January 2021

Longleaf Partners Small-Cap Fund Commentary

4Q21

Longleaf Partners Small-Cap Fund added 1.91% in the fourth quarter, roughly in line with the Russell 2000's 2.14% return. For the year, the Fund returned 11.18%, falling short of the Russell 2000, which returned 14.82%. All but a handful of companies delivered positive absolute returns in the year, with the majority producing double-digit results. The Fund's cash position, which averaged 18.6% over the course of the year but ended the period at only 5.3%, drove over 85% of the relative shortfall for the year. The Fund's double-digit absolute returns were driven by very different factors/exposures than the index – for example, the largest relative sector contribution for the Fund was in Health Care, the Index's worst performing sector, while our significant underweight to the top-performing Financials sector (and more specifically, banks) was among our worst relative detractors. The disconnect between what drove the market and what we find to be compelling, high-quality businesses widened in the second half, allowing us to get the Fund close to fully invested with three new positions initiated in the fourth quarter (eight over the course of the year).

Average Annual Total Returns for the Longleaf Partners Small-Cap Fund (12/31/21): One Year: 11.18%, Five Year: 7.14%, Ten Year: 11.17%, and Since Inception (2/21/89): 10.48%. Average Annual Total Returns for the Russell 2000 (12/31/21): One Year: 14.82%, Five Year: 12.02%, Ten Year: 13.23%, and Since Inception (2/21/89): 9.99%. Average Annual Total Returns for the Russell 2000 Value (12/31/21): One Year: 28.27%, Five Year: 9.07%, Ten Year: 12.03%, and Since Inception (2/21/89): 10.66%.

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. As reported in the May 1, 2021 prospectus, the total expense ratio for the Small-Cap Fund is 0.96%. Effective September 1, 2021, Southeastern has contractually committed to limit operating expenses (excluding interest, taxes, brokerage commissions and extraordinary expenses) to 0.95% of average net assets per year. This agreement is in effect through at least April 30, 2023 and may not be terminated before that date without Board approval.

In a year that saw various times when the stock market acted like the pre-COVID, during-COVID and post-COVID "environments" (not necessarily in that order), the good news was that our four largest holdings – which we feel can thrive in all three of these environments – Lumen, Realogy, Mattel and CNX Resources, were our top contributors for the year. We believe that all four remain underappreciated by the market and offer significant upside from today's discounted prices, as discussed in more detail below.

While our largest holdings received at least a little market appreciation, our detractors were unreasonably punished based on headline-level misunderstandings. At MSG Sports (MSGS), the Knicks and James Dolan stir strong emotions among finance people in New York, but the fact remains that the Dolan family has made multiple shareholder-friendly moves over the years (which we benefited from as holders of the original incarnation of MSG 10 years ago in the Small-Cap Fund), and we believe that more could be coming for MSGS in the near future. In the meantime, the teams' ups and downs and the lack of any additional news will let the market paint a short-term focused picture. Our ultimate comfort and patience rest in owning the Knicks and the Rangers at a combined enterprise value of $4.8 billion for both. The NBA and NHL comparables, Forbes valuations, and Sportico valuations are all much higher than that for these two teams. We wrote extensively about Kodak volatility in 2020, but this year was welcomely quiet after a blizzard of emotion last year. Our value per share grew strongly in 2021, and we continue to feel that our convertible preferred security is at least worth par, even if the stock market has gone back to ignoring this company for the most part, while many who are aware of it chose only to read the negative headlines. The market is ignoring specialty chemical company Lanxess's long history of smart asset sales and focusing on more TBD recent acquisitions and a fixable gap between free cash flow (FCF) and net income. Diversified pharmaceutical company Idorsia is off to a sluggish start since we initiated the position in the first quarter, as two trials this year had negative to inconclusive results. However, we expect the main stories will soon come into view more as the two most important drugs are likely to have important developments in 2022, discussed in more detail below.

