Longleaf Partners Funds®

Quarterly Report

Partners Fund

Small-Cap Fund

International Fund

Global Fund

March 31, 2014

Longleaf Partners Funds

Advised by Southeastern Asset Management, Inc.®

Cautionary Statement

One of Southeastern's "Governing Principles" is that "we will communicate with our investment partners as candidly as possible," because we believe Longleaf shareholders benefit from understanding our investment philosophy and approach. Our views and opinions regarding the investment prospects of our portfolio holdings and Funds are "forward looking statements" which may or may not be accurate over the long term. While we believe we have a reasonable basis for our appraisals, and we have confidence in our opinions, actual results may differ materially from those we anticipate. Information provided in this report should not be considered a recommendation to purchase or sell any particular security.

You can identify forward looking statements by words like "believe," "expect," "anticipate," or similar expressions when discussing prospects for particular portfolio holdings and/or one of the Funds. We cannot assure future results and achievements. You should not place undue reliance on forward looking statements, which speak only as of the date of this report. We disclaim any obligation to update or alter any forward looking statements, whether as a result of new information, future events, or otherwise. Current performance may be lower or higher than the performance quoted herein. Past performance does not guarantee future results, fund prices fluctuate, and the value of an investment may be worth more or less than the purchase price. ***Call (800)445-9469 or go to longleafpartners.com for current performance information and for the Prospectus and Summary Prospectus, both of which should be read carefully before investing to learn about fund investment objectives, risks and expenses.***

The price-to-value ratio ("P/V") is a calculation that compares the prices of the stocks in a portfolio to Southeastern's appraisals of their intrinsic values. P/V represents a single data point about a Fund, and should not be construed as something more. We caution our shareholders not to give this calculation undue weight. P/V alone tells nothing about:

- *The quality of the businesses we own or the managements that run them;*
- *The cash held in the portfolio and when that cash will be invested;*
- *The range or distribution of individual P/V's that comprise the average; and*
- *The sources of and changes in the P/V.*

When all of the above information is considered, the P/V is a useful tool to gauge the attractiveness of a Fund's potential opportunity. It does not, however, tell when that opportunity will be realized, nor does it guarantee that any particular company's price will ever reach its value. We remind our shareholders who want to find a single silver bullet of information that investments are rarely that simple. To the extent an investor considers P/V in assessing a Fund's return opportunity, the limits of this tool should be considered along with other factors relevant to each investor.

Unless otherwise noted, performance returns of Fund positions combine the underlying stock and bond securities including the effect of trading activity during the period.

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-U.S. economic and political developments, exposure to non-U.S. currencies, and different accounting and financial standards. These risks may be higher when investing in emerging markets.

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.

Contents

Letter To Our Shareholders

We are pleased to report that all four Longleaf Funds posted positive returns in the first quarter of 2014. Aside from the Global Fund, which is less than two years old, each Longleaf Fund also surpassed our absolute return goal of inflation plus 10% and outperformed its respective index over the last five years. Interestingly, while health care stocks comprised almost half of the benchmarks' returns in the first quarter, these stocks were not in the Funds because these companies, especially pharmaceuticals, rarely meet our discount criteria. Despite our absence from this sector and our higher than normal cash balances, the Small-Cap, International, and Global Funds all exceeded their respective indices in the quarter.

Cumulative Returns at March 31, 2014

	Since Inception	20 Year	15 Year	Ten Year	Five Year	One Year	1Q
Partners Fund (Inception 4/8/87)	**1756.23%**	**620.47%**	**185.23%**	**78.21%**	**177.40%**	**18.66%**	**0.27%**
S&P 500 Index	1084.89	517.49	92.53	104.52	161.07	21.86	1.81
Small-Cap Fund (Inception 2/21/89)	**1447.76**	**1010.05**	**395.99**	**177.02**	**239.49**	**22.41**	**5.18**
Russell 2000 Index	975.52	512.04	259.56	126.78	196.88	24.90	1.12
International Fund (Inception 10/26/98)	**303.72**	**na**	**249.64**	**70.06**	**110.71**	**23.13**	**3.01**
MSCI EAFE Index	114.01	na	93.17	88.22	110.17	17.56	0.66
Global Fund (Inception 12/27/12)	**31.90**	**na**	**na**	**na**	**na**	**26.95**	**2.73**
MSCI World Index	28.50	na	na	na	na	19.07	1.26

