June 30, 2017

2Q17

Longleaf Partners Funds Shareholder Letter

All four Longleaf Partners Funds continued to generate positive absolute returns in the second quarter with our gaming related investments meaningfully contributing and helping drive year-to-date (YTD) results ahead of our inflation plus 10% goal, with the exception of the Small-Cap Fund. The Global and International Funds also outperformed their benchmark indices by a wide margin in both the quarter and YTD with particular strength from Asian holdings. Cash was a notable drag on the Funds' relative performance given the positive returns of the indices. Cash is a temporary by-product of our investment discipline and gives us liquidity to take advantage of new opportunities. The Funds' performance results are even more impressive when adjusting for risk because we generated the returns with a notable cash weighting that was not susceptible to capital loss.

	YTD	2Q
Partners Fund	**7.97%**	**3.91%**
S&P 500 Index	9.34	3.09
Small-Cap Fund	**4.95**	**0.98**
Russell 2000 Index	4.99	2.46
International Fund	**17.96**	**8.42**
MSCI EAFE Index	13.81	6.12
Global Fund	**19.48**	**9.92**
MSCI World Index	10.66	4.03

Past performance does not guarantee future results.

We have delivered substantial absolute returns over the past 12 months, and we believe we can continue to generate good results because our companies have the potential to compound their values above our 8-9% discount rates over the next 3-5 years. Our confidence is based on the following:

- The Funds remain at a 20-25% discount to our conservative appraisals.
- Many of the businesses we own have non-earning or under-earning assets that should generate higher earnings over the next 3 years.
- Several of our larger holdings have recently been or currently are involved in merger activity that should result in upside not assumed in already stated deal synergies.
- Our corporate partners are prudently reinvesting their balance sheet cash and free cash flow production to increase value per share.
- Our ongoing engagement with management teams runs deep at a number of our investments, which we believe helps shape positive outcomes.

The eight-plus year bull market in the U.S. has made finding qualifying opportunities more difficult, particularly in larger cap companies. In addition, this year's strong returns in most markets outside of the U.S. have made our on-deck list of prospective investments light around the world. Because we have sold and trimmed businesses whose prices have moved closer to our appraisals, our cash reserves are higher than normal. In June, we closed the Longleaf Partners Fund due to limited new investments and a high cash position.

Perspective on the U.S. Market

We believe that the U.S. market, using the S&P 500 Index as a proxy, has significant risk embedded today. In part, the flood of money into passive strategies has helped extend the bull market beyond normal valuation metrics. Because passive investing has become so pervasive, when the momentum shifts in the opposite direction — which usually happens unexpectedly — capital

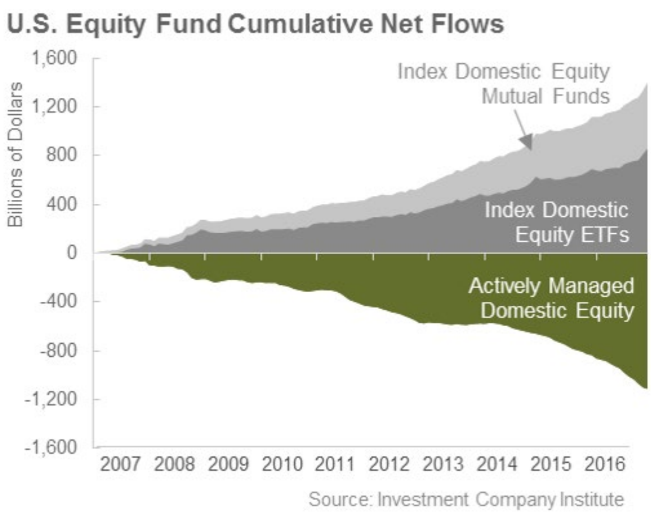
Average Annual Total Returns (6/30/17) Partners Fund: Since Inception (4/8/87): 10.52%, Ten Year: 2.96%, Five Year: 9.82%, One Year: 22.35%. Small-Cap Fund: Since Inception (2/21/89): 11.08%, Ten Year: 7.56%, Five Year: 13.63%, One Year: 14.78%. International Fund: Since Inception (10/26/98): 7.81%, Ten Year: 0.88%, Five Year: 9.81%, One Year: 32.35%. Global Fund: Since Inception (12/27/12): 9.38%, Ten Year: na, Five Year: na, One Year: 42.89%.

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. 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, 2017, the total expense ratios for the Longleaf Partners Funds are: Partners Fund 0.95%, Small-Cap Fund 0.91%, International Fund 1.33%, and Global Fund 1.52%. The expense ratios are subject to fee waiver to the extent a fund's normal annual operating expenses exceed the following percentages of average annual net assets: Partners Fund 1.50%, Small-Cap Fund 1.50%, International Fund 1.75%, and Global Fund 1.65%. Effective May 1, 2016, Southeastern agreed to voluntarily reduce the expense limit to 1.20%. The voluntary fee waiver for the Global Fund may be discontinued at any time.