We have received questions about the Small-Cap Fund's double-digit underperformance versus the Russell 2000 Value (R2KV) index YTD. At first glance, there does not appear to be a simple, clear story to explain such a large shortfall. It is interesting that only five of our current holdings are even in the R2KV. We view this as a feature of our bottom-up, opportunistic approach to value, which drives our high active share and potential for strong, differentiated returns, not a bug. Cash was the largest individual culprit, accounting for approximately one-third of the relative difference. Digging a bit deeper, it appears that the market rewarded perceived clarity much more than usual this year, with memes and clear COVID plays benefiting vs. our portfolio where the opportunity often comes from the quality "story" being hidden and/or more complex. We trailed the value Info Tech subset, but our lone detractor Kodak (convertible) is not a typical IT company. Within Materials, Lanxess is a conglomerate, making it a more complex business with hidden value. Empire State Realty Trust (ESRT) is not a pure-play real estate company, as it has the Observatory, as well as office, retail and residential real estate assets. Within Consumer Discretionary, Graham Holdings is another conglomerate, and we did not own Gamestop, AMC or many of the market darling "Goods" businesses (discussed in more detail below). In Financials, we own asset manager Lazard and two newer companies, all three of which are harder to understand than the simpler banks that drove the sector. We are confident that this differentiated positioning that caused the relative drag this year will be the very driver of future absolute and relative outperformance.

When we step back and look at the stocks that we do not own, we feel better than ever because finally too much ardor for these market favorites is making many of them fall harder. This began happening this year in the small cap world, as first the SPAC market cooled off, then the IPO (initial public offering) market began cooling as well. We have now seen things changing for larger cap favorites, like Docusign falling over 40% in a day after a quarter that wasn't all that bad, because it must be truly GREAT when you are trading near 20x revenues. This has led to a narrowing of market leadership yet again, with five large tech stocks essentially driving the S&P 500. While we hate sounding like a broken record and would love to own these market leaders at the right price, we must remind you of the rarity of living through a 5–10-year period in which the biggest got bigger/stronger and their growth rates didn't decelerate as both history and most prudent discounted cash flow models (DCFs) would suggest they should. That doesn't mean that they keep accelerating or stay at this growth rate forever (as their valuations need). More likely, it's a longer way down when they fall. An "S Curve" does eventually flatten out and ultimately go down. Although we cannot say when it will happen, odds are very high that these companies will: 1) hit the law of large numbers; 2) see increasing regulation; and/or 3) compete against themselves, well-funded start-ups (some of which we now own); and/or "traditional" companies that can get together and/or focus to deliver a superior product (for example, companies like Realogy, Graham Holdings and Hyatt). We may be witnessing the beginning of this turn. As of January 6, 2022, approximately 40% of Nasdaq Composite Index companies have seen their market values cut in half or more from 52-week highs.

Bringing it all together at the micro level, the gap between "obvious" and "everything else" grew once again this year. As we have written before, quality is of paramount importance to us, but it must be "hidden quality," which the market is not yet paying for. We too are tired of the phrase "value vs. growth," but we cannot help including the below chart that highlights the historically huge difference between these two categories:

