October 2025

Longleaf Partners Fund

3Q25 Commentary

All data as of September 30, 2025

Longleaf Partners Funds

Fund Characteristics

P/V Ratio	Low-60s%
Cash	15.8%
# of Holdings	19

				Annualized Total Return (%)			
	3Q	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Partners Fund	-0.33	-0.41	-1.74	13.58	9.45	6.95	9.17
S&P 500	8.12	14.83	17.60	24.94	16.47	15.30	10.81
Russell 1000 Value	5.33	11.65	9.44	16.96	13.87	10.72	9.86

When we implemented improvements to the investment process in the 4th quarter of 2022, our expectations were two-fold: 1) get back to double-digit returns over the long-term; 2) keep your money safe in tough times. We have done both over the last three years. However, we are now in the midst of a potential byproduct of this improved approach: trailing relative returns in the later stages of a bull market. We do not enjoy this, but we did flag this possibility in our year end '24 letter: "Sometimes it is prudent to trail the broader market index as we were doing in 1999 and early 2000, and the last few years could turn out to be one of those times." We would rather be up less than the market in a time like this than risk chasing overvalued assets and losing permanent capital.

That said, we are not satisfied with flat, either. Getting to what we own, our investments are grounded in real assets and brands producing growing free cash flow (FCF) per

Inception date 4/8/1987. 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 southeasternasset.com. The prospectus expense ratio before waivers is 0.97%. The Partners Fund's expense ratio is subject to a contractual fee waiver to the extent the Fund's normal operating expenses (excluding interest, taxes, brokerage commissions and extraordinary expenses) exceed 0.79% of average net assets per year. This agreement is in effect through at least April 30, 2026, and may not be terminated before that date without Board approval.

share. We have felt some relative market pressure not just from a lack of enthusiasm vs. the speculative segment of the market but also from tariff and government uncertainty this year. We believe the Fund's ~10x FCF today can go to a mid-teens FCF multiple on growing FCF per share as our management partners control what they can with improving, non-peak margins and share repurchase over steadily growing aggregate revenue. We have been pleased to see our individual investment theses at our most important holdings delivering overall this year:

Name	Portfolio Weight at 9/30/25 (%)	Notes
CNX Resources	6.2	As the company's hedges mature, share repurchases continue and its Deep Utica resource potential becomes more apparent, the company should trade at a premium 10-15x FCF multiple. This, combined with higher-than-expected FCF per share from its integrated, low-cost approach, could drive the stock price well over $50 per share.
Mattel	5.8	We believe the company is in its strongest position in over 10 years, and there are multiple ways to win as we wrote in our most recent Research Perspectives note here.
Kraft Heinz	5.8	The market is too focused on legacy headwinds and is missing the value-creating potential of the company's upcoming split into two businesses: the higher-growth Flavor Elevation unit, which should garner a teens EBITDA multiple, and the stable remaining company, which can trade at the same multiple total Kraft currently trades today. This would result in a combined stock price over $40 per share.
EXOR	5.6	So far this year, the market has been relatively unkind to global holding company EXOR, but the company continues to focus on growing value per share. Recent

		developments include an accretive partial sale of Ferrari at a premium and use of the proceeds to purchase shares of EXOR at a discount, along with positive results at new holding Philips, which remains undervalued itself amidst a turbulent year for healthcare.
IAC and MGM	5.6 and 3.6	Both companies have two of our lowest P/V ratios well under 50%. IAC's spin-off of Angi earlier this year worked well. Currently, after deducting the market value for IAC's holding in MGM, we are getting the rest of IAC for free. We expect increased management urgency on value realization at both companies in the coming months.
FedEx	5.5	Similar to Kraft Heinz, the market is focused on the recent challenging macro environment. In spite of the macro, we have been pleased to see FDX's focus on operational improvements. We expect the company's separation next year of its Freight unit to be a highly impactful event for both value realization and long-term value per share growth at both companies, as their values can sum to over $350 per share.
Albertsons	5.3	This defensive yet growing company is finally free from the uncertainty of a failed merger with Kroger and can get back to being on offense. Albertsons offers strong returns on capital with a valuable real estate safety net (39% of stores owned), while stable market positions and potential asset sales (management already proved they will sell at the right price) create upside not reflected in today's share price vs. a value per share closer to $30.

