central Bank (Supervision And Enforcement) Act 2013 (Section 48(1)) (Undertakings For Collective Investment In Transferable Securities) Regulations 2015, as amended (collectively the "UCITS Regulations").

The Manager has delegated responsibility for administration of the Trust's affairs to State Street Fund Services (Ireland) Limited (the "Administrator") for the purpose of maintaining adequate according records. Accordingly, the according records are kept at State Street Fund Services (Ireland) Limited, 78 Sir John Rogerson's Quay, Dublin 2, Ireland. The assets of the Trust are entrusted to State Street Custodial Services (Ireland) Limited ("the Depositary") for safekeeping in accordance with the Trust Deed.

The Manager is also responsible with respect to its duties under the UCITS Regulations to take reasonable steps for the prevention and detection of fraud, and other irregularities. The Manager has appointed Southeastern Asset Management, Inc. as Investment Manager (the "Investment Manager") and we note that the Administrator and the Depositary are independent of the Investment Manager. In addition, we note that both the Administrator and Depositary are regulated by the Central Bank of Ireland and that the Investment Manager is regulated by the Securities & Exchange Commission ("SEC"). The Investment Manager is responsible for investment decision making. This segregation of duties is intended to mitigate the risk of fraud.

Dealings with Connected Parties

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

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

Eimear Cowhey

Mike Kirby
24 April 2019

Depositary's Report

to the Unitholders of Longleaf Partners Unit Trust

We have enquired into the conduct of the Manager in respect of the Trust for the financial year ended 31 December 2018, in our capacity as Depositary to the Trust.

This report including the opinion has been prepared for and solely for the unitholders in the Trust, in accordance with Regulation 34, (1), (3) and (4) in Part 5 of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended ('the UCITS Regulations'), and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Responsibilities of the Depositary
Our duties and responsibilities are outlined in Regulation 34, (1), (3) and (4) in Part 5 of the UCITS Regulations. One of those duties is to enquire into the conduct of the Manager in each annual accounting period and report thereon to the unitholders.

Our report shall state whether, in our opinion, the Trust has been managed in that period in accordance with the provisions of the Trust's Trust Deed and the UCITS Regulations. It is the overall responsibility of the Manager to comply with these provisions. If the Manager has not so complied, we as Depositary must state why this is the case and outline the steps which we have taken to rectify the situation.

Basis of Depositary Opinion
The Depositary conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in Regulation 34, (1), (3) and (4) in Part 5 of the UCITS Regulations and to ensure that, in all material respects, the Trust has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of the Trust Deed and the appropriate regulations and (ii) otherwise in accordance with the Trust's constitutional documentation and the appropriate regulations.

Opinion
In our opinion, the Trust has been managed during the year, in all material respects:

- in accordance with the limitations imposed on the investment and borrowing powers of the Manager and the Trustee by the Trust Deed, by the UCITS Regulations and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015, as amended ('the Central Bank UCITS Regulations'); and

- otherwise in accordance with the provisions of the Trust Deed, the UCITS Regulations and the Central Bank UCITS Regulations.

State Street Custodial Services (Ireland) Limited
78 Sir John Rogerson's Quay
Dublin 2
Ireland
24 April 2019

Independent auditors' report to the unitholders of the funds of Longleaf Partners Unit Trust

Report on the audit of the financial statements

Opinion

In our opinion, Longleaf Partners Unit Trust's financial statements:

- give a true and fair view of the funds' assets, liabilities and financial position as at 31 December 2018 and of their results and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended).

We have audited the financial statements, included within the Annual Report and Audited Financial Statements, which comprise:

- the Statement of Financial Position as at 31 December 2018;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Units for the year then ended;
- the Schedule of Investments for each of the funds as at 31 December 2018; and
- the notes to the financial statements for each of the funds, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the funds' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the funds' ability to continue as going concerns.

Reporting on other information

The other information comprises all of the information in the Annual Report and Audited Financial Statements other than the financial statements and our auditors' report thereon. The manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the manager for the financial statements

As explained more fully in the Statement of Manager's Responsibilities set out on page 3, the manager is responsible for the preparation of the financial statements in accordance with the applicable framework giving a true and fair view.

The manager is also responsible for such internal control as the manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the manager is responsible for assessing the funds' ability to continue as going concerns, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the manager intends to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the unitholders of each of the funds as a body in accordance with the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin
24 April 2019

Investment Manager's Report (unaudited)
Global Fund

Longleaf Partners Global UCITS Fund declined -16.39% in the fourth quarter, taking its 2018 return to -15.57%. The MSCI World Index fell -13.42% in the final three months and ended the year down -8.71%. Four primary challenges impacted the Fund's absolute and relative returns in 2018. First, the Fund held an average 42% in U.S. stocks, while the Index had 59%. The strong dollar was a headwind, and U.S. stocks outperformed those based elsewhere, despite the large fourth quarter U.S. decline. Second, we were too early investing in General Electric (GE), which we averaged into but is trading below our cost. Third, we owned eight companies externally categorized in the Industrials sector, including the Fund's biggest positive performer Vestas. Although these are diverse businesses with very different factors driving results, they collectively impacted the Fund's return as the Industrials sector was among the worst performing areas of the market. Fourth, the strong investor preference for momentum-driven growth stocks, where we have limited exposure, continued to negatively impact undervalued businesses' prices.

We periodically experience a year where either our geographic or sector exposure penalizes returns, our newer investments hit bottom after initial purchase or our approach is out of favor. In 2018, we suffered from all of these. Companies that missed short-term expectations generated the largest declines, with the market severely punishing those that disappointed in the fourth quarter. Additionally, stocks of businesses that had meaningful economic exposure in emerging markets (EMs), including China, suffered. Emerging markets declined as the Federal Reserve began increasing interest rates and later as fear of a U.S.-China trade war developed.

We believe stock prices largely ignored the positive progress that our companies and management partners made. In our view, stronger CEOs were secured at CenturyLink, GE and CNHI. Businesses sold assets for attractive prices, including Allergan, Fairfax, CK Asset, LafargeHolcim, United Technologies and GE. United Technologies and GE announced company breakup / simplification plans. Importantly, the primary business segments at most of our core holdings grew – Enterprise at CenturyLink, Cable at Comcast, Search and YouTube at Alphabet, Aesthetics (Botox) at Allergan, Ground at FedEx, Agriculture at CNHI, North American Cement at LafargeHolcim, Aviation and Healthcare at GE, Partner Re at EXOR, Retail at CK Hutchison, North American Fertilizer at OCI, Bearings at MinebeaMitsumi and Mass Gaming at Melco.

2018 results did not reflect the progress in the portfolio. During the year, we sold seven investments, added four new qualifiers and increased the Fund's stake in eight others. Cash started the year at 20% but was below 10% by the end of December. Portfolio repositioning and value growth amid stock price declines helped the price-to-value (P/V) ratio move from the mid-70s% into the high-50s%, a somewhat rare level that has historically preceded strong absolute and relative returns in our longer-lived Funds.

Choppy markets and the economic uncertainty that feeds them could last for a while. To manage investment risk, we incorporate conservative-to-skeptical assumptions about the future, invest in a limited number of companies, have a broad and deep research network and engage with managements. We believe that the Fund's compelling P/V, combined with the underlying strength of the businesses we own and the management teams leading them, may generate strong absolute and relative results going forward and that the payoff for 2018 company-level and portfolio-level progress is deferred but not lost.

Contributors/Detractors
(2018 Investment return; 2018 Fund contribution; Q4 Investment return; Q4 Fund contribution)

Vestas (7%, 0.53%, 11%, 0.55%), a global leader in onshore wind equipment and a provider of aftermarket services to the wind industry, rose double-digits in the fourth quarter and was the primary positive contributor for both the quarter and the year. The stock, which we bought in the first quarter, gained even more in local currency. The company reported three consecutive quarters of per megawatt pricing stabilization after eighteen months of negative pricing. Vestas continued to add new orders, particularly excelling against second-tier players. In the past, rapid market evolution, low barriers to entry and government subsidies characterized industry economics. However, the levelized cost of energy for new onshore wind (at good locations) has reached parity with traditional power providers and reduced the reliance on subsidies, making the industry more attractive. Vestas's competitive advantages include economies of scale, accumulated know-how and a global service network. Since coming aboard in 2013, our corporate partners have fixed the balance sheet and transformed the company into a stable, net cash, dividend paying, share repurchasing company. Value has grown since our purchase, and the stock remains attractively discounted.

General Electric (-55%, -2.97%, -33%, -1.67%), the aviation, healthcare and power company, fell throughout the year, making it the Fund's largest detractor. GE's former leadership and business model are dramatically different from what is in place today. The management team is new, plus the board has been reduced in size and upgraded in quality. The "business" and "price" parts of our investment case boil down to three main assumptions:

1) The best-in-class Aviation and Healthcare businesses continue to deliver strong profit growth, could be severed from the rest of GE and, we believe, are worth a combined $16+/share.

2) GE's holdings in transportation and industrial services businesses Wabtec and BakerHughes GE are solid, liquid and have self-help ability to grow earnings. Other smaller business like Renewables have demonstrably positive value. This group of assets is worth more than the net industrial debt/share of GE.

3) We believe the currently struggling Power business will recover over several years as the company and the industry right size capacity and headwinds abate. GE Capital's issues will continue to be addressed aggressively and will be smaller in the years to come. Even a negative value for GE Capital gets to an appraisal for the company that is over 2X the current stock price.

We slowly initiated our position in GE in late 2017 and bought most shares in the first seven months of 2018, after the unexpected increase in reserves for long-term care insurance at GE Capital. Nonetheless, we were too early, with an average cost basis in the low teens. Our adjusted appraisal approaches three times the current stock price, leaving ample margin of safety for a solid return even if some of our investment case assumptions above are wrong. Larry Culp, a legend given his record at Danaher, took the GE CEO job in September after doing deep diligence into the company's challenges and prospects as a new board member earlier in 2018. GE stock must return to the high teens within four years for half of Culp's long-term incentive shares to vest and generate the kind of CEO-level pay he could have easily secured elsewhere, and he receives additional shares only if the stock reaches $31 in that period. This degree of out-of-the-money alignment is both extremely rare and highly encouraging.

FedEx (-35%, -2.19%, -33%, -2.08%), the transportation and logistics company, fell in the fourth quarter and for the year. Express revenues missed expectations after weakness in all the major Euro economies and what CEO Fred Smith called "bad political choices" weighed down international trade. These headwinds caused the company to lower earnings per share (EPS) guidance by 8%. The stock's sharp decline ignored that the Ground segment, the largest part of our appraisal, reported strong high-teens earnings growth. FedEx's Freight segment also performed very well with EBITDA (earnings before interest, taxes, depreciation, and amortization) up over 20% in 2018. If the weakness in international trade persists, Ground should still grow revenues and margins. Because Amazon, another perceived risk to FedEx, constitutes less than 5% of company revenue, Amazon's internal delivery development will have minimal effect on results. The company has a solid balance sheet and the potential to go on offense with share repurchase at these prices.

EXOR (-11%, -1.18%, -20%, -1.44%), one of Europe's leading investment holding companies, fell in the fourth quarter and became a detractor for the year. Italy's economic uncertainty and EXOR's conglomerate structure impacted the stock, which is listed in Italy but has less than 5% of its value based there. Additionally, the general breakdown of global trade and frictionless borders pressured the stock since this could affect Fiat Chrysler Automobiles (FCA) brands in China and indirectly impact CNHI's AG sales. The main component pieces of our appraisal are FCA (35%), PartnerRe (24%), CNHI (19%), and Ferrari (17%). EXOR reported much good news in 2018. FCA sold Magnetti Marelli for significantly more than our appraisal with much of the proceeds to be paid out as a special dividend, giving EXOR the capital for its announced share buyback. FCA announced a new recurring dividend, doubling EXOR's free cash flow (FCF). Crown jewel Ferrari continued to perform well. CEO John Elkann is an owner-operator who has grown corporate value and seen the stock compound at nearly 20% per year since we invested in 2012, despite the 2018 return. We have an overweight position in this collection of high quality businesses and assets that have ample transformation value and are selling at a deep discount to the sum-of-the-parts value in the hands of a proven and aligned partner.

LafargeHolcim (-24%, -1.15%, -17%, -0.74%), the largest global cement, aggregates and ready-mix concrete producer, was a 2018 detractor. Weaker cement demand in Latin America, the Middle East and Africa, as well as higher energy and transportation costs, globally impacted profits. With two thirds of consolidated revenues (but a smaller % of the net value) tied to emerging markets, broader EM concerns heavily contributed to the stock price weakness. CEO Jan Jenisch believes efficiency gains and pricing will offset cost inflation. The cost savings program is ahead of target, and Aggregates and Ready-Mix margins are improving. The company's North American business, which represents over one quarter of our appraisal, grew profits during the year. The company announced the sale of its Indonesian assets at an attractive price, and management plans for additional divestments over the next two years, providing meaningful cash proceeds to reinvest.

CNX (-22%, -1.09%, -20%, -1.14%), the Appalachian natural gas company, detracted for the year. The stock declined after reporting an 8.5% increase in capital expenditure guidance during the second quarter. Additionally, nearly all energy stocks had a sharp selloff following the fourth quarter's commodity price volatility. CEO Nick DeIuliis took advantage of the dislocation by repurchasing over 16% of CNX's outstanding shares in the 12 months ended in October. Our appraisal increased with the company's growth in cash flow. In June, CNX sold its Ohio Utica acreage for a good price. The company has other non-core assets to monetize in coming years. Most production is hedged several years out, helping to insulate the business's value from declines in the gas strip. The stock trades at below half of our appraisal.