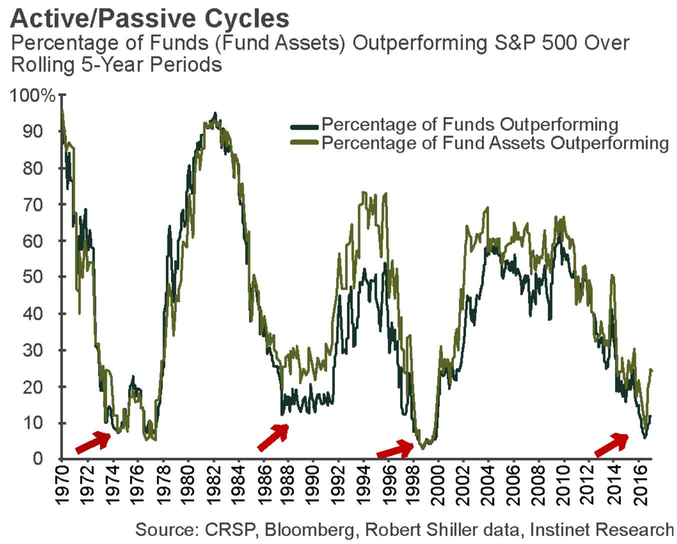
flows could move out just as quickly, causing significant losses for those invested in the index.

Passive investing is lower cost than active management and appropriate in many cases. But, when any strategy becomes a "no brainer," usually the trend has become overextended. The flows out of active strategies and into passive over the last 10 years have accelerated, as shown in the chart below. Because the S&P 500 and most indices are market cap weighted, the largest stocks have become ever larger, pushing prices beyond justifiable valuations with the momentum of inflows.



Passive investments have grown larger and more quickly than the above chart of mutual funds and ETFs indicates because it does not include UCITS funds, target date funds that replicate indices, the equity holdings of central banks around the world, which generally employ indices, or the universe of managers whose portfolios mimic the index with less than 80% Active Share. Active Share (AS) measures the proportion of a fund's portfolio that differs from the index. The academics who introduced AS say that index funds have 0-20% AS and also categorize managers with 20-60% AS as "closet indexers" because their portfolios do not contain enough differentiation to drive index outperformance. We believe most managers between 60-80% essentially shadow the index as well. They average over 100 stocks, which makes it harder to distinguish from an index, and their historic returns have not differed meaningfully from those of managers with less than 60% AS. The combined asset total of all U.S. equity index and pseudo-index assets makes extrapolating the passive growth of the last ten years dangerous as it ignores the real risk of overextension, given we are already in what we would call a passive indexing bubble.

The active/passive debate is not new. As the chart on the next page shows, performance runs in cycles, and active management is at a low point today. Late in the passive cycle,



active investing typically has been declared dead. That declaration has been followed by a strong active management comeback with corresponding disappointment for those who capitulated and owned the index, particularly at its most inflated levels.

Beyond the magnitude of passive assets, other indications of significant risk in U.S. indices include:

- Valuations as commonly measured by Price/Earnings ratios (P/E) are almost 19x today, well above the 15x average over the last 10 years and the longer term 25-year average of under 17x, which includes multiple bull and bear markets. Considering that today's earnings reflect margins at historically high levels, the current P/E is even more risky.

- The more meaningful and alarming measure of Enterprise Value/Earnings Before Interest and Taxes (EV/EBIT) adjusts for the current lower-than-normal interest rate costs of companies by removing interest payments from earnings and looking at overall debt (EV = the value of a company's debt + its equity price). EV/EBIT has averaged around 12x over the last 10 years and the longer term, but today it stands at almost 15x, a premium that is not justified simply by the market giving credit for any potential tax reform.

- Complacency is high among investors around the world with YTD volatility close to a multiyear low in Europe, Asia, and the U.S. The VIX, which tracks U.S. expected volatility, is near an all-time low.

- The spread of bullish versus bearish sentiment is over 36%, a level considered in the "danger zone," and not far from the bullish levels that preceded other market corrections.[1]

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1 Investors Intelligence, "Advisors Sentiment" by John Gray, 28 June 2017

- The current U.S. bull market has lasted 100 months, much longer than the historic average of 55, and the gain has been 326%, over 50% above the bull market average of 185%.

Our Positioning

We have no ability to predict short-term market moves. We, therefore, spend all of our time focused on analyzing individual companies and invest with no regard for how our Funds look versus an index. We believe, however, that our bottom-up intrinsic value investing approach has positioned the Funds with less risk of permanent capital loss than the relevant indices across all of our strategies.

