March 31, 2017

1Q17

Longleaf Partners International Fund Commentary

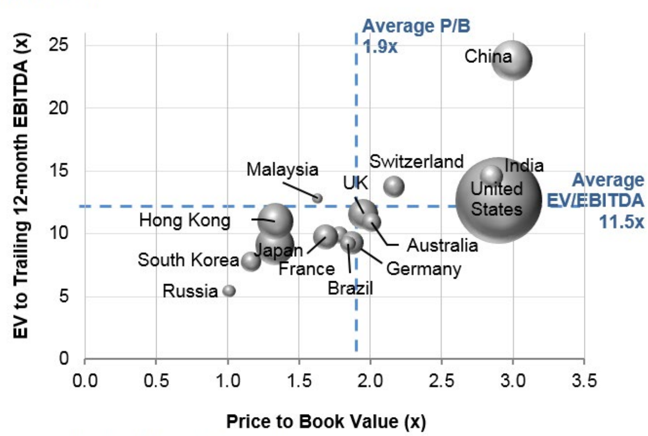
Longleaf Partners International Fund returned 8.80% for the quarter, outperforming the MSCI EAFE Index's 7.25% and meaningfully exceeding our absolute annual goal of inflation plus 10%. This performance extended 2016's strong absolute results and over 1100 basis points of benchmark outperformance.

A large portion of our return was attributable to our gaming resort investments in Macau, where industry gross gaming revenue accelerated above consensus estimates in the last two months to approximately 18% growth year-over-year. Most stocks in the portfolio rose. The several that declined only had slight impact on the Fund's performance and created a couple of opportunities to add to our positions at deeper discounts.

Since the U.S. election in November, global markets have levitated. Full valuations in parts of the world have become more extended. Our European universe appears fairly to slightly overvalued, while the Asia Pacific region is more attractive. In other parts of the world we see pockets of prospective opportunity. The chart below illustrates the relative valuations of major stock markets. Our portfolio reflects the regional opportunity set with the portfolio invested 39% in Asia, 35% in Europe, 5% in Latin America, and the remainder elsewhere. Cash is almost 18%.

Global Valuations

At 3/31/17

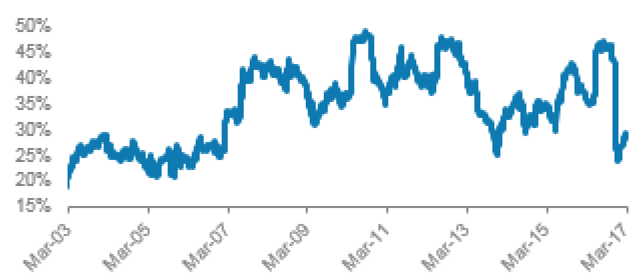


Source: FactSet Market Aggregates
Bubble sizes are sum of the market capitalization within the country index

Overall market levels constitute a challenge for the value oriented investor, but tight capital market correlations of the last eight years have started to break down. The central bank inspired lock-step elevation of risk assets started in the early days of the U.S. Subprime Crisis. Passive investing in index funds and exchange-traded funds rose in popularity as the lack of price dispersion reduced the opportunity for active managers to outperform. We believe this has changed. As the graph below indicates, correlations across global asset classes have dropped back to 2006 levels. Our strong performance in 2016 and through the first quarter of 2017 when correlations were declining from high levels is an indicator of how active management can deliver.

Global Asset Correlations

Historical Six month correlations at 3/31/17



Source: Morgan Stanley Research, Bloomberg

With increased dispersion, our on-deck list has expanded over the last six months even as broader markets have risen. We have bought five new investments over that time, two in the first quarter of 2017. Company-specific investments that require our brand of deep due diligence and owner-oriented engagement translate to increased opportunities for outperformance. Our global network of contacts continues to provide an advantage as these important partners provide investment ideas, insight into companies and managements, and resources to help bring about positive outcomes at our holdings. Our positive result at Sika, the one company we exited in the quarter, was due in part to gaining an understanding from various contacts of the business quality, the legal hurdles, and the interests of the different parties involved in the controlling family's effort to sell its stake to St. Gobain.

Average Annual Total Returns (3/31/17): Since Inception (10/26/98): 7.44%, Ten Year: 0.91%, Five Year: 5.95%, One Year: 18.70%

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

As reported in the Prospectus dated May 1, 2016, the total expense ratio for the Longleaf Partners International Fund is 1.28%. The expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.75% of average annual net assets.

Contributors/Detractors

(1Q portfolio return; 1Q Fund contribution)

Melco International (+30%; +2.02%), the Asian gaming operator, was the primary contributor in the quarter. Investor sentiment towards Macau has improved since August 2016 when industry gaming revenues posted their first year-over-year (YOY) growth in 26 months. In the last two months, growth of industry gross gaming revenue accelerated above consensus estimates to about 18% YOY. While overall visitation was essentially flat in FY16, overnight visitations grew 10%. Overnight visitors tend to be higher value customers relative to day trippers. The higher margin mass business grew double-digit rates in each of the last three quarters; and, even the VIP business is staging a comeback, supported by junket consolidation and increasing credit availability. The increase in demand has helped absorb new supply. Melco's City of Dreams maintained its market share even with the opening of the $4 billion Wynn Palace across the street, and Melco's newest property, Studio City, continued to ramp up, substantially growing earnings before interest, tax, depreciation and amortization (EBITDA). Competition remains rational with all participants focused on margins rather than reducing prices to gain share. We expect the new ferry terminal to open this year, which will bring mass tourists directly to Cotai, where City of Dreams is located. Importantly, Melco re-financed $1.4 billion in Studio City secured credit facilities at attractive rates in late 2016 which removed an overhang on the stock. CEO Lawrence Ho and his team have proven to be strong operators and astute capital allocators. In January, Melco Crown, which Melco controls, declared $1.3 per share in special dividends (implying over 8% yield).