S&P 500 Growth P/E minus S&P 500 Value P/E

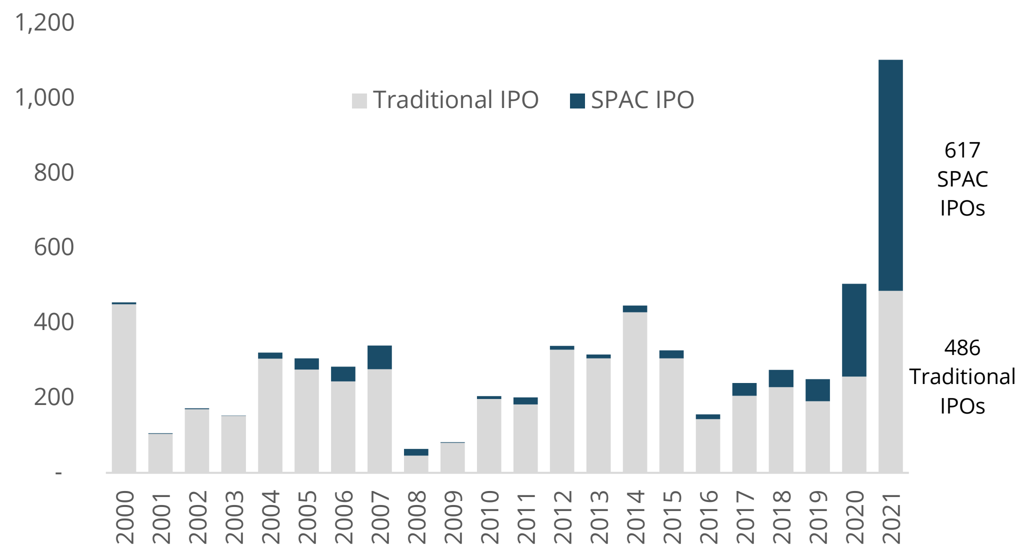
Price to Earnings Next Twelve Months (1/1/2003 - 12/31/2021)

Some of us are old enough to remember when the stock market as a whole had a price-to-earnings ratio (P/E) of 12x or less for extended periods of time!

All of us are old enough to remember the fears in the years leading up to COVID that everything was either going to stay private or go private. We believe that private equity and venture capital have a place in capitalism, but we have now seen how cyclical fears like this can be, as many more companies came public this year, expanding our universe in positive ways.

Yearly IPO Deal Count by Traditional IPOs and SPAC IPOs

Priced deals on US exchanges from 2000 until 2021



Source: Bloomberg

We also have seen plenty of IPO/SPAC craziness showing both that private players need public markets more than they admit and that there is more volatility embedded in these newer companies than a private quarterly mark might admit. As for how efficient both the private and public markets are, we would encourage you to really delve into some of those multi-hundred-page S1s for many of the newest public companies to see the huge gap between the last valuation at which the company was funded and/or granted shares to its executives and the often much higher price at which the company went public – Coinbase and Rivian are two prime examples.

We are certainly not opposed to private equity paying us fair value (or more!) for any of our holdings if the time is right. Buyouts have generally been good for us (more so in Small-Cap than our other funds, but as private equity capital raisings have grown, we expect that to expand to all our strategies going forward). We benefitted from eight buyouts in the Small-Cap Fund from 2014 to 2018 (one or two per year in the portfolio during that five-year period) before a drought in 2019, leading into a COVID overhang for more of the last two years. We expect more beneficial M&A action for our portfolio in 2022.

Finally, we must talk about inflation/nominal/real interest rates. We are not here to predict or say that we need raging inflation. We were wrong to miss the COVID-driven-buying-of-goods-boom in the last year or so that we believe is much closer to its end than its beginning. A lot of these Goods companies we don't own make up some of the lower next 12-month/last 12-month P/Es in the market (aka "traditional value stocks" that are often large weightings in a value index/ETF), but we are focused on longer-term earnings power and don't need to play when this key metric is too hard to predict and/or potentially declining. Where we have felt more correct is focusing in on wage inflation not going away. The demographics and global trade patterns of the next 30+ years still look quite different than the last 30, so we expect inflation to be with us longer than some think. We have yet to talk with a company that expects wage growth to dramatically flatten out in 2022, and many are expecting continued mid-single-digit growth in the near term. We also believe that a positive real rate looks much more likely over the next 10 than the last 10 years as governments around the world step back from or at least no longer accelerate bond buying.

We see three potential broad nominal rate scenarios in 2022. In the first scenario, we are wrong, and rates go lower. In this environment, we expect to still deliver absolute returns (as we did this year) but might keep losing the relative game for a bit. In a second – we think most likely – scenario, rates go higher. In this environment, we believe we could win in multiple ways as market favorites at 25x+ P/Es have a long way to fall vs. our portfolio already at a roughly 10x multiple of growing FCF power. We don't need to see a dramatic jump in rates for this scenario to play out – even a small increase should be beneficial to our approach from both an absolute and relative perspective. In the final scenario, rates remain the same, and the second derivative of the curve (i.e., what the stock market typically reacts to and what investors care most about: whether things are accelerating, decelerating or flattening out) doesn't get worse. In this environment, we would also expect to win both absolute and relative, but maybe not as much as in scenario two.