CK Hutchison (-21%, -1.07%, -17%, -0.77%), a Hong Kong based conglomerate of telecommunications, health & beauty, infrastructure, global ports and energy, fell during the final quarter and the year. While a trade war between China and the U.S. will pressure less than 5% of its Ports business, concerns of this trade tension generated broad negative sentiment around Asian stocks. In Italy, the company's Telecommunications business struggled as a tough macro environment and increased competition from a new entrant pressured prices. In the second half of the year, declining oil prices impacted Husky Energy, the Canadian energy associate of CK Hutchison. These short-term headwinds negatively impacted sentiment, but the overall company's cash flow, as well as management's capital allocation decisions, helped our appraisal grow in the mid-single digits for the year. Chairman Victor Li sold CK Hutchison's interests in several infrastructure projects at 12X EBITDA and redeployed the proceeds to acquire the Italian telecom joint venture at 5x EBITDA. The company also repurchased its discounted shares for the first time in almost two years.

Melco (-30%, -1.02%, 3%, 0.28%), the Macau-based gaming company, made slight gains in the fourth quarter but declined for the year over concerns about decelerating growth with ongoing U.S.-China trade war issues, a slower Chinese economy and weakening Renminbi. The decline in China's A-share markets and slow-down in neighboring province Guangdong (export hub of China) are likely to impact gross gaming revenues, but we believe most of the impact will be on the lower-margin VIP business. Increased profits from growing, higher-margin Mass visitors should compensate for any VIP decline over time, as infrastructure improvements (HK-Zhuhai-Macau bridge, high speed rail, etc.) and additional hotel room supply make Macau more accessible. Despite the stock's decline, during 2018, our appraisal grew as reported earnings doubled. CEO Lawrence Ho created value for shareholders via buying out minorities at Melco Resorts Philippines at attractive multiples, IPOing Studio City to create opportunity for an ownership increase in 2019 and repurchasing discounted shares.

CNHI (-33%, -1.00%, -26%, -0.76%), the maker of Case and New Holland agriculture equipment (AG) and Iveco trucks (CV), was a detractor in the quarter and for the year. The U.S.-China trade tension threatened tariffs that would impact AG purchases by U.S. farmers. Tariffs remain uncertain and if imposed, may have less impact than anticipated because of offsetting subsidies and current equipment demand from less discretionary replacement needs after a several year downturn. CNHI is in a solid position to withstand the potential challenge with an investment grade balance sheet, balanced channel inventory and positive pricing and product mix trends. New CEO Hubertus M. Mühlhäuser sees opportunities to improve margins. The company returned excess capital to shareholders in the form of dividends and buybacks. The company also has upside from streamlining its disparate non-AG assets via either sales or spin-offs.

CenturyLink (-2%, -0.03%, -27%, -2.43%), the telecommunications company, was a fourth quarter detractor, but ended slightly up for the year after substantial gains earlier in 2018. The stock declined after third-quarter revenues came in below expectations, but our appraisal rose with 7% yearly EBITDA growth as higher margin revenue within the Enterprise segment increased and consolidated FCF nearly doubled year-over-year. CenturyLink's FCF is more than $3.00 per share and growing, yet the stock trades around $15. Revenues declined in part because the company wisely exited unprofitable business lines, prioritizing capital efficiency and deleveraging over top line growth. The dividend moved back up to a mid-teens yield with minimal chance of any cut. (Update at 19 Feb 2019: CTL did cut the dividend to use the cash instead to strengthen the balance sheet. We believe a better way to address the balance sheet is to explore asset sales given the multiples being paid in fiber transactions, and/or to issue tracking stocks for the separate Fiber and Consumer segments to highlight their values and offer the potential to raise capital. Southeastern filed a 13-D to talk to interested buyers and nominate appropriately experienced directors to the board. The dividend cut did not alter our appraisal of the company or its earnings power.) We expect consolidated EBITDA to grow by a low-single digits percentage next year, but within that number we believe high-value Enterprise fiber revenues and cash flows will grow above that, making up for the low-quality legacy landline run off. CenturyLink remains an overweight position given its deep discount and the quality of both its management team, led by CEO Jeff Storey, and its fiber assets, which we believe are of high strategic value to numerous infrastructure investors.

Portfolio Activity

Swings in stock prices generated portfolio activity in 2018, ultimately driving cash from 20% to 9.8%. We sold seven investments – Wynn and Yum China in the first quarter, Mlog in the second, CONSOL Energy and Genting in the third and Ferrovial and Hopewell in the fourth. The Fund had previously held Ferrovial, the Spanish transport infrastructure company that owns toll roads in Europe and North America, airports in Europe, including London Heathrow, and infrastructure construction and servicing businesses. The company's Spanish and British businesses faced increasing headwinds, including Catalonia and Brexit uncertainty. Given less certain prospective value growth and the rising interest rate environment, we sold the position. During our two-year investment, we earned over 20% as traffic and pricing increased on the company's toll roads and at Heathrow, even as European headwinds mounted. We also sold Hopewell Holdings, the Hong Kong-listed property company. The stock rose during the year with the special cash dividend in April from the sale of the company's ownership in Hopewell Highway Infrastructure toll road company for 20% above our appraisal. We sold the stock, which gained 36% over four years, in order to redeploy the capital into available investments with much more attractive value growth.

We bought two new investments in the first quarter, Comcast and top performing Vestas, Yum China in the third, and MinebeaMitsui in the fourth. Comcast and Yum China are "recycles" that we successfully invested in previously, and MinebeaMitsui, while new to the Global Fund, has been a holding in our Asia Pacific strategy for over a year. Recycles tend to have fewer surprises since we have closely followed the business as owners and have already deeply engaged with our management partners.

Outlook

We are neither pleased nor complacent about 2018 returns. As the largest investors in the funds Southeastern manages, we believe it is a compelling time to add to Longleaf Global. First, a P/V at this level is rare, and we think portends an exceptional next few years. Second, the Fund's cash position is below 10%, and our on-deck list of prospective qualifiers is robust. Third, numerous companies in the portfolio either have corporate transactions in process or are good candidates for prospective activity over the next few years, with capable management partners who can control their own destiny in terms of value realization. We are working with boards and leaders at certain holdings to accelerate this realization.

Southeastern Asset Management, Inc.
February 2019

Schedule of Investments as at 31 December 2018
Global Fund

Security (Domicile)	Nominal Holdings	Fair Value US$	% of Net Assets
Transferable Securities (December 2017: 79.48%)			
Common Stock (December 2017: 79.03%)			
Air Freight & Logistics (December 2017: 6.21%)			
FedEx Corporation (United States)	44,493	7,178,056	4.70
Chemicals (December 2017: 3.22%)			
OCI N.V. (Netherlands)	246,442	5,028,847	3.29
Construction & Engineering (December 2017: 4.14%)			
Construction Materials (December 2017: 5.18%)			
LafargeHolcim Limited (France listed) (Switzerland)	73,353	3,011,303	1.97
LafargeHolcim Limited (Switzerland listed) (Switzerland)	99,538	4,101,423	2.69
		7,112,726	**4.66**
Diversified Financial Services (December 2017: 10.24%)			
CK Hutchison Holdings Limited (Hong Kong)	723,691	6,949,947	4.55
EXOR N.V. (Netherlands)	211,787	11,467,870	7.52
		18,417,817	**12.07**
Diversified Telecommunication Services (December 2017: 7.90%)			
CenturyLink Inc. (United States)	760,371	11,519,621	7.55
Energy - Alternate Sources (December 2017: Nil)			
Vestas Wind Systems A/S (Denmark)	93,090	7,029,784	4.61
Hotels, Restaurants & Leisure (December 2017: 8.98%)			
Melco International Development Limited (Hong Kong)	3,528,589	7,191,914	4.71
Yum China Holdings Inc. (China)	258,363	8,662,911	5.68
		15,854,825	**10.39**
Industrial Conglomerates (December 2017: 5.30%)			
General Electric Company (United States)	1,328,049	10,053,331	6.59
United Technologies Corporation (United States)	51,785	5,514,067	3.61
		15,567,398	**10.20**
Insurance (December 2017: 5.71%)			
Fairfax Financial Holdings Limited (Canada)	15,774	6,941,822	4.55
Internet Software & Services (December 2017: 4.40%)			
Alphabet Inc. (United States)	6,899	7,144,673	4.68
Machinery (December 2017: 2.87%)			
CNH Industrial N.V. (Netherlands)	692,872	6,230,196	4.08
MinebeaMitsumi Inc. (Japan)	263,600	3,823,950	2.51
		10,054,146	**6.59**

Security (Domicile)	Nominal Holdings	Fair Value US$	% of Net Assets
Transferable Securities (December 2017: 79.48%) (continued)			
Common Stock (December 2017: 79.03%) (continued)			
Media (December 2017: Nil)			
Comcast Corporation Class A (United States)	159,979	5,447,285	3.57
Metals & Mining (December 2017: 0.05%)			
Oil, Gas & Consumable Fuels (December 2017: 5.05%)			
CNX Resources Corporation (United States)	674,432	7,702,014	5.05
Pharmaceuticals & Biotechnology (December 2017: 3.88%)			
Allergan Plc (Ireland)	45,543	6,087,277	3.99
Real Estate Management & Development (December 2017: 5.90%)			
CK Asset Holdings Limited (Hong Kong)	893,459	6,537,922	4.28
Total Common Stock		**137,624,213**	**90.18**
Warrants (December 2017: 0.45%)			
Hotels, Restaurants & Leisure (December 2017: 0.45%)			
Total Transferable Securities (Cost $153,373,341)		**137,624,213**	**90.18**
Short Term Obligations (December 2017: 20.49%)			
State Street Repurchase Agreement State Street Bank, 0.50% due 02/01/2019 (Collateral: US$13,686,065 U.S. Treasury Note 2.250% due 31/12/2023) (United States)	13,417,000	13,417,000	8.79
Total Short Term Obligations		**13,417,000**	**8.79**
Portfolio Of Investments (December 2017: 99.97%)		**151,041,213**	**98.97**
Cash and Cash Equivalents (December 2017: 0.01%)		286	0.00
Other Debtors (December 2017: 0.02%)		1,565,230	1.03
Net Asset Value		**152,606,729**	**100.00**

Analysis of total assets (unaudited)	% of Total Current Assets
Transferable securities admitted to an official stock exchange listing or traded on a regulated market	89.95
Short term obligations	8.77
Other current assets	1.28
Total Assets	**100.00**

Statement of Changes in Composition of Portfolio (Unaudited)

Global Fund

	Acquisition Cost* US$
General Electric Company	13,152,450
Comcast Corporation	10,223,737
Vestas Wind Systems	9,063,212
Yum China Holdings Inc.	8,561,947
EXOR N.V.	4,521,776
MinebeaMitsumi Inc.	4,180,947
Melco International Development Limited	4,078,632
CNH Industrial N.V.	2,653,447
CNX Resources Corporation	2,359,440
Allergan Plc	1,733,969
Ferrovial S.A.	1,378,245
FedEx Corporation	1,054,339
CK Asset Holdings Limited	821,589
Genting Berhad	816,914
CenturyLink Inc.	610,372

	Disposal Proceeds* US$
Ferrovial S.A.	8,618,603
Wynn Resorts Limited	5,640,630
Yum China Holdings Inc.	5,136,098
Comcast Corp	4,573,078
Genting Berhad	4,397,677
CenturyLink Inc.	4,030,540
Hopewell Holdings Limited	4,014,338
Vestas Wind Systems	2,841,697
Fairfax Financial Holdings Limited	2,616,717
CONSOL Energy Inc.	2,610,927
Melco International Development Limited	2,237,448
Allergan Plc	2,114,435
FedEx Corporation	1,816,917
Alphabet Inc.	1,448,327
CK Hutchison Holdings Limited	1,414,227
General Electric Company	607,333
LafargeHolcim Limited	197,744
Genting Berhad	164,892

*There were no other purchases or sales during the year ended 31 December 2018.

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

A list of all purchases and sales of the Fund during the year ended 31 December 2018 can be obtained free of charge from the Swiss Representative.

Statement of Comprehensive Income
Global Fund

		For the year ended 31 December	
		2018	2017
	Notes	US$	US$
Income			
Dividend income	1	4,292,938	1,905,086
Net (loss)/gain on investments at fair value through profit or loss	2	(29,427,749)	37,320,421
Net foreign exchange (loss)/gain	2	(31,586)	14,263
Other income		-	54,575
Total net (loss)/income		(25,166,397)	39,294,345
Expenses			
Management fees	5	(1,851,452)	(1,797,377)
Administration fees	5	(110,788)	(107,876)
Depositary fees	5	(103,202)	(94,428)
Audit fees		(21,385)	(17,791)
Other operating expenses		(154,319)	(127,778)
Total operating expenses		(2,241,146)	(2,145,250)
Operating (loss)/income		(27,407,543)	37,149,095
Finance costs (excluding increase in net assets attributable to holders of redeemable participating units)			
Interest expense		(74)	(163)
Taxation			
Withholding tax	4	(853,175)	(255,259)
(Loss)/Income for the financial year after interest and taxation		(28,260,792)	36,893,673
(Decrease)/Increase in net assets attributable to holders of redeemable participating units resulting from operations		(28,260,792)	36,893,673

Gains and losses arose solely from continuing operations.
There were no gains or losses other than those dealt with in the Statement of Comprehensive Income.
The notes to the financial statements form an integral part of these financial statements.