Average Annual Returns at March 31, 2014

	Since Inception	20 Year	15 Year	Ten Year	Five Year	One Year
Partners Fund (Inception 4/8/87)	**11.43%**	**10.38%**	**7.24%**	**5.95%**	**22.64%**	**18.66%**
S&P 500 Index	9.59	9.53	4.46	7.42	21.16	21.86
Small-Cap Fund (Inception 2/21/89)	**11.53**	**12.79**	**11.27**	**10.73**	**27.69**	**22.41**
Russell 2000 Index	9.93	9.48	8.91	8.53	24.31	24.90
International Fund (Inception 10/26/98)	**9.47**	**na**	**8.70**	**5.45**	**16.07**	**23.13**
MSCI EAFE Index	5.06	na	4.49	6.53	16.02	17.56
Global Fund (Inception 12/27/12)	**24.63**	**na**	**na**	**na**	**na**	**26.95**
MSCI World Index	22.12	na	na	na	na	19.07

During the inception year, the S&P 500 and the MSCI EAFE Index were available only at month-end; therefore the S&P 500 value at 3/31/87 and the MSCI EAFE value at 10/31/98 were used to calculate performance since inception.

Letter To Our Shareholders

DTV illustrates the process and approach we follow for holdings across all mandates.

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.

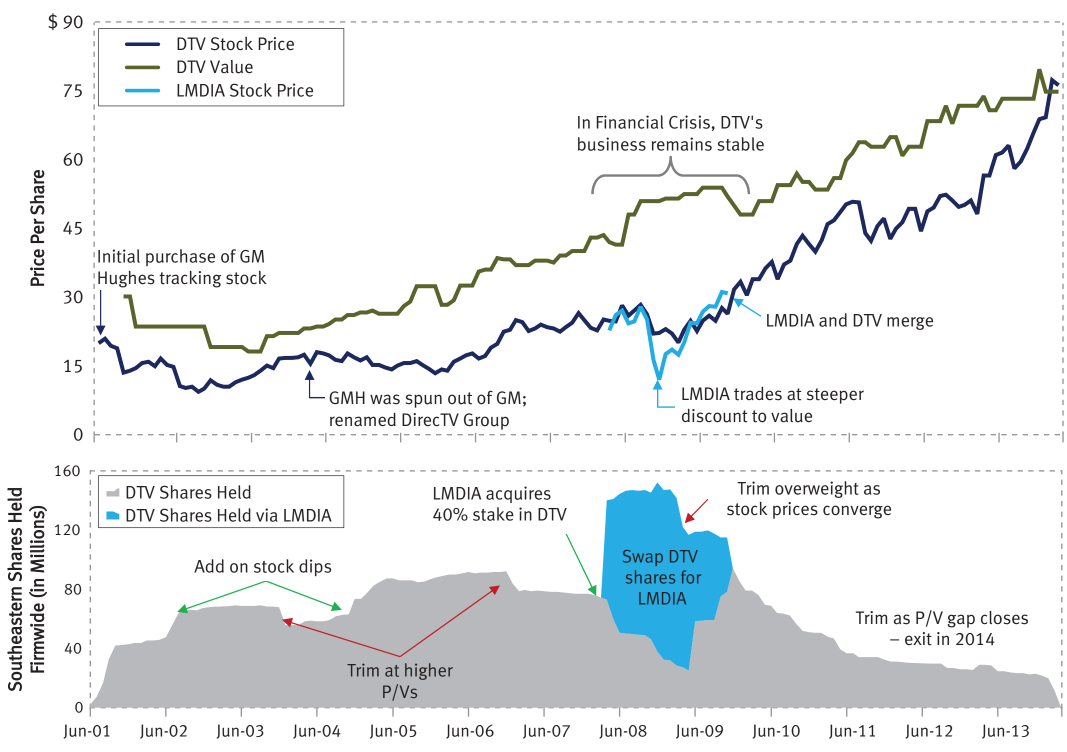
At December 31, 2013, the total expense ratios for the Longleaf Partners Funds are: Longleaf Partners Fund 0.92%, Longleaf Small-Cap Fund 0.91%, Longleaf Partners International Fund 1.27%, and Longleaf Partners Global Fund 1.65% (1.73% before waiver). The Partners and Small-Cap Funds' expense ratios are subject to a fee waiver to the extent a Fund's normal annual operating expenses exceed 1.5% of average annual net assets. The Longleaf International Fund's expense ratio is subject to a fee waiver to the extent the Fund's normal annual operating expenses exceed 1.75% of average annual net assets. The Longleaf Global expense ratio is subject to a fee waiver to the extent the Funds' normal operating expenses exceed 1.65% of average annual net assets.