- Because of the difficulty around the world in finding new investments that meet our criteria, the Funds hold higher-than-normal cash that will be deployed when we find the next qualifier but also will serve as a buffer in a market downturn.
- If there is a market correction, our stocks will not be immune, but our high 95+% Active Share across all of the Partners Funds means the Funds have a much better chance of performing differently when the passive momentum turns negative.
- Across the Funds, the balance sheets of our companies are in good order, and interest coverage for our U.S. large cap holdings is almost four times higher than at the last market peak just before the Global Financial Crisis.
- The Global Fund has 35-40% of investments based in the U.S. versus almost 60% for the MSCI World Index, which means less exposure to the most overextended market; and, we believe those U.S. companies we do own are better positioned than the largest cap names that dominate the index.
- The Partners Fund owns mostly companies that have not been bid up as heavily by indexing, with roughly a quarter of the holdings domiciled outside of the U.S. and most others representing a negligible fraction of the cap-weighted benchmark's holdings. Additionally, several of our companies pay no dividend, meaning that the large group of yield-seeking investors (another trend that we do not undertake to discuss here) have bid up the primary competitors with larger dividend yields.

We own select businesses whose fundamentals meet our criteria of strong competitive position with growing intrinsic value, solid management partners, and a stock price that is discounted relative to the value of the company's free cash flow and/or asset values. We are confident that our companies across all four Longleaf Partners Funds will compound their values at solid rates over the next 3-5 years, and that we will be advantaged liquidity providers in the event of an index correction.

Transitions at Southeastern

Our clients have benefitted from the successful investment approach and partnership-oriented culture that have consistently guided Southeastern for over forty years. More recently, we have broadened the capabilities and responsibilities across the next generation of our research team members and focused analysts where they can add the most value. We are making the leadership transitions noted below which will enable the more senior members of our team to be more deeply involved in investing — the passion that first brought them to Southeastern. We are structuring Southeastern to ensure that the culture and approach that have made us successful in the past are firmly in place as we serve our clients for the next forty years.

Mason Hawkins remains Chairman and CEO of our firm, and Staley Cates is transitioning from President to Vice Chairman, where his focus will be on what is most beneficial to clients and what he enjoys the most – finding investments and managing portfolios. Mason and Staley remain co-managers on the Longleaf Partners Funds. Staley is also managing a sub-advisory account that follows Southeastern's value discipline and has the flexibility to invest in both equities and derivatives. This is another example, along with our Asia Pacific and concentrated European strategies, of allowing senior team members to manage a portfolio outside of the team process that clearly expresses their investment conviction and contributes investment ideas for Southeastern's broader strategies.

Ross Glotzbach is assuming the title of President, alongside his current role as Head of Research. Ross will work with Southeastern's Executive Committee to coordinate the firm's management functions. This expanded responsibility acknowledges Ross's leadership and importance to the future of our firm. In recognition of his research productivity and successful investment contributions, Ross, who currently serves as a co-manager on Longleaf Partners Small-Cap Fund, will also become a co-manager of Longleaf Partners Fund and the Longleaf Partners U.S. UCITS Fund.

Josh Shores, a 10-year veteran of Southeastern who has covered investments outside of the U.S., first from Memphis, and more recently from London, is moving back to Memphis. His inclusion on the firm's Executive Committee, which includes Mason, Staley, Ross, and COO/CFO Steve Fracchia, helps ensure a global perspective in our business decisions, as Josh serves as a conduit to our London and Singapore based teams. Additionally, Josh will become a co-manager on Longleaf Partners International Fund and will continue to focus on investments outside of the U.S. Scott Cobb will step away from co-managing the International Fund to allow him the time and focus required to engage more deeply with corporate managements in his role as Managing Partner on our concentrated, engaged European strategy. Scott will continue to lead our research efforts in

Europe and his work remains an important source of potential investments for the International and Global Funds. Ken Siazon continues as a co-manager on Longleaf International and as lead manager for our Asia Pacific Strategy. As has always been the case, the full research team shares ideas and discusses opportunities for the benefit of our clients across all of the Funds we manage.

These transitions expand responsibility and career opportunity across our research team and ensure future continuity. Our structure also focuses the organization on what is most important: finding great investments with a team of most capable investment professionals. As the largest investors in the funds we manage, we are confident that Southeastern is positioned to deliver superior long-term results for all our clients.

See following page for important disclosures.

Past performance does not guarantee future results.

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

RISKS

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

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

The S&P 500 Index is an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3,000 Index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index. 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. 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.

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

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

VIX is the CBOE Volatility Index, which reflects the market's expectation of near-term S&P 500 volatility based on a range of index options.

The Global Financial Crisis (GFC) is a reference to the financial crisis of 2007-2008.

Return on capital (ROC) is a calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments.

Funds distributed by ALPS Distributors, Inc. ALPS is not a distributor of the Longleaf Partners UCITS Funds.

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