Contributors and Detractors

(2021 Investment return, 2021 Fund contribution; Q4 Investment return; Q4 Fund contribution)

Lumen (39%, 4.22%; 3%, 0.38%), the global fiber company, was the top absolute and relative contributor for the year. CEO Jeff Storey took two actions this year to substantially increase the business's value and address the stock's enormous discount (it trades below 35% of our appraisal value). First, during the third quarter, Lumen sold its Latin American fiber for a good price (9x EBITDA) and the weaker half of its US consumer business for an encouraging 5.5x EBITDA. Both multiples came in above our appraisals and demonstrate how cheap the consolidated Lumen RemainCo is today at less than 6x P/FCF and EV/EBITDA. The majority of Lumen's remaining EBITDA comes from its US Enterprise and SMB segments, which grow faster than Lumen's disposed LatAm fiber and are worth higher multiples. The weakest segment of the new Lumen, the western half of Consumer, is superior to the assets the company just sold for 5.5x EBITDA. Second, Storey quickly repurchased 7% of Lumen's shares, adding meaningfully to value per share and free cash flow per share. When the dispositions close, proceeds will reduce debt meaningfully, putting net debt right at the company's leverage ratio target even though that target was based on the prior, inferior business mix. We are pleased that our engagement since filing an amended 13D helped the company begin to deliver positive corporate actions. The market has fixated on the potential for another dividend cut, but Lumen's FCF is more than sufficient to cover the $1/share payout while investing aggressively into high-return, edge-out capex to grow revenues.

CNX Resources (27%, 2.14%; 9%, 0.46%), the Appalachian natural gas producer, was another top contributor. With higher strip gas prices, another strong year of FCF and a 13% annualized repurchase pace last quarter, our appraisal of the value increased over 20%. However, the company's conservative hedging program that has helped it withstand prior bear markets also held back earnings growth this year. The board, led by chairman Will Thorndike, recently authorized another $1 billion of repurchase, representing nearly one third of outstanding shares at today's price. Despite higher absolute FCF than Appalachian comps with inferior inventory positions, CNX trades at less than half of their enterprise values.

Realogy (28%, 1.94%; -4%, -0.22%), the real estate brokerage franchisor, was also a top contributor for the year. Commission volumes increased double-digits due to 17% year-over-year (YOY) home price appreciation outweighing 5% fewer transactions. With the majority of the company's value coming from its franchise fees, the incremental margins on sales growth are extremely favorable. Realogy's brokerages (including Coldwell Banker, Century21, and Sotheby's) also gained share for the fifth consecutive quarter. The company had lagged the national market last year due to its greater New York and California exposure, but both markets have rebounded well and appear likely to continue. CEO Ryan Schneider used the large FCF coupon to pay down debt, and Realogy's leverage ratio is now down to a conservative 2.3x net debt/EBITDA vs. >5x in prior years. The strong performance suggests that the business was not disrupted by iBuyers and other new competitors as bears had predicted. With the housing market looking healthy and home prices likely to keep appreciating moderately, this franchise-fee annuity business with high defensible market share should be worth much more than the 6x forward FCF where it trades.

Hyatt (30%, 1.56%; 25%, 1.10%), the global hotel franchisor and owner, was the top contributor in the fourth quarter and among the largest contributors for the year. The company is once again cash profitable, even though its Group/Business bookings are less than half of 2019 levels. Revenues from leisure travelers, however, are up more than 20%, with pricing as high as 40% YOY for Hyatt's most popular destination resorts. CEO Mark Hoplamazian made two great sales above our appraisal values this year, helping to grow our appraisal of the consolidated company value by 27%. We expect more proceeds to come in next year and earnings growth to accelerate back towards normalized levels with COVID reopening.