During the quarter we exited DIRECTV (DTV), a highly successful core holding in our U.S. and Global accounts for over a decade. We discuss our DTV experience not to showcase one winner, but because the investment illustrates the process and approach we follow for holdings across all mandates and highlights some of Southeastern's unique research strengths.

History of DTV Investment (based on the Partners Fund)

Sometimes we can own a company in indirect ways that create part of the discount to intrinsic worth. In the case of DTV, we owned the underlying business via three different stocks over our thirteen-year holding period as shown on the chart below. Initially, in 2001 we bought GMH,

History of DTV Investment 6/18/01 – 3/26/14



the tracking stock that General Motors created for the Hughes division that included all of its satellite businesses. By early 2004, the company had been spun fully out of GM and renamed DIRECTV Group. Over the following four years, we opportunistically added to and trimmed our position. In early 2008, John Malone exchanged Liberty Media's (LMDIA) News Corp shares (NWS) for the 40+% of DTV that NWS owned. We previously had purchased Liberty Media Corp, the precursor to LMDIA, and the 2008 transaction increased our underlying ownership in DTV. Throughout 2008, we swapped DTV for LMDIA which traded at a steeper discount to underlying value. In the financial crisis, although DTV's business remained remarkably stable, LMDIA shares became severely discounted when debt at other Liberty affiliates cast a shadow on LMDIA. We made sure we understood the obligations of each Liberty entity and John Malone's intentions, and then took LMDIA to a "double weight" (10%) position while maintaining our direct DTV stake. In 2009, LMDIA and DTV merged. Over the next four years, the intrinsic value of the company grew as did the stock price. We trimmed our position as the price-to-value (P/V) gap closed and completely exited in the first quarter of 2014 when the stock reached our appraisal. Because of the strength of DTV's franchise and management partners, the value could continue to build unabated following our sale. We followed our discipline to exit when the price reached our appraisal, leaving no margin of safety in the stock.

Strong Business

In every new investment, we analyze why a stock is cheap and how our view of the business differs from the market's view. Initially, DTV's core strongholds were rural subscribers with no cable alternatives and premium subscribers willing to pay for the technologically superior digital picture and recording as well as exclusive sports programming. The most valuable DTV subscribers were immune from the market's concern – the "triple play threat" of a single provider for video, voice and broadband. Subsequent subscriber growth and pricing power as shown through rising ARPU (average revenue per user) were proof of DTV's advantages.

When we own a name we evaluate how the business evolves and adjust our assumptions about competitive advantages and value growth. Over time, DTV's U.S. subscriber base grew to more than 20 million, and growth inevitably slowed. Cable providers developed better picture quality and digital recording, and "cord cutting" (leaving pay-TV for video delivery alternatives) also received increasing attention. Verizon invested heavily to become a competitor. Satellite provider DISH's Hopper grew more competitive due to combining cord cutting with high definition recording. NFL programming became less exclusive. As the competitive landscape changed, at three different points over our holding period, we appointed an analyst to serve as "Devil's Advocate" (DA) to challenge the entire investment case and appraisal. Although DTV's U.S. ARPU continued to increase, we reduced our appraisal multiples to account for the increasingly competitive U.S. environment. Management also recognized the U.S. evolution and developed Latin American markets where the lack of infrastructure minimized cable competition. Over the last five years, we adjusted our appraisal as DTV transitioned from a primarily U.S. provider to a company with almost half of its value attributable to its Latin American operations. However, we recently lowered our appraisal of the Latin American business based on currency fluctuations and other geopolitical developments. While shorter-term conditions made a lower appraisal unavoidable, we remained bullish on the company's long-term prospects in Latin America.

Good Management

The operating expertise of two successive CEOs, first Chase Carey and then Mike White, kept the company competitive over the long run, even as the landscape morphed. In addition to improving service, containing costs, and providing exclusive programming, management upgraded customer quality ahead of the recession, removing subscribers with lower credit and poor payment history. This move paid off handsomely as subscriber retention gave DTV an edge through the financial crisis.

Letter To Our Shareholders

Several of Southeastern's research advantages are embedded within our DTV experience.

Many CEOs have strong operating abilities, but what sets apart the all-stars is a deep understanding of building value per share through wise capital allocation. Our successive DTV partners clearly understood the risk/reward calculus when they deployed the company's resources. They successfully invested for growth by comparing subscriber acquisition cost (SAC) to the value of the cash flow stream from the incremental new subscriber. They also returned enormous capital to shareholders, repurchasing over 60% of the company's shares over the last 10 years when prices were well below intrinsic value.

