Global Fund Management Discussion

Longleaf Partners Global Fund declined 5.98% for the year and 3.26% in the fourth quarter, underperforming the MSCI World Index's return of 4.94% and 1.01% in the same periods. The negative performance occurred in the second half of the year and impacted the Fund's returns since its inception two years ago. We believe the portfolio is positioned to outperform from its current discounted level over the next several years.

Cumulative Returns at December 31, 2014

	Since Inception	One Year	4Q
Global Fund (Inception 12/27/12)	**20.73%**	**-5.98%**	**-3.26%**
MSCI World Index	33.16	4.94	1.01

Average Annual Returns at December 31, 2014

	Since Inception	One Year
Global Fund (Inception 12/27/12)	**9.82%**	**-5.98%**
MSCI World Index	15.33	4.94

Returns reflect reinvested capital gains and dividends but not the deduction of taxes an investor would pay on distributions or share redemptions. Performance data quoted represents past performance; past performance does not guarantee future results. The investment return 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 December 31, 2014 and 2013 total expense ratios for the Global Fund are 1.58% and 1.73%(before limitation), respectively. The Fund's expense ratios are subject to fee waiver to the extent normal annual operating expenses exceed 1.65% of average annual net assets.

Fiber and networking company Level 3 Communications gained 49% and led the Fund's performance for the year and the fourth quarter, up 8%. Level 3 provides critical infrastructure that connects businesses and consumers to the internet, allowing them to move data, video and voice. The company's acquisition of tw telecom closed in the fourth quarter, significantly expanding its network reach in metropolitan markets and providing additional capacity to grow its enterprise customer base. Throughout the year, CEO Jeff Storey and his team delivered solid revenue growth, margin improvement, and higher free cash flow. The stock remains significantly below our appraisal of its operating networks and non-earning dark fiber and conduit assets and is the Fund's largest holding.

Hong Kong based conglomerate Cheung Kong rose 15% for the year. Over the course of 2014, results at most of the company's operating divisions were strong. Additionally, management made several value-enhancing asset sales across multiple business lines at low cap rates and used proceeds to opportunistically reinvest in discounted infrastructure deals outside of Asia with double-digit IRRs (internal rates of return). Management also returned proceeds to shareholders in the form of dividends. Most recently, in a joint venture with Mitsubishi Corp, Cheung Kong bought an airplane leasing portfolio. With its strong balance sheet, Cheung Kong can take advantage of Hong Kong land banking opportunities if prices correct.

We bought French luxury goods business Christian Dior (CDI) in October, and the position added 17% through year end. Christian Dior is the holding company for LVMH Moët Hennessy-Louis Vuitton (LVMH) and Dior Couture, the world's most prominent collection of luxury brands. Given its holding company structure, CDI has

historically traded at a discount to LVMH ranging from 7% to 40%. Gaining LVMH economic exposure through CDI aligns our interests with owner-operator Bernard Arnault. After nearly tripling shareholder capital on LVMH's 24% stake in Hermès, Arnault distributed the Hermès stake to LVMH shareholders, and CDI's board decided to distribute its pro-rata share of the Hermès stake. We sold the Hermès shares above our appraisal. The transaction realized a 12% yield on our average cost for CDI. Arnault's opportunistic purchase of Hermès in the Global Financial Crisis and subsequent decision to distribute the fully-valued shares illustrate his financial discipline and intense focus on shareholder value creation.

Positive performance at many of our holdings was overshadowed by negative performance in the face of a combination of challenges – a strong U.S. dollar, regulatory and economic controls in China, sluggish European economies, and sharp declines in oil and gas prices in the second half. The U.S. dollar (USD) strength had a large impact on the performance of many of our holdings in the fourth quarter and for the year. Our positive local currency returns turned negative after translating them into USD. These currency conversions did not reflect the underlying operating performance of our businesses and did not impact our long-term appraisals nearly as much as they impacted prices. The stock return figures cited below are shown in USD; most local returns were higher.

Increased government scrutiny and regulation in China hurt all Macau gaming companies indiscriminately and made our stakes in Melco and Galaxy via K.Wah primary performance detractors for the year with Melco down 39% and K.Wah, bolstered by its Hong Kong real estate, down 22%. At Melco, less than 15% of EBITDA (earnings before interest, taxes, depreciation, and amortization) is tied to lower margin VIP visitors who have been most severely impacted by China's anti- corruption scrutiny and increased regulation. Melco grew its mass gaming business at a higher rate than the overall market. The company bought back 15.8 million shares, approximately 1%, over the last four months, and CEO Lawrence Ho bought an additional approximate $HK600 million personally in 2014.

K. Wah owns 3.9% of Galaxy Entertainment, which caters more to Macau's VIP business. Galaxy significantly outperformed the broader VIP market, and has an advantage with its planned opening in mid-2015 of the next major casino expansion on the Cotai Peninsula. Excluding the discounted market value of its stake in Galaxy, K. Wah's remaining property business trades at less than ⅓ of book value. Management opportunistically bought urban Hong Kong land at a discount to subsequent auctions in the same area. The planned launch of large scale projects in Tseung Kwan O should increase 2015 sales. Even in the storm of worry that labeled 2014 a disastrous year for Macau gaming, overall revenues fell less than 3%, the number of visitors rose, and mass revenues grew double-digits. The Chinese government has demonstrated its long-term support of Macau with massive infrastructure projects, and efforts to crack down on corruption and attract more legitimate visitors ultimately will benefit our holdings. We are excited to own these businesses as increased accessibility and additional room supply should enable revenues to rise at healthy levels.