EXOR (+21%; +1.63%), the Netherlands based holding company of the Agnelli family, was another top contributor to performance. Of the company's significant public stakes, car company Fiat Chrysler Automobiles and agricultural equipment and commercial truck producer CNH Industrial, both had good underlying share price performance. PartnerRe, Exor's wholly owned reinsurance business, will be revalued in the upcoming quarter, which we expect to be a positive development. EXOR is at the early stages of its transformation under the leadership of CEO John Elkann and remains attractively priced at a discount to our appraisal.

LafargeHolcim (+13%; +1.05%), the world's largest global cement, aggregates, and ready-mix concrete producer, also added to the Fund's return. The company's 4Q results demonstrated continued success in pricing, operating cost control, and disciplined capital spending which helped EBITDA grow 15.5% and free cash flow increase 107%. For 2017, CEO Eric Olsen guided to 2-4% volume growth helped by resumed growth in India and Latin America and continued volume growth in the U.S. Improved volumes combined with pricing and cost controls should drive double-digit EBITDA growth and strong free cash flow (FCF) generation. FCF along with divestitures has fortified LafargeHolcim's balance sheet, and the competitive landscape is positive with few slated capacity additions. We expect dividends and share repurchases to accelerate as cash flow grows.

K. Wah (+43%; +0.95%), the Hong Kong and China real estate company that also owns 3.8% of Macau casino operator Galaxy Entertainment, was another major contributor in the quarter. All three of the company's value drivers performed strongly. Book value grew 16% and the dividend grew 8% YOY. In 2016, the company sustained a second year of elevated sales of Hong Kong residential developments at high margins. K. Wah also achieved strong pre-sales of its Hong Kong K-City residential project at the former Kai Tak airport for prices almost double what it will cost to complete. In China, K. Wah achieved EBITDA margins above 50% on real estate sales due to its low cost land bank and strong price growth in tier 1 cities, where most of its land bank is located. During the quarter, the company's stake in Galaxy Entertainment appreciated by over 25% as sentiment towards Macau improved (see discussion of Melco above). We took advantage of K. Wah's gain to trim the position as our case began to rely more heavily on management's capital allocation, where we have somewhat less confidence in the controlling shareholder's interest in closing the remaining discount.

There were no material detractors in the quarter.

Portfolio Changes

In addition to K. Wah mentioned above, we reduced three positions and increased our stake in two companies. As noted above, we bought two new holdings and sold one, our successful investment in **Sika**, the Swiss producer of construction specialty materials and services, following a 50% return over our 16 month holding period. With helpful insights from our network of related contacts, when we purchased the stock, we were confident that the significant margin of safety, top quality operating management, and high quality business more than offset the uncertainty surrounding the efforts by the founding family to sell its controlling stake to a French competitor. Through extraordinary operating results and positive developments in the legal dispute between the parties, the share price exceeded our assessment of intrinsic value in a short period. The independent, non-executive directors on the company's board, Chairman Paul Haelg, and CEO Jan Jenisch all merit special commendation for fortitude and outstanding performance in a difficult governance situation.

We started buying two new investments in the first quarter. One is a financial services business that we have owned before with a very satisfying outcome. The other is a company we have followed for years. We still are working to purchase full positions, and thus, will wait to discuss the companies more in depth.

Outlook

Our corporate partners have been delivering solid operating results and capital allocation choices. The Fund's P/V ratio is in the low-70s%, and the competitively advantaged businesses we own and superior management teams running them should be able to grow values per share at above average rates. Disruptions from the geopolitical uncertainty around the world, particularly with elevated market levels in many places, could deliver additional opportunities. Our global research team is already adding strong businesses to the on-deck list. With our almost 18% cash position, we are positioned to take advantage of the next qualifiers. We believe our proven discipline and robust process mean that our current holdings and prospective investments portend good risk-adjusted returns for the foreseeable future. Thank you for your continued support of Longleaf International.

See following page for important disclosures.

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

RISKS

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

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

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

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

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

Enterprise value (EV) is a company's market capitalization plus debt, minority interest and preferred shares, and less total cash and cash equivalents.

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

EV/EBITDA is a ratio comparing a company's enterprise value and its earnings before interest, taxes, depreciation and amortization.

Price-to-book value (P/B) is the ratio of market price of a company's shares over the value of a company's assets as carried on the balance sheet.

As of March 31, 2017, the holdings discussed represented the following percentages of the Longleaf Partners International Fund: Sika, 0%; Melco, 7.9%; EXOR, 8.2%; LafargeHolcim, 8.4%; K. Wah, 2.2%. Fund holdings are subject to change and holding discussions are not recommendations to buy or sell any security. Current and future holdings are subject to risk.

Funds distributed by ALPS Distributors, Inc.

LLP000616

Expires 7/31/17