Statement of Financial Position
Global Fund

	Notes	31 December 2018 US$	31 December 2017 US$
Current Assets			
Cash and Cash Equivalents	1(h)	286	10,148
Dividends receivable		224,527	183,527
Receivable for investments sold		1,728,856	19,737
Receivable for fund units sold		1,413	150,810
Financial assets at fair value through profit or loss	1(f)	151,041,213	192,854,744
Interest receivable		186	231
Other receivables		5,378	-
Total Current Assets		153,001,859	193,219,197
Liabilities			
Current Liabilities			
Management fees payable	5	(276,736)	(161,472)
Administration fees payable	5	(26,008)	(37,752)
Depositary fees payable	5	(32,776)	(36,423)
Audit fees payable		(16,470)	(17,860)
Other liabilities		(19,734)	(37,875)
Payable for fund units redeemed		(23,406)	(25,448)
Total Liabilities (excluding net assets attributable to redeemable participating unitholders)		(395,130)	(316,830)
Net assets attributable to holders of redeemable participating units		152,606,729	192,902,367

The notes to the financial statements form an integral part of these financial statements.
Details of the NAV per unit are set out in Note 3.

On Behalf of the Manager

Eimear Cowhey

Mike Kirby

24 April 2019

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

Global Fund

		For the year ended 31 December	
		2018	2017
	Notes	US$	US$
Net assets attributable to holders of redeemable participating units at beginning of the year		192,902,367	154,911,566
Proceeds from the issuance of redeemable participating units	3	18,109,655	10,558,392
Payments on redemptions of redeemable participating units	3	(30,144,501)	(9,461,264)
Net (decrease)/increase from unit transactions		(12,034,846)	1,097,128
(Decrease)/increase in net assets attributable to holders of redeemable participating units resulting from operations		(28,260,792)	36,893,673
Net assets attributable to holders of redeemable participating units at end of the year		152,606,729	192,902,367

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

Statement of Cash Flows

Global Fund

	For the year ended 31 December 2018 US$	2017 US$
Cash flows from operating activities		
(Loss)/income for the financial year after taxation	(28,260,792)	36,893,673
Adjustments to reconcile net increase/(decrease) in net assets resulting from operations to net cash provided by/(used in) operating activities:		
Net loss/(gain) on investments at fair value through profit or loss	29,474,848	(37,302,101)
Cash inflow/(outflow) due to purchases and sales of investments during the year	10,629,564	(600,373)
(Increase) in debtors	(46,333)	(73,407)
Increase/(decrease) in creditors	80,342	(34,388)
Net cash provided by/(used in) operating activities	11,877,629	(1,116,596)
Cash flows from financing activities		
Proceeds from the issuance of redeemable participating units	18,259,052	10,577,553
Payments on redemptions of redeemable participating units	(30,146,543)	(9,451,784)
Net cash (used in)/provided by financing activities	(11,887,491)	1,125,769
(Decrease)/Increase in cash and cash equivalents	(9,862)	9,173
Cash and cash equivalents at beginning of year	10,148	975
Cash and cash equivalents at end of year	286	10,148
Interest paid	(29)	(376)
Dividends received	4,251,938	1,831,892
Interest received	47,078	18,107

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

Investment Manager's Report (unaudited)
Asia Pacific Fund

The MSCI AC Asia Pacific index was down 13.52% for the year and down 10.96% in the fourth quarter. The Fund underperformed the index in both periods. More than 80% of the underperformance for the year was driven by our overweight in Consumer Discretionary, one of the worst performing sectors in 2018. Further, if we look through a geographic lens, our overweight position in Greater China accounted for approximately 70% of the underperformance for the year. We increased our weighting to these two most hated areas too early in the downturn.

Portfolio Returns at 31/12/18 – Net of Fees

	4Q18	1 Year	3 Year	Since Inception 2/12/2014
Asia UCITS (Class I USD)	-12.05%	-21.45%	6.76%	3.88%
MSCI AC Asia Pacific Index	-10.96%	-13.52%	6.10%	3.59%
Relative Returns	-1.09%	-7.93%	+0.66%	+0.19%

Selected Indices	4Q18	1 Year	3 Year
Hang Seng Index*	-6.73%	-10.54%	9.64%
TOPIX Index (JPY)*	-17.63%	-16.26%	0.67%
TOPIX Index (USD)*	-15.33%	-14.61%	3.68%
MSCI Emerging Markets*	-7.47%	-14.58%	8.90%

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

Market Commentary

2018 marked a year of widespread market declines, hurting investors across many asset classes, inclusive of public equities. As the year progressed, trade wars, U.S. interest rate increases, U.S. dollar strength, geopolitical unrest, fears of economic slowdowns in multiple countries, including China, and falling oil prices were among the primary headlines pressuring equity prices around the world.

Most equity, credit, and commodity asset classes took a synchronized dive during the fourth quarter, with the exception of government bonds, and certain currencies, such as the Japanese yen, which benefitted from a global flight to safety. The tech darlings, Facebook, Apple, Alphabet, Alibaba, TSMC, and Tencent all fell during the year. The downdraft was widespread across Asia, where the only sector that enjoyed positive returns was the MSCI Asia Pacific Utilities index, with its bond-like characteristics.

A year ago we posed the question: Why had our approach been successful? Reflecting on 2018's performance, we asked ourselves: Where had we gone wrong? 2018 results do not reflect the progress within our portfolio, where we repositioned into more heavily discounted and/or qualitatively attractive opportunities over the course of the year. We exited ten investments in 2018, redeployed capital into seven new investments, and added further capital to thirteen existing investments. We shifted our portfolio to the most attractive investments from a risk-adjusted return basis and increased our exposure to cheap Chinese consumer names that have been severely impacted in the capital markets yet continue to compound value. Two of the new investments are "recycled" businesses that we previously owned in the last down cycle. We believe these new investments add to the foundation for future compounding and that the market has taken a short-term view, heavily discounting these world-class businesses managed by smart capital allocators. As long-term investors, one of our key competitive advantages is time arbitrage, which allows us to act on our contrarian view, enabling alpha opportunities.

We also made some mistakes. In the fourth quarter, for example, we bought and sold Brilliance China (Brilliance) shortly after purchasing a small position. In Brilliance, we identified a cheap and growing company but overlooked the management's lack of control over capital allocation with government involvement, which yielded poor results for shareholders. We took our medicine, learned our lesson, and moved onto more compelling long-term investment opportunities.

Performance Review

4Q18	Contribution to Portfolio Return (%)	Total Return (%)
Top Five		
WH Group	+0.41	+10
MGM China	+0.30	+6
Melco Int'l	+0.24	+2
Bharti Infratel	+0.21	+5
L'Occitane	+0.15	+3
Bottom Five		
Baidu	-2.21	-31
Softbank	-2.02	-35
Speedcast	-1.59	-29
MinebeaMitsumi	-1.41	-20
Brilliance China	-1.34	-42

2018	Contribution to Portfolio Return (%)	Total Return (%)
Top Five		
Vocus	+0.93	+20
AIN Holdings	+0.79	+33
Healthscope	+0.39	+12
YUM China	+0.20	+4
L'Occitane	+0.03	+1
Bottom Five		
Man Wah	-2.60	-56
Vipshop	-2.41	-53
Speedcast	-2.32	-44
Baidu	-2.18	-31
MinebeaMitsumi	-2.06	-30

WH Group (+10%), the largest global packaged pork producer, was a top contributor for the quarter. This is our second time owning this consumer franchise. We invested following a sharp correction in its share price due to concerns surrounding U.S.–China and U.S.–Mexico trade war and African Swine Fever (ASF) in China. An overwhelming majority of WH Group's intrinsic value derives from its dominant branded packaged meat business in China and the U.S., which is a domestic business that is not impacted by U.S.–China trade war. While there could be small impact on near-term earnings from ASF, we believe WH group stands to benefit in the medium term, as these conditions would squeeze out marginal players and lead to consolidation in the highly fragmented Chinese pork market.

Macau casino operators—MGM China (+6%) and Melco International (+2%)—were among the top contributors in the fourth quarter, as fears over a significant deceleration in gross gaming revenue (GGR) eased. Industry GGR declined from the 17.5% August YTD run rate to around 3% in September and October, caused by bad weather, as well as a slowdown in the Chinese economy and fears of increased trade tensions with the U.S. However, the markets were comforted by the +8.5% growth in GGR in November, followed by the +16.6% growth in GGR in December. Macau visitor arrivals continued to be healthy with arrivals from China up 12.1% in October and up 15.3%in November. In late October, the Hong Kong-Zhuhai Macau Bridge was opened to the public. The bridge completes the loop around the Pearl River Delta, which will allow residents on the eastern side of the Pearl River to drive to Macau in a shorter, more direct route. Both of our Macau holdings are well positioned to gain market share in 2019, as they have recently completed sizable investments in new resort and hotel capacity that are in early stages of ramping up.

Macau: Then (2014-15) and Now

Our Macau holdings sold off over 50% in a matter of 6 months during 2018, reminding us of the similar meltdown we observed in 2014-15. However, the external environment and stock specific drivers could not be more different today:

1. In 2015, Macau GGR was down 34% YOY, with VIP down 45% and Mass down 18.5%. In2018, Macau GGR grew 14% YOY, with VIP up 11% and Mass up 17%.
2. The low margin and highly volatile VIP business accounted for almost two-thirds of total industry revenue going into 2014–15 downturn. Today, VIP is less than 50% of industry revenue and less than 20% of industry EBITDA. In other words, the quality of earnings today is much higher as it is primarily mass market driven.
3. Chinese Government Policy environment (corruption crackdown) was a strong headwind for Macau, especially the VIP and premium mass business, in 2014–15. Policy environment is favorable today.
4. In 2014–15, the industry was gearing up for sizable capital investment to add new supply in Cotai. As a result, the free cash flow outlook was weak. Today, this capex is behind us —MGM China opened its Cotai resort in phases during 2018, and Melco Resorts opened Morpheus in June. These sizable investments are in the process of ramping up and will drive market share gains and strong FCF growth for our investment holdings in 2019.

5. Overall infrastructure around Macau has become much stronger in the last 3 years with the deployment of the China high-speed rail network and most importantly, the HK-Zhuhai-Macau Bridge that just opened in October 2018. Chinese President Xi Jinping officially opened the $20 billion bridge, highlighting its importance in China's master plan to create its own Greater Bay Area in the Pearl River Delta.

One key factor remains the same today is smart capital allocation by our partners. During the 2014–15 downturn, our partner Lawrence Ho at Melco compounded value per share by buying out the JV partner Crown Resorts at value accretive prices. With a strong balance sheet and capex cycle winding down, Lawrence Ho is again buying back shares in the open market, as well as buying out minorities at Melco Resorts Philippines at highly attractive prices.

L'Occitane International (+3%), the natural and organic based cosmetics company, was a relative contributor in the quarter and year. Core sales grew 4.9% YOY at constant FX in the 6 months ended September 30th and the all-important same store sales (SSS) growth was +2% (vs. -0.1% in the year before). This turnaround was driven primarily by the successful launch of its new skin care product, Immortelle Reset serum. Excluding the recently acquired LimeLife, same-store sales growth was +3.3% in the United States (vs. -6.1% in the year before). Management reiterated their guidance offlat-to-slight improvement in core operating margin despite heavy marketing investments for new product launch, as well as drag from emerging brands.

Bharti Infratel (+5%), the biggest telco tower operator in India, was a relative contributor in the quarter. Its fiscal second quarter results were in line with our expectations with consolidated revenue up around 1% and EBITDA down 7.5% YOY. We believe that we saw the last leg of material tenancy exits, driven by the merger of mobile operators Vodafone and Idea, announced in the quarter. After these tenancy exits flow through the income statement in the current quarter, Bharti Infratel ("Infratel") will have largely absorbed the impact of telco consolidation, where the number of operators decreased from 11 two years ago to effectively 4 players today. The Infratel-Indus merger is on track to complete by June 2019 and will be 14–16% accretive at the earnings per share level. In addition to the organic growth opportunities driven by the high growth of mobile data in India, we believe that there is potential upside from a change of control at Infratel. Bharti Airtel, the 53% parent of Infratel, published its board minutes last month, stating, *"in order to explore a potential monetization of stake in Bharti Infratel Limited ('Infratel') in the future has, subject to the approval of shareholders, approved sale / transfer of up to 32% of Infratel owned by the Company, to its wholly-owned subsidiary, Nettle Infrastructure Investments Limited (Nettle)".*

Brilliance China (-42%), BMW's Chinese partner, was a fast, dramatic and painful reminder to us that State Owned Enterprises (SOE) are generally not minority shareholder friendly, and that the priorities and objectives of the Government take precedence over those of minority shareholders. Brilliance is the Hong Kong listed company that is partnered with BMW in a 50/50 joint venture (BMW Brilliance Automotive) for auto manufacturing in China. It is 42.3% owned by Huachen Automotive Group, which is owned by the Liaoning Provincial Government. Brilliance came on our radar this summer after its stock price fell about 50% to HK$10 per share. This declined reflected fears of weakening new car sales, the lowering of import tariffs from 25% to 15% (reducing the price difference between locally made and imported cars), and an announcement that the 50% foreign ownership limit over automotive joint ventures will be removed from 2022. With Brilliance trading at less than 6x earnings, we thought that the risk of dilution in the JV was more than reflected in the share price. Furthermore, we thought Brilliance management would ensure that any asset sale to BMW would happen at a fair price to protect all shareholders, including the 42% Liaoning Government stake. We were wrong. The national priority of improving relationships with Germany overrode any concern for shareholders. Not only was the purchase price low, but the transaction proceeds will be received only in 2022, when foreign ownership limits on automotive JVs are relaxed. In the meantime, Brilliance China is stuck with paying for 50% of elevated capital expenditure, as BMW Brilliance expands, but will only enjoy 25% of the earnings when their share of the JV reduces from 50% to 25% in 2022. The recent listing of Chinese SOE company Qingdao Haier on the Frankfurt Stock Exchange in October at a 40% discount to its already depressed A-share price was another example of "National Service" that was good for Sino-German relationships but terrible for minority shareholders of Qingdao Haier. We exited Brilliance and re-directed the funds towards companies with better control over capital allocation.