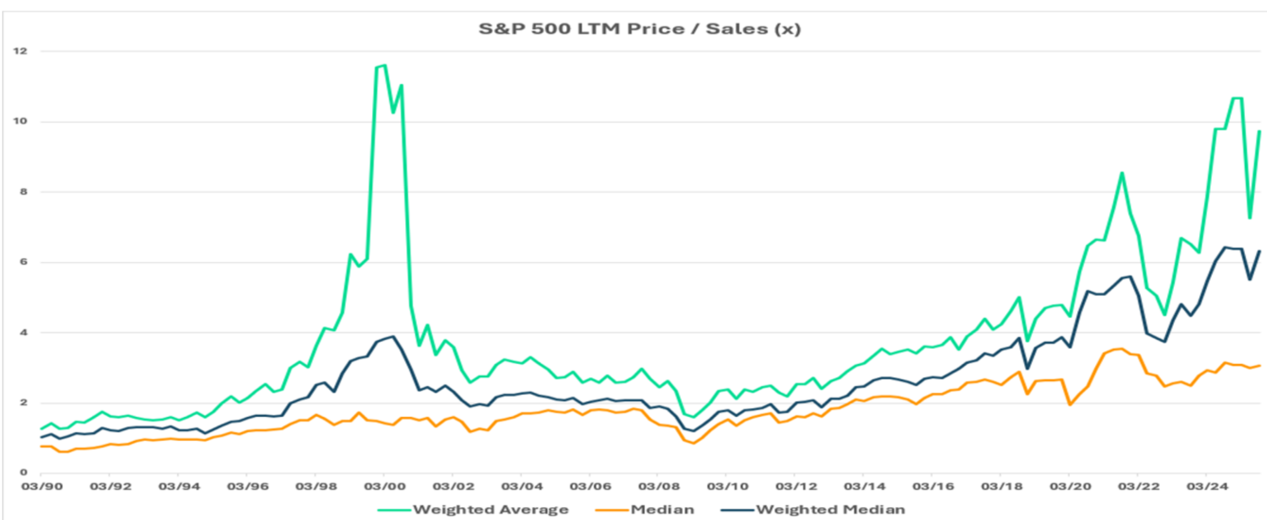
Rayonier and PotlatchDeltic	5.2 and 3.8	These two complementary investments are newer holdings for the Fund, but we have owned both high-quality timberland companies before. Both companies were trading at large discounts when we were buying and had multiple ways to win. We were excited to see them announce a merger of equals after quarter end. This is a rare example of win/win M&A with real synergies that grow the value per share of the pro-forma company. We applaud both companies for taking action to be even more on offense going forward.
Regeneron	4.9	After a slow start to our holding period this year, Regeneron has found its footing and grown its value per share back to above where we started the year in our opinion. We still do not have to pay anything for multiple high quality pipeline candidates, and the company has become one of our larger share repurchasers with its net cash balance sheet.
Bio-Rad and Undisclosed	4.2 and 4.0	These somewhat similar investments are both undervalued as a result of temporary macro headwinds and their own unique reasons (depressed margins and hidden value with a large non-earning asset at Bio-Rad; "wait and see" after people and other changes at the undisclosed holding).

While we will spend more time in this note on what we own, we do need to share some examples of market excess. The 4th quarter of 2025 marks the 3-year anniversary of the launch of ChatGPT. The index's market-cap-weighted FCF per share had been fading in 2022 as the very real beneficial COVID impacts for various digital industries waned. ChatGPT arrived to provide a sentiment and earnings per share expectations boost, but it has been via a strange and circular fear of missing out (FOMO) arms race. As a recent third-party research note stated: "AI related stocks have accounted for 75%

of S&P 500 returns, 80% of earnings growth and 90% of capital spending growth since ChatGPT launched in November 2022." [1]

From the 2010s until the early 2020s, the Magnificent 7 (Mag 7) had been powered by real FCF per share growth ahead of expectations, which is the best predictor of long run stock price performance. However, something different has been happening recently that reminds us of previous frothy market periods. From the end of '22 to the current date, the weighted average market cap of the Mag 7 has gone up roughly 3x, while weighted average FCF per share has gone up less than 30% from FY22 to estimates for FY25. While we understand that future expectations of FCF can be higher, this still does not add up. Furthermore, we are seeing classic late cycle signs qualitatively[2,3], notably circular supplier financing straight out of the Lucent Technologies 2000 playbook and some crazy IPO action, such as the revenueless Fermi being valued at more than $10 billion on vague plans to borrow billions to build power plants for data centers.

