Global Fund Management Discussion

Longleaf Partners Global Fund lost 1.38% in the first quarter, trailing the MSCI World Index's 2.31% return. The Fund's exposure to Asian gaming and natural resources drove all of the performance decline over the last twelve months and accounted for our benchmark lag since inception in December 2012. Given the strong bull market over the Fund's short life, relative underperformance is not surprising, but negative absolute returns are disappointing. We expect higher absolute and relative results as the Global Fund builds a five year record.

Cumulative Returns at March 31, 2015

	Since Inception	One Year	1Q
Global Fund (Inception 12/27/12)	**19.06%**	**-9.73%**	**-1.38%**
MSCI World Index	36.24	6.03	2.31

Average Annual Returns at March 31, 2015

	Since Inception	One Year
Global Fund (Inception 12/27/12)	**8.04%**	**-9.73%**
MSCI World Index	14.70	6.03

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

The total expense ratio for the Global Fund is 1.58% The Fund's expense ratio is subject to fee waiver to the extent normal annual operating expenses exceed 1.65% of average annual net assets.

In the quarter the majority of our businesses had solid operating performance, coupled with value-accretive actions taken by our management partners. Many names were positive performers, with double-digit returns at several. Despite positive progress across the portfolio, the persistence of three broad headwinds – U.S. dollar strength, falling energy prices, and the Chinese government anti-corruption crackdown – weighed on returns. Priced in local currencies, the Fund rose 3%, but the translation into U.S. dollars wiped away all the gains and negatively impacted performance by 4%. Our Asian gaming holdings continued to suffer as revenues further declined. Our oil and gas holdings also hurt absolute and relative returns.

The Fund's largest positive contributor, CK Hutchison (formerly Cheung Kong), announced its intention to merge with subsidiary Hutchison Whampoa and spin out the combined property company. This latest savvy move by founder and CEO Li Ka-shing should lessen the holding company discount on the stock as underlying business exposures are clarified and the spin off highlights the value of the combined property business. The stock gained 22% during the quarter. An independent valuer recently appraised CK Hutchison's property business 48% higher than stated book.[1] The company's high profile dramatic restructuring of a blue chip Asia

[1] *March 2015 Merger Proposal issued by CK Hutchison Holdings Limited, CK Global Investments Limited and Hutchison Whampoa Limited.*

conglomerate has the potential to unleash similar restructurings in the region. Fiber and networking company Level 3 Communications appreciated 9% after another strong quarter of margin and revenue growth. The integration with recently merged tw telecom is proceeding smoothly as the transaction enhances Level 3's competitive positioning with a complementary product set and larger footprint. Level 3's growth in its North American enterprise business remains solid as CEO Jeff Storey and his team invest in expanding its fiber network and portfolio of connected buildings.

The largest detractor in the quarter, Macau gaming company Melco International declined 24% and suffered along with its peer group from an unprecedented anti-corruption crackdown imposed by Beijing. In this environment of anti-extravagance, VIP customers are avoiding Macau and contributing to high VIP growth rates in jurisdictions far away from scrutiny in places like Australia, Korea, and the UK. Mass market visitors, however, continue to increase, rising 14% in 2014. Our Melco appraisal reflects the severe slowdown in VIP revenues, but more than 80% of earnings before interest, taxes, depreciation and amortization (EBITDA) comes from mass business, which should increase further when the company's new mass market oriented Studio City casino opens in the third quarter. The long-term investment case remains compelling with high barriers to entry, massive new infrastructure in queue to secure Macau's role as Asia's permanent entertainment and gaming capital, and over 70% in additional hotel capacity by 2018 to address pent-up demand amid current 90+% occupancy. Chesapeake Energy, one of the largest U.S. producers of natural gas, natural gas liquids, and oil, declined 27% in the quarter. The company reported lower- than-expected price realizations and production in the fourth quarter. While the company cut 2015 budgeted capex over 40% versus 2014, the market was hoping for Chesapeake to balance lower cash flow with capex. The company maintains a flexible balance sheet, with $4 billion in cash and an additional $4 billion in an undrawn credit facility, which will allow CEO Doug Lawler to focus on driving the greatest value for shareholders for the long-term, either through the authorized $1 billion repurchase program, strategic acquisitions, or a combination of both. While our appraisal of the company has come down in the short-term with the collapse of oil and gas prices, the long-term thesis remains intact. Chesapeake's second largest shareholder, Carl Icahn, recently increased his stake in Chesapeake by 10%, and Chairman Archie Dunham bought an additional $14 million at quarter-end. During the quarter we maintained our overall exposure to Chesapeake but switched half our position into options due to favorable pricing created by the panic and resulting volatility in energy markets. We also employed this approach to increase our exposure to Murphy. We viewed this as a rare opportunity to gain more downside protection while maintaining the upside benefit of higher stock prices. The Chesapeake options accounted for two thirds of that position's decline in the quarter. See page 15 for more detail.

We bought one new position in the quarter and did not exit any investments. We added Softbank, the Japanese telecom and internet conglomerate. The company's 34% stake in Chinese e-commerce giant Alibaba is greater than Softbank's entire market cap. We essentially get the Japanese mobile business that will generate $5 billion/year in EBITDA plus stakes in publicly traded Yahoo Japan and Sprint, as well as a portfolio of internet companies for free. In addition, Masayoshi Son, the founder and CEO, has demonstrated an exceptional track record building businesses and allocating capital.

We believe the Fund is well positioned for strong future relative performance. The price-to-value (P/V) ratio is in the mid-70s%. We believe the portfolio is invested in high quality businesses with greater FCF yields and stronger future growth potential than the MSCI World Index. Our management partners are taking actions to drive strong value growth and, in many cases, are creating catalysts for value recognition.

See following page for important disclosures.

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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 Global 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 invest in 15 to 25 companies, share value could fluctuate more than if a greater number of securities were held. Mid-cap stocks held by the Funds may be more volatile than those of larger companies. 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 World Index is a broad-based, unmanaged equity market index designed to measure the equity market performance of 24 developed markets, including the United States. An index cannot be invested in directly.

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.

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

Free Cash Flow Yield (FCF Yield) equals a company's free cash flow per share divided by the current market price per share.

Derivatives may involve certain costs and risks such as liquidity, interest rate, market, credit, management, and the risk that a position could not be closed when most advantageous. Investing in derivatives could lose more than the amount invested.

As of March 31, 2015, the holdings discussed represented the following percentages of the Longleaf Partners Global Fund: CK Hutchison, 7.9%; Level 3, 10.3%; Chesapeake, 1.4%; Melco, 5.6%; Softbank, 2.5%. 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.

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