We conduct a comprehensive assessment of management at the outset of every investment. At DTV, we did this a second time in 2010 when Mike White came from Pepsi to be CEO after Chase Carey left for NWS (which became 21st Century Fox). We quickly called upon our broad network of contacts, including some who had worked directly with Mike, to gain insight into his skills, character, and record, and we received positive feedback.

Deeply Discounted Price

How can strong businesses with good management become deeply discounted? Four common ways that we find a cheap stock applied at DTV. First, a mismatch between real or perceived threats and when or how they will impact value creates opportunity. In some cases, short-term challenges have little impact on long-term value. In the case of DTV, the stock price was over-discounting the near-term "triple play threat," even though longer-term technology changes did alter the competitive landscape.

Second, we see many external reports that determine price targets by simply putting a multiple on earnings. Our due diligence breaks down business segments, evaluates free cash flow versus earnings, and differentiates between capital spending to maintain the business versus to grow it. We analyze growth spending as a choice that must be weighed against capital allocation options. At DTV, management's investment in U.S. SAC lowered short-term profits, but when U.S. growth spending slowed, the cash flow from those subscribers continued to roll in, generating a high long-term return. A similar dynamic continues today with the build out of Latin America.

Third, we often find a "sum of the parts" discount when we can own a business indirectly through another stock. Our appraisals break down the value of each underlying piece of a company. The most extreme example at DTV came in December 2008 when we could own a share of DTV through LMDIA for less than half the price of directly owning DTV.

Fourth, controversial management can generate a discount. When we doubled down on LMDIA, skepticism about John Malone played a part in the price decoupling from the value. Although accurately assessing executives is difficult, we spend immense time reviewing operating and capital allocation history, understanding incentives, interviewing others who have interacted with the person, meeting with the CEO, and researching professional and personal backgrounds. We want a thorough knowledge of our partners to see through any short-term controversy. We were more than happy to invest alongside Malone.

Summary of Southeastern's Investment Process

Our experience with DTV highlights the following characteristics about our process.

- We examine what insight we bring that the stock does not reflect. For new names and holdings with transitioning businesses, we assign a Devil's Advocate to make sure we thoroughly consider the negatives imbedded in the stock price.
- Businesses and values are dynamic. We continually reassess our case, accounting for new financial and industry information and conducting regular team reviews of each holding.
- We spend enormous time learning about our CEO partners, because when we find the unique combination of a great operator and sagacious capital allocator, it can be the difference between a good outcome and a phenomenal one. Additionally, our intensive, broad-reaching research can sometimes uncover a good partner masked with a controversial

reputation, giving us the opportunity to own a business at a steeper discount.

- We base our appraisals on deep, detailed analysis of a company's underlying segments over a long time horizon. Opportunities can emerge if the consensus of opinion about a business is oversimplified or plagued by near-term concerns.
- Our risk management discipline determines how we manage a portfolio position based on our underlying total exposure to a business as well as size relative to P/V and expected value growth.

Several of Southeastern's research advantages are embedded within our DTV experience. First, because of our significant co-ownership in the Longleaf Funds, our focus with every holding is the prospective investment case. Whether we have been right or wrong up to a current point tells nothing about what the future will be. We constantly reassess our investments to confirm we want our capital invested in a business going forward.

Second, different than most firms, our analysts are generalists rather than assigned to a specific industry or geography, and those same analysts, as opposed to separate portfolio managers, debate and determine whether we buy a company. This structure provided for constant questioning of the DTV case by informed decision makers who had specific, relevant understanding of the company, its competitors, and its industry. Their cumulative knowledge of both current and previous holdings included covering content providers such as ESPN, Disney, Fox, and Discovery. Different individuals also had followed media distribution companies around the world, including cable in the U.S. and Canada, and satellite in the UK and Japan. Rather than deferring to one media analyst, we had ten researchers asking detailed questions regarding pricing, SAC, substitution threats, ARPU trends, etc., each with a different perspective. As the industry evolved, the DA work did not require a steep learning curve and incorporated informed perspectives of competitors, suppliers and customers. Our unique combination of generalist researchers, who make portfolio decisions as a team, lends itself to deep analysis on every name.

Third, DTV exemplifies the advantages of our contact network from 40 plus years of investing. We called on media and other industry contacts from previous investments as well as Southeastern clients to provide perspectives on how the competitive landscape was changing. We had contacts who personally knew both CEOs, and John Malone's view was indispensable. Our terrific outcome with Chase Carey led to our following him to News Corp with an investment there.

Our research structure enables Southeastern to thoroughly vet names, which leads to higher confidence in the limited names that meet the team's hurdles. Our network is cumulative and provides invaluable insights into what we own, what we are considering, and what we should avoid. We also gain understanding of both the skills and character of our partners. Without these advantages, Southeastern's employees might not have the conviction that enables us to limit our public equity investing to Longleaf with minimal exceptions.