As we have shown before, this chart details the valuation parallels between 2000 and today:

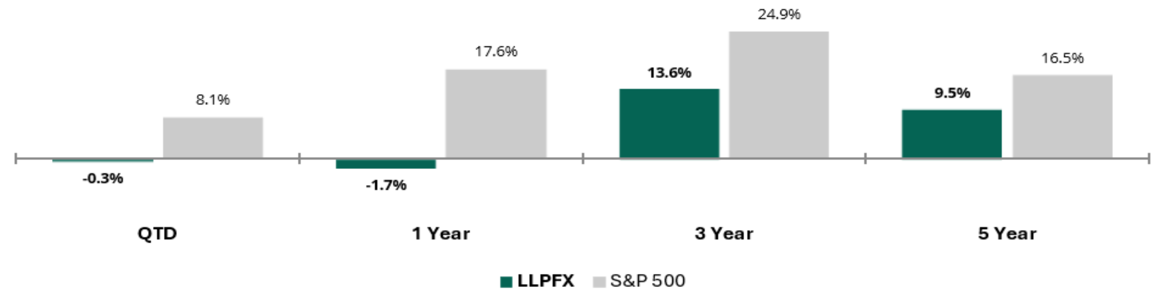


Source: FactSet

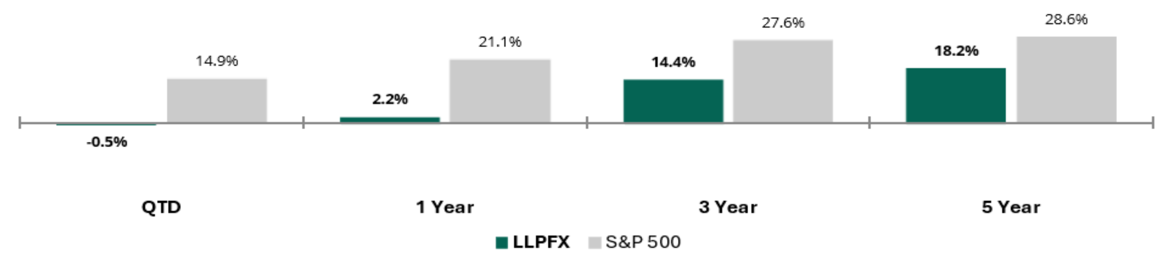
Here is a look at the Fund's trailing performance today vs. December 1999, when markets were similarly overvalued but felt similarly unstoppable:

[1] J.P. Morgan Eye On The Market September 2025 note
[2] The Financial Times September 2025 article
[3] The Information September 2025 article

Net Total Return at 9/30/2025 (returns greater than one year are annualized)



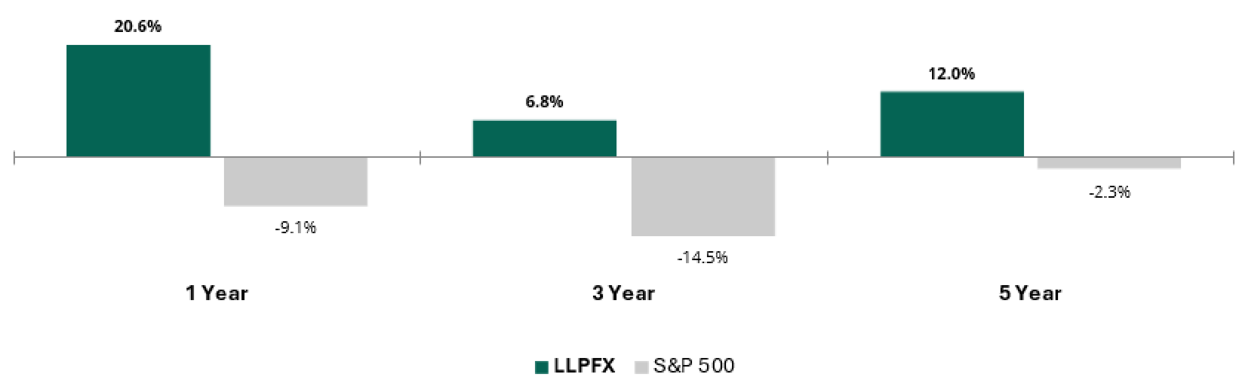
Net Total Return at 12/31/1999 (returns greater than one year are annualized)