Mattel (24%, 1.40%; 16%, 0.96%), the global toy and media company, was a strong contributor in the fourth quarter and for the year. Despite store closures in Asia causing -20% regional revenues during the third quarter, Mattel's consolidated sales still grew 8% due to its strong North American recovery. Barbie sales remain impressive as they have been for years, American Girl is finally returning to growth and Fisher Price is also recovering. The company is successfully passing through inflated costs with higher pricing and without losing volume. Despite the impressive results, the stock trades too low at less than 14x forward earnings, and that is before Mattel begins to monetize its massive non-earning asset Intellectual Property portfolio. Our appraisal of the value grew by more than 30% this year.

RenaissanceRe (11%, 0.54%; 22%, 0.99%) the Bermuda-domiciled reinsurance company and a new position in 2021, was a top contributor in the fourth quarter. We know the reinsurance industry well, having invested in the sector for multiple decades, and we were thrilled to have the opportunity to invest in the business at a discount. RenRe has a reputation as a leading Catastrophe risk reinsurance underwriter - although the business mix has diversified over time into third party capital management, casualty and other property risk. RenRe traded below 10x earnings power and around 1x tangible book value in the third quarter as catastrophe headlines punished the entire industry, giving us the opportunity to invest. Management also took advantage of the temporary price discount by buying back 10% of outstanding shares, while the CEO, CFO and several other senior executives invested over $4 million buying shares personally. The share price appreciated in the fourth quarter as the company announced an excess capital buffer of $1 billion, even after third quarter catastrophe hits, and likely continued share repurchases. RenRe is a leader in insurance risk modeling and portfolio construction, and best in class data gathering and analytics are in the company DNA. In the face of significant volatility and disruption for the industry in the form of technology innovation, capital access innovation and climate change risks, RenRe's competitive advantages in pricing risk and in putting together a sound global portfolio of risk should be well placed to add excess return.

Idorsia (-24%, -0.94%; -15%, -0.45%), the Swiss diversified pharmaceutical company, was the largest detractor for the year, after the company issued a dilutive convertible bond in late July and two drug trials this year had negative to inconclusive results. The entire small-cap biotech sector is down significantly after a speculative frenzy in 2020. Our appraisal of Idorsia's value remains unchanged at over twice the stock price, and we remain excited about the potential of its potential blockbuster sleep drug Quviviq (which was officially approved by the FDA after quarter end) and its hypertension drug Aprocitentan (which is still in Phase 3 trials), both of which could deliver positive news in 2022.

Lanxess (-18%, -0.85%; -9%, -0.35%), the German specialty chemicals company, was a top detractor in the year, in the face of M&A uncertainty and disappointing free cash flow conversion. Lanxess's management team has a strong track record of selling non-core segments at good multiples and intelligent capital allocation, including buying back shares in 2020. In 2021, the company announced two bolt-on acquisitions - the Microbial Controls business of International Flavors & Fragrances and private company Emerald Kamala Chemical. We believe these deals will be accretive to the value over time, but the capital commitments tied management's hands in the near-term, limiting the ability to go on offence by buying back more shares in 2021. At year end, Lanxess was trading around 10x earnings power on a much-improved business quality after five years of selling lower quality businesses and now re-allocating those proceeds into higher quality opportunities. We expect management to successfully integrate these acquisitions, address the FCF disappointments and allocate capital intelligently in 2022, which we believe will drive a stock price revaluation.

Kodak (-18%, -0.83%; -12%, -0.54%), the global technology company focused on chemicals and print, in which we own convertible preferreds, was a detractor, despite excellent operating results at the company. Our appraisal of Kodak's value surged 12% last quarter up to $10/share due to strong pricing in the printing plates and film segments. Kodak's new chemical-free Sonora plate business grew 35% and is much more environmentally sustainable than the competition. Digital Printing, a razor/razorblades annuity business, approached breakeven, while Kodak's next generation Prosper product line grew 17%. The Licensing segment, which is a surprisingly large part of appraised value, again grew steadily with massive operating margins.