MinebeaMitsumi (-20%), the Japanese manufacturer of high precision equipment and components, was a detractor for the fourth quarter and the year. MinebeaMitsumi supplies Apple with LCD backlight and camera actuators, and market concerns on weak iPhone sales have a big impact on its share price in the short-term. The possibility that Apple will shift entirely away from LCD to OLED backlights further depresses sentiment. However, neither LCD backlights nor camera actuators are viewed as a core business at MinebeaMitsumi, and our appraisal of the LCD backlight business is merely 3% of our intrinsic value. On the other hand, the miniature ball bearings business, which has a dominant 60% global market share and produces the bulk of the company's operating cash flow, continues to compound well. In November, MinebeaMitsumi offered to acquire U-Shin at less than 4x EBITDA. If the deal completes, we expect MinebeaMitsumi to improve U-Shin's margin by extracting significant revenue and cost synergies. CEO Yoshihisa Kainuma clearly understands value per share, and Minebea repurchased 1.5% of shares outstanding in December.

Speedcast (-29%), the largest global satellite communications network service provider, was a detractor for the quarter and the year. Although Speedcast started 2018 on a strong footing, it lost investor favor after the 1H results announcement, giving us an opportunity to meaningfully increase our exposure. In our view, key reasons for the share price decline are:

- Earnings downgrades: The much-anticipated recovery in the Energy vertical (25% of totalrevenues) has been further delayed with the recent sharp drop in oil prices. This, combinedwith a one-off investment in a major contract renewal and slower implementation of newcontract wins, downgraded its EBITDA guidance twice in the last 6 months.
- Globecomm acquisition: Speedcast completed the Globecomm acquisition during 2018,funded by debt, which increased its net debt to EBITDA ratio to greater than 3x.

It is disappointing to see the anticipated energy recovery being delayed further, but we believe Speedcast is in a strong position to win meaningful contracts when oil exploration and production capex eventually recovers and rigs (especially offshore) come back online. Speedcast is in the service business with a high proportion of recurring subscription revenues and low capex intensity, thus allowing it to sustain high leverage ratios. Founder-CEO Pierre-Jean Beylier has created shareholder value by pursuing value accretive acquisitions and the Globecomm acquisition is no different. We are paying less than 5x EBITDA (including synergies), and funded by cheap debt. While the share price has declined, our intrinsic value estimate has been relatively stable. We are keeping a close eye on its free cash flow generation and debt reduction progress.

Softbank (-35%), the Japanese technology holding company, was one of the top detractors for the quarter, as it suffered from fallout due to its association with Saudi Arabia, as the Saudi Public Investment Fund, which has committed $45 billion dollars, is the largest investor in the $93 billion Softbank Vision Fund. The assassination of Saudi dissident Jamal Khashoggi has prompted business leaders to distance themselves from Saudi Arabia. There are concerns that Softbank's Saudi connections will reduce the Vision Fund's access to investment opportunities. Furthermore, Softbank is a large customer of Huawei, which has been subject to increasing government sanctions and may be forced to remove its equipment from the Softbank mobile network infrastructure. Another reason for share price weakness in the quarter was the perceived flop of the $21 billion dollar Softbank mobile IPO, which fell 14.5% on its first day of trading, and has remained below IPO price. We were impressed that the company managed to sell one third of Softbank Mobile for around 8.5x EBITDA, a significantly higher value than our appraisal of the business, in the face of a potential new entrant (Rakuten) and substantial price cuts by rival NTT Docomo. In the 12 years since Softbank purchased mobile carrier Vodafone KK, management has successfully transformed the company, improving market share from 16% to 25% and increasing operating income by almost 9x. The value of this investment has increased from the purchase price of $15.4 billion in 2006 to the IPO equity value of $66 billion. During the quarter, Sprint received U.S. national security clearance (CFIUS) to merge with T-Mobile U.S. The merger still requires antitrust approval from the Justice Department and the FCC, approvals we expect the company will receive.

Baidu (-31%), the dominant online search business in China, was a detractor for the fourth quarter and year. The departure of Mr. Qi LU from Baidu's COO role created some confusion in the year. However, Baidu's strategy remains focused and clear. During the year, Baidu completed the divestment of its non-core Financial Services and Global app businesses. The IPO of iQiyi provided clarity to investors of the market value of the business, as well as an independent funding source for the online video business. Baidu Core remains healthy with satisfactory progress in AI initiatives. The news feed and AI-related business are already contributing over 20% of Baidu's revenue. In July, Baidu launched the first fully autonomous Level 4 minibus with King Long Motor. The lower growth guidance for the fourth quarter reflected some macro uncertainties in China. The news flow on U.S.-China trade discussion further distorted share prices of Chinese companies. Excluding the market value of net cash and investments in listed companies, Baidu Core is trading at around 8x FCF today. We are confident that Robin Li will create value for shareholders longer term and applaud the $1 billion share repurchase program announced during the year to take advantage of the large disconnect between share price and value.

Portfolio Changes (4Q)
We purchased one new undisclosed company listed in the Mainland China A-share market during the quarter that further increased our exposure to the Chinese consumer. This is the first time that we bought an A-share in the Longleaf Funds, as the A-share market typically always traded at a premium to the H-share comparable. With the CSI 300 Index down almost 28% last year and the consumer discretionary index down over 32%, we found an attractive opportunity listed on the Mainland China exchanges.

Outlook and Opportunity Set
Asia trades at a significant valuation discount to the U.S. and has far stronger (and more tangible) balance sheets, having generally not participated in the debt-fuelled buyback wave at record high prices of U.S. corporates. Asian management teams did not participate in this financial engineering game to anywhere near the same extent as in the U.S. The strength of Asian balance sheets is now a big positive, and if prices slide further, they have the means to acquire their own "cheap" stock and compound value per share. Today, almost 50% of the Topix and around 40% of the Hang Seng Index trade below book, and share repurchase announcements have reached recent highs.

31 December 2008 to 31 December 2018

Source: Bloomberg

Just as performance did not reflect portfolio enhancements, we believe the stock prices of most companies in the Fund did not indicate the positive progress that our companies and management partners made throughout the year. Several businesses sold assets for attractive prices, including CK Asset, Baidu, and Softbank. CK Asset sold an office building in Hong Kong for over $5 billion or $4,200 per square foot, the largest single property real estate transaction completed, or about double our appraisal for the building. Softbank completed the largest IPO in Japan, raising $21 billion dollars by listing its Japanese mobile business at an over 50% premium to our appraisal of the business. Softbank sold its 21% stake in Indian ecommerce operator Flipkart to Walmart for 1.6x cost less than a year after investing in Flipkart. Baidu listed and sold some of its shares in online video entertainment platform iQiyi, at a premium to our appraisal, and used some of the proceeds to repurchase discounted Baidu shares.

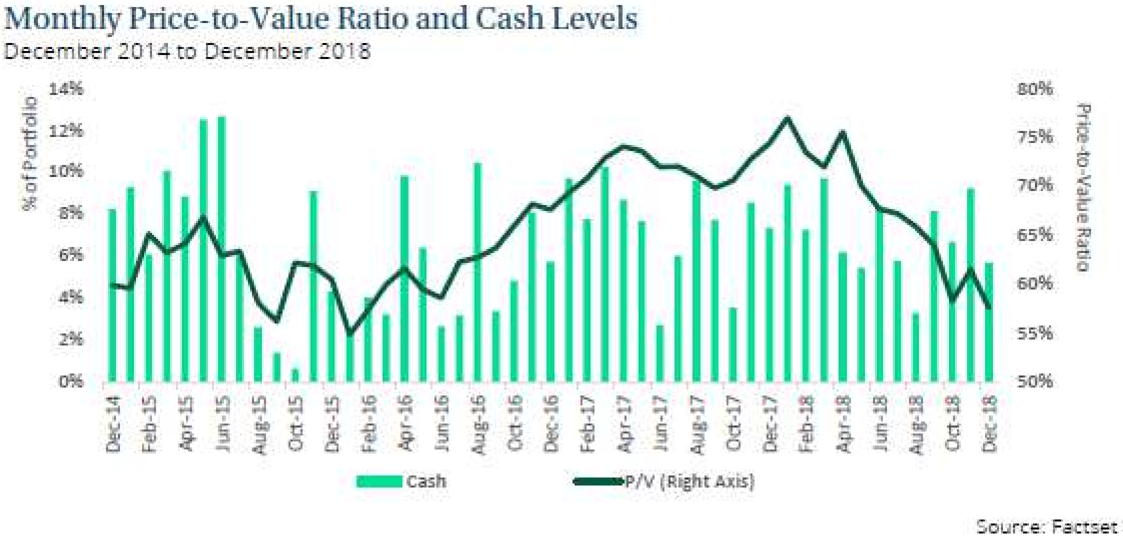
Bharti Infratel, CK Hutchison, Speedcast, and Minebea announced value-accretive acquisitions and mergers, while Healthscope received an offer that was near our appraisal value. Importantly, the primary business segments at most of our core holdings grew – Retail at CK Hutchison, Core Search at Baidu, Bearings at MinebeaMitsumi, Mass Gaming at Melco and MGM China, and Cosmetic sales at L'Occitane.

Our management partners took advantage of the disconnect between price and value by buying shares personally or having the company repurchase shares. 11 out of our 20 portfolio holdings, collectively representing over half of the portfolio value, have engaged in buyback and / or insider buying in the last few months. The Li family bought over $500mm dollars of CK Asset last year, increasing their stake by almost 2%. Melco Resorts repurchased around 10% of their free float in the third quarter, and we expect them to have repurchased shares in the fourth quarter. In addition, they bought out almost all the minority interest of listed Philippine subsidiary Melco Resorts and Entertainment Philippines at attractive prices. Melco CEO Lawrence Ho has also been an active buyer of Melco shares.

We believe growing free cash flow and earnings per share eventually should translate into stock prices that properly reflect value, whether by investor re-rating, much higher earnings than currently being delivered, or corporate partners taking action to gain value recognition.

We believe the best way to manage against investment risk is to know what we own very well and incorporate conservative-to-skeptical assumptions about the future in our appraisal with a sizable margin of safety on this appraisal. Investing in a limited number of companies, having a broad and deep research network, and engaging with managements are critical advantages in providing the knowledge that may prevent permanent losses over the long-term. In our process, we always consider external challenges that could deteriorate competitive positions, such as technology, government regulation, higher tariffs, and general geopolitical tensions. Most importantly, we have partnered with management teams who, in our view, can control their own destiny in terms of value realization. We are neither pleased nor complacent about 2018 returns. It is our view that the momentum style of investing that has dominated for the past decade is overdue for a reversal. We believe that the attractive price-to-value (P/V) ratio of our portfolio, combined with the underlying strength of the businesses we own and the management teams leading them, can generate strong absolute and relative results going forward and the payoff for 2018 company-level and portfolio-level progress is deferred, but not lost.

Importantly, looking back on a challenging 2018 has not led us to drift away from our disciplined approach. We remain aligned, concentrated, bottom-up, value-oriented, long-term investors who strive to achieve attractive returns by investing within our circle of competence. Over the long-term, investing in great businesses with a margin of safety alongside aligned management teams has proven its power. This approach does require patience at times, but that patience is typically rewarded and allows for us to take advantage of the swings between fear and greed ever-present in the financial markets.



Cash ended the year below 6%. Additionally, portfolio repositioning and intrinsic value growth amid stock price declines helped the (P/V) ratio move into the mid-to-high 50s, a particularly attractive discount level, one that has historically preceded strong returns looking over the longer history of our broader strategies. Your portfolio managers have continued to put further personal capital to work to take advantage of the current compelling opportunity set.

