



LONGLEAF PARTNERS FUNDS®

(800) 445-9469

www.longleafpartners.com

All data as of 6/30/10

SMALL-CAP FUND PROFILE

Initial Public Offering:	2/21/89; closed to new investors
Net Assets:	\$2,407 million
YTD Expense Ratio:	0.93%; No loads, 12b-1, exit or performance fees
YTD Turnover:	9.5%
Investment Suitability:	Appropriate for investors with a time horizon over 5 years
Symbol & Cusip:	LLSCX; 54306920-7
Net Asset Value:	\$21.59

PORTFOLIO MANAGERS

Mason Hawkins, CFA
Southeastern since 1975

Staley Cates, CFA
Southeastern since 1986

PORTFOLIO COMPOSITION

Equities	97%
Cash & Other	<u>3%</u>
Total	100%

TOP TEN HOLDINGS - 20 Total Holdings in Fund

tw telecom	telecommunications provider	10.2%
Pioneer Natural Resources	oil & gas exploration & production	8.5%
Fairfax Financial Holdings	property/casualty insurance	7.3%
Fair Isaac	credit scoring software	6.5%
Dillard's	department store retailer	6.2%
Washington Post	education & media	4.8%
Martin Marietta Materials	aggregates	4.5%
Service Corp International	funeral home/cemetery operator	4.4%
Texas Industries	construction materials	4.4%
Willis Group	insurance broker	<u>4.2%</u>
	Total	61.0%

AVERAGE ANNUAL PERFORMANCE - as of 6/30/10

	1 Year	5 Years	10 Years	20 Years
Longleaf Partners Small-Cap Fund	32.1%	2.0%	8.0%	9.7%
Russell 2000 Index	21.5%	0.4%	3.0%	8.2%
Inflation + 10%	11.0%	12.3%	12.4%	12.6%

PERFORMANCE - Yearly Returns

1989*	121.5%	1994	3.6%	1999	4.1%	2004	14.8%	2009	49.3%
1990*	(30.1)%	1995	18.6%	2000	12.8%	2005	10.8%		
1991*	26.3%	1996	30.6%	2001	5.5%	2006	22.3%		
1992	6.9%	1997	29.0%	2002	(3.7)%	2007	2.8%		
1993	19.8%	1998	12.7%	2003	43.9%	2008	(43.9)%		

¹Partial year, initial public offering on 2/21/89-12/31/89.

*From public offering through 3/31/91 Fund was managed by a different portfolio manager

Returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Current performance may be lower or higher than the performance quoted. Please call (800) 445-9469 or view Longleaf's website www.longleafpartners.com for more current performance information and www.longleafpartners.com/misc/prospectus.cfm for a copy of the current Prospectus and Summary Prospectus, which should be read carefully for a discussion of investment objectives, management fees, expenses, and risks. Fund returns and those of the unmanaged Russell 2000 Index include reinvested dividends and distributions. The U.S. Bureau of Labor Statistics compiles the monthly CPI-U values used to calculate inflation. Past performance is no guarantee of future performance, fund prices fluctuate and the value of an investment at redemption may be more or less than purchase price.

June 30, 2010

Longleaf Partners Small-Cap Fund

closed to new investors

PHILOSOPHY

The Fund seeks to achieve superior long-term performance by acquiring equity securities of competitively entrenched, financially strong, well-managed companies run by capable managements at market prices significantly below our assessment of their business value, and selling these stocks when they approach our appraisal. We view equity investments as ownership in a business enterprise. We determine business or intrinsic value through financial analysis and established disciplines which we have consistently applied for 34 years. Equities purchased at prices substantially less than their intrinsic worth should protect capital from significant loss and should also appreciate substantially when the market ultimately recognizes corporate value.

OBJECTIVE/POLICY STATEMENT

Longleaf Partners Small-Cap Fund seeks long-term capital growth by investing primarily in a limited number of small companies believed to be significantly undervalued.

FUND MANAGEMENT

The Fund is managed by Southeastern Asset Management, Inc.[®], a Memphis based firm. Founded in 1975, the firm has 58 employees and manages over \$29 billion in assets.

INVESTMENT PARTNERSHIP

To align employee interests with those of shareholders and prevent conflicts of interest, Southeastern's Code of Ethics requires all employees to limit their investment in publicly traded equity securities to the Longleaf Partners Funds (unless granted prior clearance.) The independent members of the Board of Trustees also must invest at least as much as their annual Trustees' fees in the Funds.

GOVERNING PRINCIPLES

- We will treat your investment in Longleaf as if it were our own.
- We will remain significant investors with you in Longleaf.
- We will invest for the long-term, while striving to maximize returns and minimize business, financial, purchasing power, regulatory and market risks.
- We will choose our equity investments based on their discounts from our appraisal of their corporate intrinsic values, their financial strengths, their managements, their competitive positions, and our assessment of their future earnings potential.
- We will concentrate our assets in our best ideas.
- We will not impose loads, exit fees or 12b-1 charges on our investment partners.
- We will consider closing the Funds to new investors if closing would benefit existing shareholders.
- We will discourage short-term speculators and market timers from joining us, the long-term investors in Longleaf.
- We will continue our efforts to enhance shareholder services.
- We will communicate with our investment partners as candidly as possible.



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