Portfolio Activity

The portfolio activity section in our last several letters has highlighted our growing on-deck list, and we were able to act on those opportunities to put cash to work in the fourth quarter. We initiated three new holdings, which are not yet disclosed, as we are still building the positions. Two are in the Financials sector, though they are very different companies. One is really more of a software company than a financial company, and the large owners we have partnered with there are top notch. The other is a financial holding company with zero "comps". It is both misunderstood and overlooked by the market as it is a confusing, small-dividend-paying company that makes no effort to dance to the sellside tune with quarterly calls or guidance. However, the management team are all about building long-term value per share in patient, unconventional ways. The third and newest purchase is a Communications Services company with a strong first-mover advantage within its rapidly growing business, and once again great partners who know how to allocate capital. We trimmed strong performers Realogy and Hyatt but had no full sales in the fourth quarter. After beginning the year at 20%, our cash position ended the year at just over 5%. Our on-deck list remains strong, and, thanks to solid value growth across the portfolio, a strong majority of the companies are trading in the mid-60s% or lower of their appraisal, meaning the margin of safety and potential upside for the portfolio, which trades at a price-to-value (P/V) in the low-60s%, is very high.

Southeastern Updates

The last two years have taught us to be more flexible to adjust to rapidly changing environmental factors and to allow for better work/life balance for our employees, while maintaining productivity levels and a connection to our central culture. We believe our established research network continues to provide us a clear competitive advantage. We expanded our global research expertise and network with the addition of Will Allen, who joins in January 2022 as a Memphis-based Junior Analyst, and Julio Utrera, CFA, who joined this summer as a London-based Analyst. Will is a 2019 college graduate who brings experience at value investing firm International Value Advisors. Originally from Spain, Julio adds eight years' experience of investing with a value focus in public and private equities in Europe and developing markets, as well as ESG expertise. Julio holds his CFA Level 4 Certificate in ESG Investing and served on the ESG Committee in his last role at T. Rowe Price International Equities, and he has already been a valuable addition to Southeastern's ESG committee.

In last year's annual letter, we highlighted the importance of environmental, social and governance (ESG) factors – both in our research process and in how we run our business – and the steps we have taken to formalize our approach. In 2021, we published our first annual ESG Report, which we would encourage you to read to learn more about our approach. Over the last year, we have continued to make progress and set new goals in this rapidly developing area – we signed on as a supporter of the Task Force on Climate-Related Finance Disclosures (in addition to being a signatory to UNPRI and CA100+); the research team undertook external ESG training; we expanded our portfolio carbon footprint data monitoring and established a Southeastern-specific template for carbon footprint reporting; we committed to directly engaging with management teams on their carbon reporting and efforts to improve their environmental practices (with recent success from these efforts seen at Lanxess, which set a goal to be carbon neutral by 2040, and CNX Resources, which was recently named one of three 2021 Energy ESG E&P Top Performers by Hart Energy, among others).

Another key area of focus has been fostering, cultivating and preserving a culture of diversity, equity and inclusion (DEI) at our firm, as well as engaging with our portfolio companies to better understand their approach to DEI and in some cases to push for increased diversity at a board and/or management level. As a small, lean firm with low employee turnover, we have looked for ways that we can partner with other organizations to help make a positive impact within our industry. In 2021, we partnered with the Notre Dame Institute for Global Investing via their Investment Management Access Program (IMAP – a program focused on improving diversity within the asset management industry) and Girls Who Invest (GWI – an organization that is helping transform the asset management industry by bringing more women into portfolio management and leadership).

In August 2021, we launched an exciting new initiative, Greenwood Pine Partners, a mission-driven, minority-owned investment management firm with initial funding from the Shelby County Retirement System in Tennessee. Greenwood Pine is 51% owned by Southeastern Senior Analyst and Principal Brandon Arrindell, who is African American and from Memphis. Brandon serves as both majority owner and portfolio manager for this US-focused, all-cap strategy employing Southeastern's long-term, concentrated, engaged approach. The goal of the structure and partnership with Shelby County is to produce strong risk-adjusted returns while also working to address the issue of minority underrepresentation in asset management. Where possible, Greenwood Pine seeks to partner with minority-owned, local service providers. Southeastern has pledged the proceeds derived from its 49% stake in the LLC to organizations that support under resourced communities.