Source: Southeastern and Ultimus

When combining our confidence in what we own (growing FCF/share with a material increase in the P/FCF multiple from 10x to ~14-15x) with the extremes at what we do not own (high potential to underwhelm vs. expectations leading to the index's Price/Sales ratio getting cut in half back to a more reasonable number), we can see history not necessarily repeating itself (it never does), but there can certainly be some rhyming. The following is how the Fund performed for the 1-, 3- and 5-year periods after 12/31/1999.

Net Total Return from 12/31/1999 forward 1-year, 3-year and 5-year (returns greater than one year are annualized)



Source: Southeastern and Ultimus

Notable Contributors & Detractors

Bio-Rad - Bio-Rad Laboratories, a healthcare products manufacturer, was a positive contributor after the company reported steadier earnings than the market expected in a difficult environment. This sets the company up for the ability to grow earnings in 2026 and beyond, more in-line with previous industry trends. The company's important investment in Sartorius has also shown encouraging year-over-year trends following a difficult couple of years, and we are getting closer to a period when both companies will have increased strategic flexibility. In the meantime, Bio-Rad continues to be a material share repurchaser with its nearly net cash balance sheet.

PVH - Branded apparel company PVH performed well in the quarter as the company continued to demonstrate that while quarterly earnings could have some volatility, the long-run earnings per share power of this company remains intact at over $10 per share. After hiccups at the Calvin Klein brand earlier this year, the company has gotten it back on track. PVH also remains our largest share repurchaser for the year after buying a teens percentage of shares outstanding at great prices. While this is a company that is sensitive to consumer trends, its brands resonate with a more price conscious buyer, plus the company still has numerous levers to pull to improve margins.

Rayonier and PotlatchDeltic – We initiated positions in both Rayonier and PotlatchDeltic in the quarter. Rayonier was an immediate contributor. We discuss it more above in combination with PotlatchDeltic, as the two companies announced an accretive merger after quarter end. Southeastern has a strong long-term history investing in timberland assets, including these two companies multiple times before. This has been a tough year for housing-related stocks, and these companies have been no exception. That said, both have been on offense with accretive share repurchase and asset sales to capture the wide gap between private and public market valuations. Now they are taking the next step to be on offense by joining forces. We expect the combined company to be our largest position, which is exciting given its combination of Business, People and Price.

Albertsons - We wrote about supermarket operator Albertsons earlier this year as a contributor in tougher stock market times. We took some off the table then but added back to our position in the third quarter on weakness. The stock was down on a quarterly earnings report that did not excite the market but was within our expectations. We were further pleased to see meaningful share repurchase at a high single digit annualized pace of shares outstanding. Later in the quarter, Albertsons' industry was pressured by news of Amazon's increased efforts in groceries. While we will never dismiss Amazon, we would also point out that this latest push is more of an incremental, expected move than something like the surprising acquisition of Whole Foods. This remains a competitive industry, but it is also a steadily necessary one in which Albertsons has a strong position thanks to its great real estate, brand recognition and owner alignment. Our confidence was bolstered further after quarter end when the company reported another solid set of results and announced a sizeable accelerated share repurchase, further growing value per share.