China's slower economic growth reduced iron ore demand, helping to push ore prices down 49% during the year to their lowest level since June 2009. Iron ore pressure hurt Australian based mining services company Mineral Resources (MIN RE), which we bought in the second quarter, with returns down 35% in the year after a 15% fourth quarter decline. Because MIN RE owns some mines, it traded with the iron ore industry. Its core business of iron ore crushing and services, however, depends on volume of work rather than commodity price. Because MIN RE provides crushing services at less than half the cost that miners can achieve themselves, the company benefits as large Australian miners turn to lower-cost outsourcing when ore prices fall. Businesses unrelated to its mines produce $250 million in EBITDA, meaning the company trades at just over 4x EV/EBITDA (enterprise value/ earnings before interest, taxes, depreciation, and amortization). Management is using its financial flexibility to invest in crushing and processing capacity at this opportunistic time.

Our positive local currency returns turned negative after translating them into USD.

Global Fund Management Discussion

Global fertilizer and chemical producer OCI fell 23% in the year in spite of a 13% fourth quarter gain after positive news on various fronts. Egyptian natural gas shortages that had negatively impacted OCI's plant utilization rates stabilized; the company won an Egyptian tax case related to the 2007 sale of its cement unit; and the Environmental Protection Agency issued its final construction permit for the greenfield Beaumont, Texas plant that will be the largest methanol facility in the U.S. and is scheduled to begin production in 2016. CEO Nassef Sawiris' decision in the third quarter to spin out the legacy construction business should help the market properly value OCI as a pure-play nitrogen company. Sawiris opportunistically bought shares personally throughout the year to take advantage of the price discount.

The 49% decline in the price of oil in the second half of the year impacted several of our holdings. Oil fell as increasing supply began to exceed demand, and stocks did not discriminate. Low cost producers, higher quality assets, proven management teams, and even companies with no direct energy exposure that are based in oil-dependent markets, such as Norwegian consumer goods company Orkla, had substantial declines. Broad pressure on the Norwegian economy and stock market, as well as the kroner's decline to its lowest level since 2009 hurt Orkla's shares, which lost 25% in the fourth quarter, offsetting earlier gains and ending the year down 9%. Management moved to focus on the branded consumer goods business following the IPO (initial public offering) of its aluminum business, Granges. This listing strengthened Orkla's balance sheet by deconsolidating the company's debt. U.S. oil and gas exploration and production company Chesapeake declined 23% for the full year and 16% in the fourth quarter. Since Chesapeake's heavily vested Board took over in mid-2012, the company has delevered the balance sheet and improved production from its irreplaceable 10+million net acres of oil and gas fields. CEO Doug Lawler is driving value recognition in ways he can control – selling assets at reasonable prices, reducing debt, and increasing operating efficiencies in both corporate and production activity. In the first half of the year, Chesapeake sold non-core acreage in Oklahoma, Texas, and Pennsylvania and spun-off its oilfield services business into Seventy-Seven Energy, which we sold. In the fourth quarter, Chesapeake closed the sale of Marcellus and Utica assets to Southwestern Energy for $5 billion. This amounted to selling roughly 8% of Chesapeake's production for proceeds of nearly half its market capitalization. Management announced plans to use $1 billion of the proceeds to repurchase the heavily discounted shares.

The Fund began the year holding 17% cash, with limited qualifying prospects. We put the cash to work as increased volatility created more opportunities to buy twelve new positions, including three in the fourth quarter – CONSOL Energy, McDonald's, and Christian Dior discussed above.

CONSOL is a leading U.S. producer of low-cost natural gas and thermal coal. The share price declined with oil even though the company has no oil assets. Chairman Brett Harvey and CEO Nick Deluliis are owner-operators who have grown and monetized value. They recently announced CONSOL would form an MLP (master limited partnership) to house its thermal coal business and form a subsidiary to own its metallurgical coal properties. Food quality issues at McDonald's China supplier, minimum wage pressure in the U.S., Russian challenges, European macro concerns, and improvements at competing chains pressured the stock and enabled us to own the company's valuable real estate and dominant breakfast business at a discount to our appraisal.

We exited a number of holdings during the year as some approached our appraisals, some no longer were discounted enough to buy but were too small to impact results, and others were more fully valued and/or lesser quality names that we could replace with businesses with a larger margin of safety and higher expected value growth. In the fourth quarter, we sold Vodafone, which we purchased earlier in the year, because more undervalued opportunities emerged. We sold Vopak, another purchase earlier in 2014, and

NewsCorp after our investment cases changed. As discussed above, we sold the Hermès shares that CDI distributed. Additionally, Hopewell Holdings distributed its Hopewell Highway, which we also sold.

As the Fund's largest shareholders, we were not pleased with 2014 performance. The return, however, does not adequately reflect the underlying progress our companies made during the year. The Fund's price-to-value ratio (PV) is in the high-60s%. We are confident that the Global Fund is positioned for successful long-term compounding, given the underlying fundamentals at our companies and the value additive actions our management partners are taking.

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 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.

A master limited partnership (MLP) is, generally, a limited partnership that is publicly traded on a securities exchange.

Internal rate of return (IRR) is the interest rate at which the net present value of all the cash flows from an investment equal zero.

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

As of December 31, 2014, the holdings discussed represented the following percentages of the Longleaf Partners Global Fund: Level 3, 11.2%; Cheung Kong, 6.5%; Christian Dior, 4.3%; Melco, 7.4%; K Wah, 3.6%; Mineral Resources, 3.1%; OCI, 5.0%; Orkla, 3.2%; Chesapeake, 5.6%; CONSOL Energy, 2.4%; McDonald's, 4.6%. 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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