Finally, we are always looking for ways to improve our communications with clients. Beginning next quarter, we will provide a Frequently Asked Questions-format podcast to allow you to hear directly from your portfolio managers. The audio format will have a transcript available and will be supported by a quarterly fund summary and a longer, more detailed annual letter at the end of the year. We will continue to highlight discussions with management teams and other ad hoc topics in the *Price to Value Podcast with Southeastern Asset Management,* with our newest episode coming in January, in which Staley Cates interviews Realogy CEO and President Ryan Schneider.

Outlook

We spent much of this letter exploring the current environment and what it has meant / will mean for our portfolio. We have heard from many clients and prospects this year who (very understandably) want to know what will be the "right environment" for our portfolios to outperform. As conventional wisdom becomes more about trading in and out of ETFs instead of analyzing bottom-up value per share growth, we understand the pressure that investment committees face and the frustration of not knowing when our relative performance will turn. We would caution, however, that nailing the chained probability of both what the next environment will be and how we will do in it is very hard.

Our 46+ year performance history shows that there is never a predictable pattern, but the historical context makes us believe even more strongly in our odds from here. Southeastern was founded in 1975 amid a period of historically high inflation, with US interest rates rising to nearly 20%. From the official start of Southeastern's US large cap composite in January 1980, we outperformed the market in eight out of the nine following years. We expect that we would do well again with more rate volatility going forward. We did less well relatively in the 1990s and 2010s when interest rates declined, even if we did deliver solid absolute returns on the stocks that we picked in those timeframes. This seems like the least likely scenario out of the three described above, since rates are already so low. At the very least, we believe we would be more fully invested in a scenario like this, judging by our improved productivity, current portfolios and on-deck list. We did well in the 2000s pre-GFC with relatively flat interest rates (note that the US 10-year treasury stayed in a tight band around 5% during that almost 10-year period), which we could see happening again (but probably less likely than increasing rates), so that is also encouraging.

While looking to our history doesn't give us the answer of when the current environment will turn, it does allow us to learn from the past and improve over time. When we add up the three broad types of environments above, we see a healthy "2.5 out of 3" in which we win. We think 2021 had many positive signs that the future is bright, and we look forward to sharing it with you.

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://southeasternasset.com/account-resources. Please read the Prospectus and Summary Prospectus carefully before investing.

RISKS

The Longleaf Small-Cap 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. Smaller company stocks may be more volatile with less financial resources than those of larger companies.

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. The Russell 2000 Value index is drawn from the constituents of the Russell 2000 based on book-to-price (B/P) ratio. An index cannot be invested in directly.

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

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.

A special purpose acquisition company (SPAC) is a company with no commercial operations that is formed strictly to raise capital for the purpose of acquiring an existing company.

Discounted cash flow (DCF) is a valuation method used to estimate the attractiveness of an investment opportunity. DCF analysis uses future free cash flow projections and discounts them to arrive at a present value estimate, which is used to evaluate the potential for investment

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

"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.

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 13D filing is generally required for any beneficial owner of more than 5% of any class of registered equity securities, and who are not able to claim an exemption for more limited filings due to an intent to change or influence control of the issuer.

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

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

As of December 31, 2021, the top ten holdings for the Longleaf Partners Small-Cap Fund: Lumen, 13.1%; Mattel, 7.4%; Realogy, 7.2%; CNX Resources, 6.1%; Liberty Braves Group, 5.4%; Graham Holdings, 5.1%; Empire State Realty 5.0%; Madison Square Garden Sports, 4.9%; Gruma, 4.8%; and Hyatt, 4.8%. 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.

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LLP001254
Expires 6/30/2022