Southeastern Asset Management, Inc.
February 2019

Schedule of Investments as at 31 December 2018
Asia Pacific Fund

Security (Domicile)	Nominal Holdings	Fair Value US$	% of Net Assets
Transferable Securities (December 2017: 92.82%)			
Common Stock (December 2017: 92.82%)			
Auto Components (December 2017: 4.49%)			
Hyundai Mobis Company Limited (South Korea)	22,716	3,868,113	4.28
Auto Manufacturers (December 2017: 4.15%)			
Toyota Motor Corporation (Japan)	72,600	4,243,197	4.70
Cosmetics & Personal Care (December 2017: 3.00%)			
L'Occitane International S.A. (Luxembourg)	2,468,250	4,507,499	4.99
Distribution & Wholesale (December 2017: 2.71%)			
Diversified Financial Services (December 2017: 4.33%)			
CK Hutchison Holdings Limited (Hong Kong)	420,500	4,038,261	4.47
Diversified Telecommunication Services (December 2017: Nil)			
Bharti Infratel Limited (India)	1,205,074	4,526,687	5.01
Vocus Group Limited (Australia)	1,169,238	2,635,368	2.92
		7,162,055	**7.93**
Food Products (December 2017: Nil)			
First Pacific Company Limited (Hong Kong)	7,298,000	2,814,630	3.12
WH Group Limited (Hong Kong)	5,866,500	4,517,591	5.00
		7,332,221	**8.12**
Health Care Services (December 2017: 7.14%)			
Home Furnishings (December 2017: Nil)			
Midea Group Company Limited (China)	491,300	2,637,651	2.92
Hotels, Restaurants & Leisure (December 2017: 6.83%)			
Melco International Development Limited (Hong Kong)	2,568,000	5,234,056	5.79
MGM China Holdings Limited (Hong Kong)	4,062,800	6,817,597	7.55
Yum China Holdings Inc. (China)	110,915	3,718,980	4.12
		15,770,633	**17.46**
Household Durables (December 2017: 3.21%)			
Man Wah Holdings Limited (Hong Kong)	8,525,200	3,429,459	3.80
Internet Software & Services (December 2017: 18.85%)			
Baidu Inc. ADR (China)	32,432	5,143,715	5.69
SpeedCast International Limited (Australia)	1,845,070	3,781,763	4.19
Vipshop Holdings Limited ADR (China)	445,864	2,434,417	2.69
		11,359,895	**12.57**
Lodging (December 2017: 2.33%)			
Machinery (December 2017: 6.67%)			
MinebeaMitsumi Inc. (Japan)	420,400	6,098,590	6.75
Real Estate Management & Development (December 2017: 14.18%)			
CK Asset Holdings Limited (Hong Kong)	863,000	6,315,038	6.99
New World Development Company Limited (Hong Kong)	3,193,334	4,224,882	4.68
		10,539,920	**11.67**

Security (Domicile)	Nominal Holdings	Fair Value US$	% of Net Assets
Transferable Securities (December 2017: 92.82%) (continued)			
Common Stock (December 2017: 92.82%) (continued)			
Retail (December 2017: 5.49%)			
Telecommunication (December 2017: 4.20%)			
SoftBank Group Corporation (Japan)	65,200	4,345,477	4.81
Textiles, Apparel And Luxury Goods (December 2017: 5.24%)			
Total Common Stock		**85,332,971**	**94.47**
Total Transferable Securities (Cost $98,194,749)		**85,332,971**	**94.47**
Short Term Obligations (December 2017: 7.20%)			
State Street Repurchase Agreement State Street Bank, 0.50% due 02/01/2019 (Collateral US$5,212,591 U.S. Treasury Note 0.125% due 15/04/2019) (United States)	5,109,000	5,109,000	5.65
Total Short Term Obligations		**5,109,000**	**5.65**
Portfolio Of Investments (December 2017: 100.02%)		**90,441,971**	**100.12**
Cash and Cash Equivalents (December 2017: 0.14%)		575	0.00
Other Creditors (December 2017: (0.16)%)		(113,043)	(0.12)
Net Asset Value		**90,329,503**	**100.00**

Analysis of total assets (unaudited)	**% of Total Current Assets**
Transferable securities admitted to an official stock exchange listing or traded on a regulated market	94.24
Short term obligations	5.64
Other current assets	0.12
Total Assets	**100.00**

Statement of Changes in Composition of Portfolio (Unaudited)

Asia Pacific Fund

	Acquisition Cost US$
MGM China Holdings Limited	7,180,903
Melco International Development Limited	5,478,191
Bharti Infratel Limited	5,276,517
WH Group Limited	5,222,960
MinebeaMitsumi Inc.	5,173,434
Vocus Group Limited	5,019,575
SpeedCast International Limited	4,716,801
CK Hutchison Holdings Limited	4,689,369
SoftBank Group Corporation	4,687,342
CK Asset Holdings Limited	4,573,554
Vipshop Holdings Limited	4,407,518
Baidu Inc.	4,243,015
L'Occitane International S.A.	4,008,599
Man Wah Holdings Limited	4,000,000
Yum China Holdings Inc.	3,583,497
First Pacific Company Limited	3,277,570
Brilliance China Automotive Holdings Limited	3,148,096
New World Development Company Limited	2,664,400
Midea Group Company Limited	2,664,291
Hyundai Mobis Company Limited	2,596,639
Toyota Motor Corporation	2,370,395
Ain Holdings Inc.	1,698,556
Inchcape Plc	1,487,030

	Disposal Proceeds US$
Ain Holdings Inc.	3,732,453
Healthscope Limited	3,439,033
Vocus Group Limited	3,218,681
Inchcape Plc	2,558,153
Vipshop Holdings Limited	2,557,032
Automotive Holdings Group Limited	2,227,299
SpeedCast International Limited	2,051,279
Ardent Leisure Group	2,033,316
Pandora A/S	2,001,769
SoftBank Group Corporation	1,867,206
Brilliance China Automotive Holdings Limited	1,846,663
Great Eagle Holdings Limited	1,768,999
CK Hutchison Holdings Limited	1,744,033
Genting Berhad	1,424,582
JINS Inc.	1,291,718
Melco Resorts & Entertainment Limited	1,216,039
L'Occitane International S.A.	1,046,168
New World Development Company Limited	799,523
WH Group Limited	740,096
CK Asset Holdings Limited	699,267
MinebeaMitsumi Inc.	677,754
Melco International Development Limited	536,807
Baidu Inc.	497,864

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

A list of all purchases and sales of the Fund during the period ended 31 December 2018 can be obtained free of charge from the Swiss Representative.

Statement of Comprehensive Income

Asia Pacific Fund

	Notes	For the year ended 31 December 2018 US$	2017 US$
Income			
Dividend income	1	1,613,820	988,750
Net (loss)/gain on investments at fair value through profit or loss	2	(19,696,662)	12,262,956
Net foreign exchange (loss)	2	(40,359)	(22,815)
Total net (loss)/income		(18,123,201)	13,228,891
Expenses			
Management fees	5	(856,892)	(484,054)
Administration fees	5	(44,707)	(25,255)
Depositary fees	5	(53,361)	(55,070)
Audit fees		(19,545)	(18,164)
Other operating expenses		(111,156)	(79,646)
Total operating expenses before reimbursement		(1,085,661)	(662,189)
Expense reimbursement from manager	5	-	87
Total net expenses		(1,085,661)	(662,102)
Operating (loss)/income		(19,208,862)	12,566,789
Finance costs (excluding increase in net assets attributable to holders of redeemable participating units)			
Interest expense		(1,586)	-
Taxation			
Withholding tax	4	(74,581)	(48,053)
(Loss)/Income for the financial year after taxation		(19,285,029)	12,518,736
(Decrease)/Increase in net assets attributable to holders of redeemable participating units resulting from operations		(19,285,029)	12,518,736

Gains and losses arose solely from continuing operations.
There were no gains or losses other than those dealt with in the Statement of Comprehensive Income.
The notes to the financial statements form an integral part of these financial statements.

Statement of Financial Positions

Asia Pacific Fund

	Notes	31 December 2018 US$	31 December 2017 US$
Current Assets			
Cash and Cash Equivalents	1(h)	575	72,892
Dividends receivable		86,297	33,092
Interest receivable		71	16
Receivable for management fee reimbursement	5	-	87
Financial assets at fair value through profit or loss	1(f)	90,441,971	52,978,939
Other receivables		22,426	-
Total Current Assets		90,551,340	53,085,026
Liabilities			
Current Liabilities			
Management fees payable	5	(177,446)	(50,028)
Administration fees payable	5	(11,882)	(9,777)
Depositary fees payable	5	(5,372)	(14,798)
Audit fees payable		(15,160)	(16,112)
Other liabilities		(11,977)	(26,777)
Total Current Liabilities		(221,837)	(117,492)
Net assets attributable to holders of redeemable participating units	1(l)	90,329,503	52,967,534

The notes to the financial statements form an integral part of these financial statements.
Details of the NAV per unit are set out in Note 3.

On Behalf of the Manager

Eimear Cowhey

Mike Kirby

24 April 2019

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

Asia Pacific Fund

		For the year ended 31 December	
		2018	**2017**
	Notes	**US$**	**US$**
Net assets attributable to holders of redeemable participating units at beginning of the year		52,967,534	27,611,242
Proceeds from the issuance of redeemable participating units	3	60,287,388	13,053,108
Payments on redemptions of redeemable participating units	3	(3,640,390)	(215,552)
Net increase from unit transactions		56,646,998	12,837,556
(Decrease)/increase in net assets attributable to holders of redeemable participating units resulting from operations		(19,285,029)	12,518,736
Net assets attributable to holders of redeemable participating units at end of the year	1(l)	90,329,503	52,967,534

Statement of Cash Flows

Asia Pacific Fund

	For the year ended 31 December	
	2018	**2017**
	US$	**US$**
Cash flows from operating activities		
(Loss)/Income for the financial year after taxation	(19,285,029)	12,518,736
Adjustments to reconcile net increase/(decrease) in net assets resulting from operations to net cash provided by/(used in) operating activities:		
Net loss/(gain) on investments at fair value through profit or loss	19,712,269	(12,261,441)
Cash (outflow) due to purchases and sales of investments during the year	(57,175,301)	(13,087,128)
(Increase)/decrease in debtors	(75,599)	46,834
Increase in creditors	104,345	17,439
Net cash (used in) operating activities	(56,719,315)	(12,765,560)
Cash flows from financing activities		
Proceeds from the issuance of redeemable participating units	60,287,388	13,053,108
Payments on redemptions of redeemable participating units	(3,640,390)	(215,552)
Net cash provided by financing activities	56,646,998	12,837,556
(Decrease)/Increase in cash and cash equivalents	(72,317)	71,996
Cash and Cash Equivalents at beginning of year	72,892	896
Cash and Cash Equivalents at end of year	575	72,892
Interest paid	(1,641)	-
Dividends received	1,560,615	1,035,686
Interest received	15,552	1,500

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

1. Significant Accounting Policies

Organisation
Longleaf Partners Unit Trust is organised as an open-ended umbrella unit trust under a Deed of Trust dated 24 October 2011, as amended and restated on 24 November 2014 established pursuant to the UCITS Regulations. The primary investment objective of the Trust is to deliver long term capital growth over time through the identification of and investment in undervalued companies located around the world.

The Trust has obtained the approval of the Central Bank of Ireland (the "Central Bank") for the establishment of three funds, namely, the Longleaf Partners Global UCITS Fund ("Global Fund"), the Longleaf Partners U.S. UCITS Fund ("U.S. Fund") and Longleaf Partners Asia Pacific UCITS Fund ("Asia Pacific Fund") (each a "Fund", together the "Funds"). Longleaf Partners U.S. UCITS Fund fully redeemed on 27 March 2018 and a separate set of audited financial statements was prepared for this Fund for the extended period from 1 January 2017 to 27 March 2018. The Central Bank's approval for this Fund was withdrawn on 28 February 2019.

a) Basis of Preparation
The financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit or loss that have been measured at fair value.

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

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

The principal accounting policies are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

b) Statement of Compliance
These financial statements are prepared in accordance with IFRS as adopted by the EU, the interpretations adopted by the International Accounting Standards Board ("IASB"), Irish statute comprising : the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended and Central Bank (Supervision And Enforcement) Act 2013 (Section 48(1)) (Undertakings For Collective Investment In Transferable Securities) Regulations 2015, as amended (collectively the "UCITS Regulations").

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

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

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

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

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

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

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

IFRS 17 “Insurance Contracts” was issued in May 2017 and will become effective for accounting periods beginning on or after 1 January 2021. It applies to: insurance contracts, including reinsurance contracts, issued by an entity; reinsurance contracts held by an entity; and investment contracts with discretionary participation features issued by an entity that issues insurance contracts. An insurance contract is defined as ‘a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder’. The new standard is not expected to have a significant impact on the Company’s financial position, performance or disclosures in its financial statements.

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

c) Estimates and Judgments

The preparation of the financial statements, in accordance with IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Functional currency:

The Board of Directors of the Manager considers the U.S. Dollar the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The U.S. Dollar is the currency in which the Trust measures its performance and reports its results. This determination also considers the competitive environment in which the Trust is compared to other U.S. investment products.

d) Transaction Costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. When a financial asset or liability is recognized initially, an entity shall measure it at its fair value through profit or loss with transaction costs for such instruments being recognized directly in the Statement of Comprehensive Income.

Transaction costs charged by the Depositary on the settlement of purchases and sales of investments are included in operating expenses in the Statement of Comprehensive Income for each Fund.

Transaction costs on purchases and sales of equities are included in "net gain/(loss) on investment at fair value through profit or loss" in the Statement of Comprehensive Income for each Fund. These costs include identifiable brokerage charges, commission, transaction related taxes and other market charges. Transaction costs are included in Note 5 'Significant Agreements' within the section 'Transaction Costs' for each relevant Fund.

Transaction costs on the purchase and sale of bonds and Repurchase Agreements are included in the purchase and sale price of the investment. These costs cannot be practically or reliably gathered as they are embedded in the cost of the investment and cannot be separately verified or disclosed.

e) Foreign Currency Translation

Functional and presentation currency

The financial statements are presented in U.S. Dollars, which is the Trust's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date. Realized and unrealized foreign currency gains and losses are accounted for in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statement of Comprehensive Income within "net gain/(loss) on investments at fair value through profit or loss".

f) Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss

Classification

IFRS 9 "Financial Instruments" ("IFRS 9") replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial instruments, including derecognition and impairment of such financial instruments. The Directors of the Manager have determined that in order for the financial statements to give a true and fair view it is necessary to fair value all financial instruments through profit or loss as permitted by IFRS 9 since all financial instruments are managed on a fair value basis.

The Trust classifies its investments in equity securities, warrants and money market instruments as financial assets or financial liabilities at fair value through profit or loss in accordance with IFRS 9. This category has two sub-categories: financial assets or financial liabilities held for trading; and those designated at fair value through profit or loss upon initial recognition.