Fidelity National Information Services (FIS) - Financial software provider FIS was a detractor for the quarter. The Capital Markets segment grew 5%, which was less than expectations. Management cited volumes rebounding in Q3, but the market is skeptical. Margins were also slightly lower than expected due to an acquisition with lower margins that should revert to higher margins as it is integrated. We believe FIS' underlying fundamentals remain on-track, and the upcoming purchase of Global Payment's Issuer Solutions business and sale of FIS' remaining Worldpay stake will further improve FIS' economic predictability and increase FCF conversion. In the interim, management continues to repurchase stock and recently increased the 2025 repurchase plan by $100 million to $1.3 billion citing "the share price is just too low. So, we see it as a value."

Mattel - Children's toy, media, and consumer products creator Mattel was a detractor for the quarter. Second quarter sales were below expectations as North American retailers adjusted ordering to domestic shipping vs. importing directly. This was to buy time to see if tariff rates abated, which resulted in a two-month lag in sales recognition. This resulted in North American sales down 16% while international segment sales increased 7%. Point-of-sale sell through at retailers was positive for Q2 and YTD showing healthy underlying demand as toys are somewhat non-discretionary. Mattel continues to execute operationally with improved gross margins even with lower-than-expected sales. While we believe 2025 will show overall modest sales growth, 2026 should accelerate given two new movies and at least one new digital game being launched in addition to a solid partner movie slate where Mattel produces related toys. In the interim, management is using almost all its FCF to repurchase shares at depressed prices. They plan to repurchase $340 million in 2H25 which equates to over 5% of shares outstanding.

Portfolio Activity

We initiated three new positions during the quarter, PotlatchDeltic, Rayonier and an undisclosed holding. PotlatchDeltic and Rayonier are high-quality, hard-asset companies which we have owned successfully multiple times before as discussed above. The third is a high-return healthcare company that we have watched from afar for a long time and has management partners looking to realize value sooner rather than later. We exited our positions in Angi (spun off from IAC earlier this year), HF Sinclair and Hyatt. Angi and HF Sinclair were material contributors year to date that approached our appraisals in the quarter, while Hyatt was a multi-year contributor that exceeded our appraisal.

Outlook

While the last few months have been frustrating on a relative basis, with the Fund's P/V ratio in the low-60s%, we are encouraged for the future return potential of the portfolio. We have improved the quality, P/FCF and P/V of the portfolio as the year has gone on. Our management partners are on offense with multiple ways to win. The on-deck list continues to grow nicely. We are grateful for your partnership and looking forward to the rest of the year.

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 https://regdocs.blugiant.com/longleaf/#. Please read the Prospectus and Summary Prospectus carefully before investing.

RISKS
The Longleaf Partners 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. Mid-cap stocks held by the Fund may be more volatile than those of larger companies.

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. S&P 500 Value Index constituents are drawn from the S&P 500 and are based on three factors: the ratios of book value, earnings, and sales to price. An index is unmanaged, does not reflect the deduction of fees or expenses, and cannot be invested in directly.

The Russell 1000 Index measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 90% of the total market capitalization of the Russell 3000 Index. The Russell 1000 Value index is drawn from the constituents of the Russell 1000 based on book-to-price (B/P) ratio. An index is unmanaged, does not reflect the deduction of fees or expenses, and 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.

"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.

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.

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

PE multiple is a financial metric that frames a company's current stock price in terms of the company's earnings per share.

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

The Magnificent 7 stocks are a group of large-cap companies (corporations with large market capitalizations determined by the number of shares times each share's value) in the technology sector, including Alphabet (parent company of Google), Amazon, Apple, Meta Platforms (parent company of Facebook and Instagram), Microsoft, Nvidia, and Tesla. Due to their size and performance, these stocks accounted for roughly one-third of the S&P 500's total market capitalization at the end of 2024.

As of September 30, 2025, the top ten holdings for the Longleaf Partners Fund: CNX Resources, 6.2%; Mattel, 5.8%; Kraft Heinz, 5.8%, IAC, 5.6%; EXOR, 5.6%; FedEx, 5.5%; Albertsons, 5.3%: Undisclosed, 5.2%; Regeneron, 4.9% and PVH, 4.8%. Fund holdings are subject to change and holdings discussions are not recommendations to buy or sell any security. Current and future holdings are subject to risk.

Funds distributed by ALPS Distributors, Inc.
LLP0001603
Expires 2/15/2026