- *Financial assets and liabilities held for trading (Short-Term Obligations; Repurchase Agreements)*
  A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

- *Financial assets and liabilities designated at fair value through profit or loss at inception (Transferable Securities)*
  Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Trust's documented investment strategy.

The Trust's policy requires the Investment Manager and the Board of Directors of the Manager to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

Recognition and Derecognition

Regular purchases and sales of investments are recognized on the trade date, the date on which the relevant Fund commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred in the Statement of Comprehensive Income.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the Trust has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss category are presented in the Statement of Comprehensive Income within “net gain/(loss) on investments at fair value through profit or loss” in the period in which they arise.

Fair Value Measurement

- *Investments*

  Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Trust adopts IFRS 13, ‘Fair value measurement’, and for fair valuation input it utilises the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread.

  In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

  Prices will be obtained for this purpose by the Administrator from independent sources, such as recognized pricing services or brokers specializing in the relevant markets, which in the opinion of the Administrator represent objective and accurate sources of information.

  If the investment is normally quoted, listed or traded on or under the rules of more than one recognized market, the relevant recognized market shall be that which the Manager, the Administrator as its delegate or the Investment Manager as its delegate determines, provides the fairest criterion of value for the investment.

  If prices for an investment quoted, listed or traded on the relevant recognized market are not available at the relevant time, or are unrepresentative in the opinion of the Manager, the Administrator as its delegate or the Investment Manager as its delegate, such investment shall be valued at its probable realization value estimated with care and in good faith by the Manager or the Administrator as its delegate or the Investment Manager as its delegate or by a competent person, firm or corporation appointed by the Manager and approved for the purpose by the Depositary. Securities quoted, listed or traded on a regulated market but acquired at a premium or at a discount outside or off the relevant market may be valued taking into account the level of premium or discount at the date of valuation and the Depositary must ensure the adoption of such a procedure is justifiable in the context of establishing the probable realization value of the security.

- *Repurchase Agreements*

  Repurchase Agreements are used in the management of cash balances. Securities purchased under agreements to resell are valued at fair value and adjusted for any movements in foreign exchange rates. Repurchase Agreements are generally held until the next business day so fair value is equal to par. Interest rates vary for each Repurchase Agreement and are set at the initiation of the agreement. It is the Funds’ policy to take custody of securities purchased under repurchase agreements and to value the securities on a daily basis to protect the Funds in the event the securities are not repurchased by the counterparty. The relevant Fund will generally obtain additional collateral if the market value of the underlying securities is less than the face value of the Repurchase Agreements plus any accrued interest. In the event of default on the obligation to repurchase, a Fund has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. As at 31 December 2018, the Global Fund and the Asia Pacific Fund each held one Repurchase Agreement. Realized and unrealized gains and losses arising from repurchase agreements are accounted for in the Statement of Comprehensive Income.

g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position where the Trust currently has a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

h) Cash and Cash Equivalents
Cash and cash equivalents includes deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less.

i) Interest Income
Income on deposit interest is accounted for on an accruals basis and interest on interest bearing securities is accounted for on the effective interest basis and is recognised in gains and losses arising from investments at fair value through profit or loss as it accrues. Income which suffers a deduction of tax at source is shown gross of withholding tax.

j) Dividend Income
Dividend income from financial assets at fair value through profit or loss is recognized in the Statement of Comprehensive Income within dividend income when the relevant Fund's right to receive payment is established gross of withholding tax which is recognized separately.

k) Expenses
Expenses are recognized in the Statement of Comprehensive Income on an accruals basis.

l) Description of Units
Redeemable Participating Units
All units in the Global Fund and in the Asia Pacific Fund are classified as redeemable participating units. Redeemable participating units are redeemable at the unitholder's option and are classified as financial liabilities. A redeemable participating unit can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. A redeemable participating unit is carried at the redemption amount that is payable at the Statement of Financial Position date if the unitholder exercises the right to put the unit back to the Fund.

Redeemable participating units are issued and redeemed at the unitholder's option at prices based on the Fund's net asset value per unit at the time of issue or redemption. The Fund's net asset value per unit is calculated by dividing the net assets attributable to the holders of redeemable participating units by the total number of outstanding redeemable participating units.

Investment positions are valued in accordance with the provisions of the Fund's prospectus, for the purpose of determining the net asset value per unit for subscriptions and redemptions.

All issued redeemable participating units are fully paid. The Fund's capital is represented by these redeemable participating units with no par value and each carrying one vote.

They may be paid dividends at the discretion of the Manager. The relevant movements are shown on the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Units.

m) Securities Financing Transactions
Securities Financing Transactions Regulation (Regulation (EU) 2015/2365) ("SFTR") came into force on 12 January 2016 and, amongst other requirements, introduces new disclosure requirements in the Trust's annual and semi-annual reports published after 13 January 2017 detailing the Trust's use of securities financing transactions and total return swaps. The Repurchase Agreements held on each Fund are in scope for SFTR. As a result, additional disclosures have been included in Appendix 2 to these financial statements.

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

Global Fund	2018 US$	2017 US$
Realized gain on investments sold	2,283,231	21,984,156
Total change in unrealized gain on investments	(31,758,079)	15,317,945
Interest income on investments at fair value through profit or loss	47,099	18,320
Net (loss)/gain on investments at fair value through profit or loss	(29,427,749)	37,320,421
Net foreign exchange (loss)/gain	(31,586)	14,263

Asia Pacific Fund	2018 US$	2017 US$
Realized gain on investments sold	145,418	5,035,405
Total change in unrealized gain on investments	(19,857,687)	7,226,036
Interest income on investments at fair value through profit or loss	15,607	1,515
Net (loss)/gain on investments at fair value through profit or loss	(19,696,662)	12,262,956
Net foreign exchange (loss)	(40,359)	(22,815)

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

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

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

The Net assets attributable to Holders of Redeemable Participating Units represents a liability on the Statement of Financial Position, carried at the redemption amount that would be payable at the Statement of Financial Position date if the unitholder exercised the right to redeem its units to the relevant Fund.

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

A summary of unitholder activity is detailed below:

Global Fund	For the year ended 31 December 2018		
	Class I U.S. Dollar	Class I Euro	Class I British Pound
Units in issue at the beginning of year	9,099,242	522,000	892,312
Units issued	846,926	82,054	62,946
Units redeemed	(1,149,039)	(371,785)	(139,600)
Units in issue at the end of year	8,797,129	232,269	815,658
Net Asset Value	US$136,480,539	€3,105,762	£9,860,164
Number of Units in Issue	8,797,129	232,269	815,658
Net Asset Value per Unit	US$15.51	€13.37	£12.09

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

Global Fund	For the year ended 31 December 2016		
	Class I U.S. Dollar	Class I Euro	Class I British Pound
Units in issue at the beginning of year	16,779,699	1,631,836	484,627
Units issued	3,080,583	2,740	647,118
Units redeemed	(10,774,770)	(1,106,724)	(311,967)
Units in issue at the end of year	9,085,512	527,852	819,778
Net Asset Value	US$135,023,772	€7,394,004	£9,821,889
Number of Units in Issue	9,085,512	527,852	819,778
Net Asset Value per Unit	US$14.86	€14.01	£11.98

Asia Pacific Fund	For the year ended 31 December 2018	
	Class I U.S. Dollar	Class I British Pound
Units in issue at the beginning of year/period	3,441,160	120,809
Units issued	3,279,541	1,182,907
Units redeemed	(264,320)	(18,500)
Units in issue at the end of year/period	6,456,381	1,285,216
Net Asset Value	US$75,397,228	£11,715,266
Number of Units in Issue	6,456,381	1,285,216
Net Asset Value per Unit	US$11.68	£9.12

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

* The share class was launched 15 September 2017.

Asia Pacific Fund	For the year ended 31 December 2016
	Class I U.S. Dollar
Units in issue at the beginning of year	2,516,480
Units issued	192,455
Units redeemed	(146,769)
Units in issue at the end of year	2,562,166
Net Asset Value	US$27,611,242
Number of Units in Issue	2,562,166
Net Asset Value per Unit	US$10.78

Significant shareholders

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

Fund	Number of significant shareholders 31 Dec 2018	Total Holdings as at 31 Dec 2018	Total Shareholding as a % of the sub-fund as at 31 Dec 2018	Number of significant shareholders 31 Dec 2017	Total Holdings as at 31 Dec 2017	Total Shareholding as a % of the sub-fund as at 31 Dec 2017
Global Fund	1	2,666,744	26.97	1	2,666,744	25.36
Asia Pacific Fund	2	3,756,361	48.52	1	2,000,000	56.15

Note 9 provides further detail of the significant shareholders of the Asia Pacific Fund included in the table above.

4. Taxation

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

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

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

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

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

5. Significant Agreements

Investment Management Fees

The Investment Manager is entitled to receive investment management fees in respect of the Funds payable out of the assets of the Funds (“Management Fees”) accruing daily and payable monthly in arrears at an annual percentage rate of 1.0% of the average daily Net Asset Value for Class I shares of the Global Fund and at an annual percentage rate of 1.15% of the average daily Net Asset Value for Class I shares of the Asia Pacific Fund.

The Investment Manager is also entitled to reimbursement of all reasonable out-of-pocket expenses incurred for the benefit of the Trust including expenses incurred by it in the performance of its duties.

The Investment Manager may from time to time, at its sole discretion waive, reduce or, out of its own resources, rebate to some or all of the unitholders, the Trust or any Fund part of the aforementioned fees.

The Investment Manager has voluntarily agreed to reimburse or waive such portions of its fees as are necessary to ensure that the total expense ratio attributable to the Class I Shares of the Global Fund shall not exceed 1.6% of the Net Asset Value of the Global Fund or 1.75% of the Net Asset Value of the Asia Pacific Fund.

A reimbursement of US$Nil (2017: US$87) was reimbursed by the Investment Manager in respect of the Class I shares of the Asia Pacific Fund of which US$Nil (2017: US$87) was outstanding at the year end.

The Investment Manager earned a total fee of US$2,708,344 (2017: US$2,281,431) of which US$454,182 (2017: US$211,500) was outstanding at the year end.

The Manager does not receive a fee out of the assets of the Funds. The Manager is reimbursed for all of its expenses incurred in the normal course of business plus a 10% markup by the Investment Manager.

Administration Fees
The Administrator is entitled to a fee payable out of the assets of each Fund accruing daily and payable monthly in arrears at the end of each calendar month at an annual rate not to exceed 0.06% of the combined average net asset value of the Funds between zero and US$400 million, 0.05% of the combined average net asset value of the Funds between US$400 million and US$1,000 million, 0.04% of the combined average net asset value of the Funds between US$1,000 million and US$1,500 million and 0.03% of the combined average net asset value of the Funds in excess of US$1,500 million.

The Administrator is also entitled to receive a fee of US$7,500 per annum per Fund for the preparation of annual and semi-annual financial statements and a minimum annual fee for the Trust, exclusive of out-of-pocket expenses, of US$10,000 for reporting services under the UCITS Regulations.

The Manager will also reimburse the Administrator out of the assets of the relevant Fund for all reasonable expenses incurred for the benefit of the Fund when contracting with entities providing paying or transfer agency services. The Administrator is also entitled to reimbursement of all reasonable out-of-pocket expenses incurred for the benefit of the Fund out of the assets of the Fund in respect of which such charges and expenses were incurred.

Depositary Fees
The Depositary is entitled to a fee payable out of the assets of the relevant Fund in the Trust accruing daily and payable monthly in arrears at the end of each calendar month at an annual rate not to exceed 0.025% of the combined average net asset value of the Funds between zero and US$100 million, 0.020% of the combined average net asset value of the Funds between US$100 million and US$300 million and 0.015% of the combined average net asset value of the Funds in excess of US$300 million.

The Depositary is also entitled to reimbursement of properly vouched out of pocket expenses incurred by the Depositary, or any sub-custodian, for the benefit of the Funds out of the assets of the Funds in respect of which such charges and expenses were incurred.

Transaction Costs
As disclosed in Note 1, transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of the financial asset or financial liability. The Funds incurred transaction costs as follows:

For the year ended 31 December 2018 and 31 December 2017, the Funds incurred transaction costs as follows:

	For the year ended 31 December US$	
	2018	**2017**
Global Fund	101,684	63,715
Asia Pacific Fund	195,870	83,133

6. Financial Instruments

In accordance with IFRS 7 Financial Instruments: Disclosure, this note details the way in which the Trust manages risks associated with the use of financial instruments.

As an investment fund, the management of the financial instruments is fundamental to the management of the relevant Fund's business. The Funds' risk management process is managed by Southeastern Asset Management Inc., in its capacity as Investment Manager and oversight of these functions is carried out by both the Depositary, and by the Board of Directors of the Manager.

The relevant Fund's investment portfolios comprise mainly quoted equity instruments that it intends to hold for an indefinite period of time. The Funds may hold debt instruments for cash management or investment purposes. The Funds also hold Repurchase Agreements, warrants and money market instruments as detailed in the Schedules of Investments.

The Funds' investing activities expose them to various types of risk that are associated with the financial instruments and markets in which they invest. The most important types of financial risk to which the Funds are exposed are market risk, liquidity risk and credit risk.

Stock selection, asset allocation and cash management is determined by the Investment Manager who manages the distribution of the assets to achieve the investment objectives. The composition of the relevant Fund's portfolio is monitored by the Investment Manager on an intraday basis.

The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the relevant Fund are discussed below.

Market Risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

The Funds' strategy on the management of investment risk is driven by the relevant Fund's investment objective. The Funds' overall investment objective is to preserve capital and to increase the value of the capital over time.

Although it is impossible to guarantee any capital preservation, the Investment Manager believes that the philosophy of purchasing companies at a substantial discount to their intrinsic values should deliver absolute positive returns in the medium to long term. The discount to intrinsic value should act as a margin of safety for each investment. The Investment Manager is a fundamental, bottom-up investor with the stock selection process taking prominence over asset and sector allocation.

The Investment Manager monitors individual stock and cash positions on an intraday basis using various reporting tools.

These levels are discussed at the quarterly Manager's Board meeting.

The Funds' market risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place. The investments of each fund are subject to normal market fluctuations and the risks inherent in investment in international securities markets and there can be no assurances that appreciation will occur. Stock markets can be volatile and stock prices can change substantially.

Details of the Funds' investment portfolios at 31 December 2018 are disclosed in the Schedule of Investments sections. All individual investments in equity instruments are disclosed separately. The Funds' sensitivity to fluctuations in market prices is detailed in the Price Risk section below.

Currency Risk
Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in the rate of exchange between the currency in which the financial asset or financial liability is denominated and the functional currency of the relevant Fund. The Funds may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Funds are exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the relevant Fund's assets or liabilities denominated in currencies other than the U.S. Dollar. The Funds may use currency forwards to hedge currency exposure but do not routinely do so.

The Investment Manager monitors the Funds' currency exposures on an intraday basis. The delegates of the Board of Directors of the Manager monitor these exposures on a monthly basis through reporting from the Investment Manager and the Administrator. Some expenses are payable in currencies other than the base currency but the foreign currency exposure on these is not material.

The currency exposure as at 31 December 2018 and 2017 are shown below.

Global Fund	**at 31 December 2018 US$**		
	Net Monetary Assets	Net Non-Monetary Assets	Total
Danish Krone	17,736	7,029,784	7,047,520
Euro	142,577	25,738,216	25,880,793
Hong Kong Dollar	13,494	20,679,783	20,693,277
Japanese Yen	-	3,823,950	3,823,950
Swiss Franc	-	4,101,423	4,101,423
	173,807	61,373,156	61,546,963

	at 31 December 2017 US$		
	Net Monetary Assets	Net Non-Monetary Assets	Total
Brazilian Real	-	95,074	95,074
Euro	1,074,727	33,131,093	34,205,820
Hong Kong Dollar	-	30,023,720	30,023,720
Malaysian Ringgit	-	874,318	874,318
Swiss Franc	-	5,613,026	5,613,026
	1,074,727	69,737,231	70,811,958

At 31 December 2018, if the exchange rate between the U.S. Dollar and the relevant foreign currency increased by 5% (based on monetary and non-monetary items) with all other variables held constant, the net assets attributable to unitholders for the Global Fund would have increased by US$2,930,808 (2017: US$3,371,998). A 5% decrease would have an equal and opposite effect on the value of the Global Fund.

Asia Pacific Fund	**at 31 December 2018 US$**		
	Net Monetary Assets	Net Non-Monetary Assets	Total
Australian Dollar	-	6,417,131	6,417,131
China Yuan Renminbi	-	2,637,651	2,637,651
Danish Krone	16,669	-	16,669
Euro	12,537	-	12,537
Hong Kong Dollar	57,091	41,899,013	41,956,104
Indian Ruppie	-	4,526,687	4,526,687
Japanese Yen	-	14,687,264	14,687,264
Korean Won	-	3,868,113	3,868,113
	86,297	74,035,859	74,122,156

	at 31 December 2017 US$		
	Net Monetary Assets	Net Non-Monetary Assets	Total
Australian Dollar	7,357	8,942,310	8,949,667
British Pound	-	1,435,679	1,435,679
Danish Krone	12,258	2,777,250	2,789,508
Euro	13,129	-	13,129
Hong Kong Dollar	72,664	14,301,127	14,373,791
Japanese Yen	-	10,220,538	10,220,538
Korean Won	-	2,378,804	2,378,804
Malaysian Ringgit	-	1,075,038	1,075,038
	105,408	41,130,746	41,236,154

At 31 December 2018, if the exchange rate between the U.S. Dollar and the relevant foreign currency increased by 5% (based on monetary and non-monetary items) with all other variables held constant, the net assets attributable to unitholders for the Asia Pacific Fund would have increased by US$3,529,628 (2017: US$1,963,626). A 5% decrease would have an equal and opposite effect on the value of the Asia Pacific Fund.

Interest Rate Risk

This is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the relevant Fund's assets are non-interest bearing so there is very limited exposure to this risk type. The majority of interest-bearing financial assets mature in the short-term. The Investment Manager monitors the interest rate risk exposure on a daily basis. The delegates of the Board of Directors of the Manager monitor this exposure on a monthly basis through reporting from the Investment Manager and the Administrator.

The interest profiles of 31 December 2018 and 31 December 2017 are shown below.

Global Fund	at 31 December 2018 US$				
	Interest-bearing asset maturity				
	Up to 1 year	1 – 5 years	Over 5 years	Non-interest bearing	Total
Cash and Cash Equivalents	286	-	-	-	286
Transferable Securities	-	-	-	137,624,213	137,624,213
Short Term Obligations	13,417,000	-	-		13,417,000
Other assets	-	-	-	1,960,360	1,960,360
Total assets	13,417,286	-	-	139,584,573	153,001,859
Other liabilities	-	-	-	(395,130)	(395,130)
Total liabilities	-	-	-	(395,130)	(395,130)
Net assets	13,417,286	-	-	139,189,443	152,606,729

	at 31 December 2017 US$				
	Interest-bearing asset maturity				
	Up to 1 year	1 – 5 years	Over 5 years	Non-interest bearing	Total
Cash and Cash Equivalents	10,148	-	-	-	10,148
Transferable Securities	-	-	-	153,327,744	153,327,744
Short Term Obligations	39,527,000	-	-	-	39,527,000
Other assets	-	-	-	354,305	354,305
Total assets	39,537,148	-	-	153,682,049	193,219,197
Other liabilities	-	-	-	(316,830)	(316,830)
Total liabilities	-	-	-	(316,830)	(316,830)
Net assets	39,537,148	-	-	153,365,219	192,902,367

Asia Pacific Fund	at 31 December 2018 US$				
	Interest-bearing asset maturity				
	Up to 1 year	1 – 5 years	Over 5 years	Non-interest bearing	Total
Cash and Cash Equivalents	575	-	-	-	575
Transferable Securities	-	-	-	85,332,971	85,332,971
Short Term Obligations	5,109,000	-	-	-	5,109,000
Other assets	-	-	-	108,794	108,794
Total assets	5,109,575	-	-	85,441,765	90,551,340
Other liabilities	-	-	-	(221,837)	(221,837)
Total liabilities	-	-	-	(221,837)	(221,837)
Net assets	5,109,575	-	-	85,219,928	90,329,503

	at 31 December 2017 US$				
	Interest-bearing asset maturity				
	Up to 1 year	1 – 5 years	Over 5 years	Non-interest bearing	Total
Cash and Cash Equivalents	72,892	-	-	-	72,892
Transferable Securities	-	-	-	49,163,939	49,163,939
Short Term Obligations	3,815,000	-	-	-	3,815,000
Other assets	-	-	-	33,195	33,195
Total assets	3,887,892	-	-	49,197,134	53,085,026
Other liabilities	-	-	-	(117,492)	(117,492)
Total liabilities	-	-	-	(117,492)	(117,492)
Net assets	3,887,892	-	-	49,079,642	52,967,534

At 31 December 2018, if the market interest rates had increased by 1% with all other variables remaining constant, the net assets attributable to unitholders would have increased by US$3 (2017: US$101) for the Global Fund and US$6 (2017: US$729) for the Asia Pacific Fund. As market interest rates at year-end were less than 1%, a decrease of a full 1% on cash and bank balances and short-term obligations is theoretically not possible. There would be no interest income under this scenario.

Price Risk

Price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk and currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As the majority of the Funds' financial instruments are carried at fair value with fair value changes recognized in the Statement of Comprehensive Income, all changes in market conditions will directly affect the net asset value of the relevant Fund.

Price risk is mitigated by the Investment Manager by constructing a diversified portfolio of instruments traded on various markets. In addition, price risk can be hedged using derivative financial instruments such as options or futures, although the Investment Manager decided not to do so in 2018.

The Investment Manager monitors the Funds' stock level and asset class exposures on an intraday basis. The exposures are discussed at the quarterly meetings of the Board of Directors of the Manager. Details of the Funds' investment portfolios at 31 December 2018 are disclosed in the Schedule of Investments section.

At 31 December 2018, if the price of each security held by the relevant Fund had increased by 1% the overall value of the Trust would have increased by US$1,510,412 (2017: US$1,928,547) for the Global Fund and by US$904,420 (2017: US$529,789) for the Asia Pacific Fund. A 1% decrease would have an equal and opposite effect on the value of each Fund.

Liquidity Risk
This is the risk that the Trust will encounter difficulty in meeting obligations associated with financial liabilities. The Funds' constitution provide for the daily creation and cancellation of units and they are therefore exposed to the liquidity risk of meeting unitholder redemptions at any time. To meet the redemption liability, the Funds may be required to sell assets. If the Funds are invested in less liquid securities, the relevant Fund may find it more difficult to sell these positions quickly and there is the risk that they may be sold below their fair value.

The Investment Manager monitors and manages the Funds' liquidity position on a daily basis and it is communicated to the delegates of the Board of Directors of the Manager every month. The Board of Directors of the Manager is able, by the provisions in the governing documents, to defer redemptions of significant size to facilitate an orderly disposition of securities in the interest of the remaining unitholders.

The Global Fund invests in securities that are considered to be liquid and readily realizable, as they are all listed on local stock exchanges. As at 31 December 2018, it was estimated that 97% of the Global Fund's assets could be liquidated within five trading days, including 81% of the Fund's assets which could be sold within one day. This calculation was based on one third of the average daily trading volume of each security held.

The Asia Pacific Fund invests in securities that are considered to be liquid and readily realizable, as they are all listed on local stock exchanges. As at 31 December 2018, it was estimated that 95% of the Asia Pacific Fund's assets could be liquidated within five trading days, including 68% of the Fund's assets which could be sold within one day. This calculation was based on one third of the average daily trading volume of each security held.

All payables are due for settlement within one month; at the year end, these amounted to US$395,130 (2017: US$316,830) for the Global Fund and US$221,837 (2017: US$117,492) for the Asia Pacific Fund.

The net assets attributable to holders of redeemable units of US$152,606,729 (2017: US$192,902,367) for the Global Fund and US$90,329,503 (2017: US$52,967,534) for the Asia Pacific Fund have no stated maturity date.

Credit Risk
Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the relevant Fund. This includes counterparty risk and issuer risk. In relation to the Trust it can arise for example from receivables to another party, placing deposits with other entities, transacting in debt securities and entering into derivative contracts.

The Funds keep only a low exposure to debt instruments. Substantially all of the investments and cash of the Funds are held by the Depositary, and its sub-custodians, on behalf of the Funds. The investments are clearly segregated from the Depositary's own assets. However, bankruptcy or insolvency of the Depositary, or one of its sub-custodians, could cause the Funds' rights with respect to assets held by the Depositary or sub-custodian to be delayed or limited, especially in regards to cash held on deposit. For this reason, the Investment Manager may choose to purchase government bonds for the Funds to reduce any excess cash balances held at the Depositary. The Funds manage this risk by having the Investment Manager monitor the credit quality and financial position of the Depositary. The credit rating of State Street Corporation, the parent company of the Depositary, as provided by Standard and Poor's rating agency at the reporting date was A (31 December 2017: A).
Issuer risk is associated with transacting in debt securities and is monitored by the Investment Manager based on evaluation of each counterparty. The Funds did not hold debt securities at 31 December 2018 or at 31 December 2017.

There were no significant concentrations of credit risk to counterparties at 31 December 2018 apart from the Repurchase Agreements as disclosed in the Schedule of Investments for each Fund.

For the Funds, counterparty risk relates to unsettled transactions with brokers for investments on local markets. This risk is considered small due to the short settlement periods involved. The delivery-versus-payment settlement process used on most markets limits such risk to the price movement in a security from trade date to settlement date. On a daily basis, the Investment Manager monitors any trades which have not settled on the correct date. The delegates of the Board of Directors of the Manager monitor any overdue unsettled trades on a monthly basis through reporting from the Administrator.

Offsetting and amounts subject to master netting arrangements and similar agreements
The Funds were not subject to a master netting arrangement with its sole counterparty for the Repurchase Agreements as at 31 December 2018 and 2017. The following tables present the Funds' financial assets which have not been offset in the Statement of Financial Position. The tables are presented by type of financial instrument. There were no financial liabilities set off in the Statement of Financial Position of the Funds as at year ended 31 December 2018 or 31 December 2017.

Global Fund

Description and counterparty	Gross amounts of recognised financial assets	Stock Collateral*	Net amount at 31 December 2018 US$
State Street Repurchase Agreement, State Street Bank	13,417,000	13,417,000	-

Description and counterparty	Gross amounts of recognised financial assets	Stock Collateral*	Net amount at 31 December 2017 US$
State Street Repurchase Agreement, State Street Bank	39,527,000	39,527,000	-

Asia Pacific Fund

Description and counterparty	Gross amounts of recognised financial assets	Stock Collateral*	Net amount at 31 December 2018 US$
State Street Repurchase Agreement, State Street Bank	5,109,000	5,109,000	-

Description and counterparty	Gross amounts of recognised financial assets	Stock Collateral*	Net amount at 31 December 2017 US$
State Street Repurchase Agreement, State Street Bank	3,815,000	3,815,000	-

*Stock Collateral held, which is not offset in the Statement of Financial Position.

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

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

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

Repurchase Agreements are classified as Level 2.

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

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

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

Global Fund	**at 31 December 2018 US$**			
	Level 1	Level 2	Level 3	Total
Transferable securities	137,624,213	-	-	137,624,213
Short Term Obligations	-	13,417,000	-	13,417,000
	137,624,213	13,417,000		151,041,213

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

Asia Pacific Fund	**at 31 December 2018 US$**			
	Level 1	Level 2	Level 3	Total
Transferable securities	85,332,971 -		-	85,332,971
Short Term Obligations	-	5,109,000	-	5,109,000
	85,332,971	5,109,000		90,441,971

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

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

In 2017, the Global Fund's shares of MLog S.A. were considered Level 3 securities. The shares were acquired directly from the issuer in two private placement transactions. Due to the lack of an active trading market, all or a portion of these shares were deemed to possibly be illiquid. Judgment plays a greater role in valuing illiquid securities than those for which a more active market exists. The Investment Manager engages an independent third party for assistance with the valuation of this security. At 31 December 2017, MLog S.A. was valued using the income approach utilizing fundamental data relating to the issuer. The Directors believe that the value shown is reasonable and prudent, however actual sales prices may differ from these values and the differences could be material. The Global Fund's shares of MLog S.A. were sold in 2018.

The following table reconciles fair value changes in the Global Fund's Level 3 holdings in MLog S.A. for the years ended 31 December 2018 and 31 December 2017:

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

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

For each class of assets and liabilities not measured at fair value in the Statement of Financial Position but for which fair value is disclosed, IFRS13 requires the Trust to disclose the level within the fair value hierarchy which the fair value measurement would be categorised and a description of the valuation technique and inputs used in the technique.

The assets and liabilities not carried at fair value but for which fair value is disclosed at 31 December 2018 are classified as follows:

Global Fund

	At 31 December 2018			
Assets	Level 1	Level 2	Level 3	Total US$
Cash and Cash Equivalents	286	-	-	286
Other Assets	-	1,960,360	-	1,960,360
Total	286	1,960,360	-	1,960,646
Liabilities				
Other Liabilities	-	(395,130)	-	(395,130)
Net assets attributable to holders of redeemable participating units	-	(152,606,729)	-	(152,606,729)
Total	-	(153,001,859)	-	(153,001,859)

	At 31 December 2017			
Assets	Level 1	Level 2	Level 3	Total US$
Cash and Cash Equivalents	10,148	-		10,148
Other Assets	-	354,305	-	354,305
Total	10,148	354,305	-	364,453
Liabilities				
Other Liabilities	-	(316,830)	-	(316,830)
Net assets attributable to holders of redeemable participating units	-	(192,902,367)	-	(192,902,367)
Total	-	(193,219,197)	-	(193,219,197)

Asia Pacific Fund

	At 31 December 2018			
Assets	Level 1	Level 2	Level 3	Total US$
Cash and Cash Equivalents	575	-	-	575
Other Assets	-	108,794	-	108,794
Total	575	108,794	-	109,369
Liabilities				
Other Liabilities	-	(221,837)	-	(221,837)
Net assets attributable to holders of redeemable participating units	-	(90,329,503)	-	(90,329,503)
Total	-	(90,551,340)	-	(90,551,340)

	At 31 December 2017			
Assets	Level 1	Level 2	Level 3	Total US$
Cash and Cash Equivalents	72,892	-	-	72,892
Other Assets	-	33,195	-	33,195
Total	72,892	33,195	-	106,087
Liabilities				
Other Liabilities	-	(117,492)	-	(117,492)
Net assets attributable to holders of redeemable participating units	-	(52,967,534)	-	(52,967,534)
Total	-	(53,085,026)	-	(53,085,026)

Global Exposure

The Investment Manager uses the commitment approach to evaluate the global exposure of the Funds.

7. Exchange Rates

Where applicable the Administrator translated foreign currency amounts, market value of investments and other assets and liabilities into U.S. Dollars at the year end rates for each US$:

	31 December 2018	31 December 2017
Australian Dollar	1.419749	1.281640
Brazilian Real	-	3.317100
British Pound	0.784560	0.740658
China Yuan Renminbi	6.865700	-
Danish Krone	6.516500	6.204700
Euro	0.872791	0.833438
Hong Kong Dollar	7.830500	7.812850
Indian Ruppie	69.815000	-
Japanese Yen	109.605000	112.675000
Korean Won	1,115.800000	1,070.550000
Malaysian Ringgit	-	4.047000
Swiss Franc	0.982900	0.974450

8. Efficient Portfolio Management

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

As at 31 December 2018, the Funds did not hold any derivative positions (2017: a warrant with an aggregate unrealized gain of US$874,318).

As at 31 December 2018 and 2017, the Funds held Repurchase Agreements as detailed in the Schedules of Investments. No material revenues arose and no direct or indirect costs were incurred for the Repurchase Agreements for the years ended 31 December 2018 and 2017.

9. Related Party Transactions

In accordance with IAS 24, “Related Party disclosures”, the following are the related parties and related party transactions during the year.

Transactions with entities with significant influence:

Southeastern Asset Management, Inc. serves in an appointed role as the Investment Manager, and is paid a management fee for its services. For the Global Fund, the Investment Manager earned a fee of US$1,851,452 (2017: US$1,797,377) of which US$276,736 (2017: US$161,472) was outstanding at the year end. For the Asia Pacific Fund the Investment Manager earned a fee of US$856,892 (2017: US$484,054) of which US$177,446 (2017: US$50,028) was outstanding at the year end.

There was no management fee-reimbursement applied to the Asia Pacific Fund in 2018 (2017: US$87). There was no management fee-reimbursement applied to the Global Fund in 2018 (2017: US$Nil). The basis of calculation of the Investment Management fee and the Investment Management fee reimbursement is disclosed in Note 5.

The Investment Manager has been appointed by the board members of the Manager, which is a wholly owned subsidiary of the Investment Manager. The Manager does not receive a fee out of the assets of the Funds. The Manager is reimbursed for all of its expenses incurred in the normal course of business plus a 10% markup by the Investment Manager.

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

Transactions with other related parties:
The Pyramid Peak Foundation (the "Foundation) provided the Asia Pacific Fund's initial seed capital. Because some of the members of the Foundation's governing board are also owners of the Investment Manager, the Asia Pacific Fund and Pyramid Peak Foundation are considered related parties. The Pyramid Peak Foundation's holding in the Asia Pacific Fund constitutes approximately 27% (2017: 56%) of the Asia Pacific Fund's assets at 31 December 2018, and are therefore noted as significant unitholders in Note 3.

In addition, employees of the Investment Manager owned approximately 1.9% (2017: 0.6%) and 33.7% (2017: 12%) of the Global and Asia Pacific Funds at 31 December 2018 respectively.

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

10. Soft Commission Arrangements

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

11. Contingent Liability

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

12. Distribution policy

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

13. Significant Events During the Year

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

There were no other significant events during the year ended 31 December 2018.

14. Significant Events Since the Year End

Gwin Myerberg resigned as Director of the Manager and Isaac Byrd was appointed Director of the Manager, both effective 15 March 2019.

The Central Bank's approval for the Longleaf Partners U.S. UCITS Fund was withdrawn on 28 February 2019.

There were no other significant events since the year ended 31 December 2018.

15. Approval of the Financial Statements

The Board of Directors of the Manager approved these financial statements on 24 April 2019.

The Trust is an umbrella open-ended unit trust established in Ireland as an Undertaking for Collective Investment in Transferable Securities pursuant to the UCITS Regulations. The Trust was constituted on 23 December 2009 as an open-ended umbrella structure unit trust.

The Trust is organized in the form of an umbrella fund and due to the nature of Trust law, has segregated liability between Funds. The Prospectus provides that there may be more than one class of Units allocated to each Fund. The Trust has obtained the approval of the Central Bank for the establishment of three Funds, namely, the Longleaf Partners Global UCITS Fund ("Global Fund"), the Longleaf Partners U.S. UCITS Fund ("U.S. Fund") and Longleaf Partners Asia Pacific UCITS Fund ("Asia Pacific Fund") (each a "Fund", together the "Funds"). Longleaf Partners U.S. UCITS Fund fully redeemed on 27 March 2018. Additional Funds may be established by the Trust with the prior approval of the Central Bank. The Global Fund commenced operations on 4 January 2010. The U.S. Fund commenced operations on 9 May 2012. The Asia Pacific Fund commenced operations on 2 December 2014.

At 31 December 2018, the Class I U.S. Dollar, the Class I GBP and the Class I Euro shares of the Global Fund and the Class I U.S. Dollar and the Class I GBP shares of the Asia Pacific Fund were active.

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

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

Investment Objective and Policy

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Directory

Manager
Longleaf Management Company (Ireland) Limited
Third Floor
3 George's Dock
IFSC
Dublin D01X5X0
Ireland

Directors of the Manager
Eimear Cowhey (Irish)*†
Michael Kirby (Irish)*
Steve McBride (American)*
Gwin Myerberg (American)*

Investment Manager
Southeastern Asset Management, Inc.
6410 Poplar Avenue
Suite 900
Memphis, TN 38119
United States of America

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

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

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

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

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

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

Independent Auditors
PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

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

Information for Investors in Switzerland (unaudited)

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

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

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

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

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

   Historical performance does not constitute an indicator of current or future performance. Performance data do not take into account the commissions and fees levied on subscription and redemption of units.

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

   The average Total Expense Ratio table shows the actual operational expenses incurred by the Funds during the year ended 31 December 2018 expressed as an annualised percentage of the average net asset value (NAV) of that Fund.

	Global Fund	Asia Pacific Fund
Total Expense Ratio		
Class I U.S. Dollar Shares	1.21	1.46
Class I Euro Shares	1.21	-
Class I GBP Shares	1.21	1.45

The Manager has implemented a remuneration policy (the "Remuneration Policy) pursuant to the provisions of the European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016 (the "UCITS V Regulations"), which became effective on 18 March 2016. These provisions require management companies, such as the Manager, to establish and apply remuneration policies and practices that promote sound and effective risk management, and do not encourage risk taking which is inconsistent with the risk profile of the UCITS.

The Remuneration Policy is appropriate to the Manager's size, internal organisation and the nature, scope and complexity of its activities. The Remuneration Policy is available at ucits.longleafpartners.com and is reviewed at least annually. No material changes have been made to the Remuneration Policy during the financial reporting period.

The Manager applies the provisions of its Remuneration Policy to its "Identified Staff" being "those categories of staff, including senior management, risk takers and control functions receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the management companies or of the UCITS that they manage".

The Manager does not offer performance-related remuneration to its Identified Staff. Some categories of Identified Staff are paid directly by separate entities and do not receive a fee directly from the Manager. The Manager has appropriate arrangements in place to ensure that there is no circumvention of the remuneration rules set forth in the UCITS V Regulations and related guidance issued by ESMA or the Central Bank.

The Manager pays the independent directors a fixed fee per annum. This fee is not related to the performance of the Manager or the Trust. No pension payments are made. A number of factors are included in determining the fee paid including the size and risk profile of the Funds under management and the current market rate for directorships of this nature.

The Manager is required pursuant to the UCITS V Regulations to provide quantitative disclosure of remuneration which is attributed to the Trust. Such disclosure is made in accordance with the Manager's interpretation of currently available regulatory guidance on quantitative remuneration disclosure and in accordance with the Remuneration Policy as summarised above. As market or regulatory practice develops the Manager may consider it appropriate to alter the method by which the quantitative remuneration disclosure is calculated. Where such changes are made, this may result in the remuneration disclosure not being comparable to disclosure made in previous years.

	Fixed Remuneration	Variable Remuneration	Total Remuneration	Number of Beneficiaries
All Staff	€97,483	Nil	€97,483	5

The aggregate 2018 total remuneration paid to Identified Staff was €97,483, of which €52,500 relates to senior management and €44,983 relates to other Identified Staff.

Appendix 2 – Securities Financing Transactions Regulation (unaudited)

Article 13 of Regulation (EU) 2015/2365 on transparency of securities financing transactions (SFTs) and of reuse and amending Regulation (EU) No 648/2012, requires UCITS investment companies to provide the following information in their annual and semi-annual reports published after 13 January 2017, on the use made of SFTs. The SFT's held by the Funds at 31 December 2018 consisted of Repurchase Agreements as detailed hereunder:

Longleaf Partners Global UCITS Fund

Market value	US$13,417,000
% of Net Assets	8.79%
Counterparty Name	State Street Bank
Counterparty Country of Establishment	U.S.A
Maturity Date	02/01/2019
Settlement	Bilateral
Collateral Description	Collateral: U.S. Treasury Note 2.250% due 31/12/2023 Total collateral value US$13,686,065.

Longleaf Partners Asia Pacific UCITS Fund

Market value	US$5,109,000
% of Net Assets	5.66%
Counterparty Name	State Street Bank
Counterparty Country of Establishment	U.S.A
Maturity Date	02/01/2019
Settlement	Bilateral
Collateral Description	Collateral: U.S. Treasury Note 0.125% due 15/04/2019 Total collateral value is US$5,212,591.

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

Income and Costs
The interest income arising from the Repurchase Agreements earned by the Funds during the year ended 31 December 2018 is US$62,706 and this represents 100% of the overall returns generated by the Repurchase Agreements. Transaction costs are embedded in the price of the instruments and are not separately disclosed.