Our process and strengths do not insure that every investment will work out as well as DTV, but every name we own is subjected to the same rigorous scrutiny. This impacts our current portfolios in two ways. First, we believe that the strength of the businesses that we own today will be a solid foundation for good future returns. We have vetted these names as we did DTV, and in the cases where we have owned them for a while, we have reexamined the cases thoroughly to focus on the future rather than the past. Second, a number of our holdings have had prices rise faster than values in the last few years, and we are not able to find as many businesses that meet our qualifications. Trimming to manage position sizes and selling fully valued holdings has resulted in higher-than-normal cash positions. We are not willing to compromise our criteria simply to be more fully invested, because we believe it would lead to more risk and lower long-term return, as we would pay a smaller discount and force our capital into inferior businesses or companies with

Letter To Our Shareholders

Every name we own is subjected to the same rigorous scrutiny.

less capable management teams that wouldn't withstand our scrutiny. Over time, we have been rewarded by patience and discipline, and we are willing to wait until we find the next DTV.

Additional Updates

We are pleased to announce that effective with the May 1 Prospectus of Longleaf Partners Funds, Deputy Director of Research, Ross Glotzbach, will join Mason and Staley as a co-manager on Longleaf Partners Small-Cap Fund. Ross celebrates his tenth anniversary at Southeastern this year and has become an increasingly valuable member of the research team. Becoming co-portfolio manager of Small-Cap will not change Ross' daily focus on finding and following investments across all of the Funds, but this new role acknowledges his immense collective contribution, particularly to Small-Cap's strong returns over the last few years.

As the quarter ended, the release of Michael Lewis' new book, Flash Boys, brought renewed attention to the topic of high-frequency trading (HFT). We welcome the increased scrutiny, which we encouraged in our June 2010 letter to clients after submitting suggestions to the SEC and Congress on market structure reforms. If you are interested in our thoughts on how the industry should address HFT, the steps Southeastern takes to try to protect our trades, or our 2010 filings on the topic, please go to longleafpartners.com/marketstructure.

Additionally, we launched our redesigned web site this quarter. Users can now navigate easily between sites depending on whether their interest is Southeastern (southeasternasset.com) or the Longleaf Partners Mutual Funds (longleafpartners.com). We hope to increase the content on these sites over time to provide our partners with the information they need in an easily accessible format. We welcome your feedback as you explore the new design.

As an extension of a more robust web site, we are reformatting our Annual Shareholder Gathering for the Longleaf Funds. To make our presentations more accessible and convenient for all, we will host a webcast on Thursday, May 8. Those interested in the discussion can access the presentation at longleafpartners.com/replay2014.

Sincerely,

O. Mason Hawkins, CFA
Chairman & Chief Executive Officer
Southeastern Asset Management, Inc.

G. Staley Cates, CFA
President & Chief Investment Officer
Southeastern Asset Management, Inc.

May 8, 2014

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Partners Fund Management Discussion

Longleaf Partners Fund gained 0.3% in the first quarter versus the S&P 500 Index's return of 1.8%. The lack of new qualifiers and resulting higher cash position over the last twelve months dampened shorter-term relative performance. Over the last one and five years, the Fund far surpassed our annual absolute return goal of inflation plus 10%.

Cumulative Returns at March 31, 2014

	Since Inception	20 Year	15 Year	Ten Year	Five Year	One Year	1Q
Partners Fund (Inception 4/8/87)	**1756.23%**	**620.47%**	**185.23%**	**78.21%**	**177.40%**	**18.66%**	**0.27%**
S&P 500 Index	1084.89	517.49	92.53	104.52	161.07	21.86	1.81

Average Annual Returns at March 31, 2014

	Since Inception	20 Year	15 Year	Ten Year	Five Year	One Year
Partners Fund (Inception 4/8/87)	**11.43%**	**10.38%**	**7.24%**	**5.95%**	**22.64%**	**18.66%**
S&P 500 Index	9.59	9.53	4.46	7.42	21.16	21.86

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 total expense ratio for the Longleaf Partners Fund at December 31, 2013 is 0.92%. The expense ratio is subject to a fee waiver to the extent the Fund's normal annual operating expenses exceed 1.5% of average annual net assets.

Level 3 Communications gained 18% in the quarter, making it the Fund's largest contributor. This fiber and networking company's strong results exceeded expectations largely due to growth in the Enterprise business, and management issued higher 2014 guidance. Over the last year since Jeff Storey became CEO, the stock has risen 93% reflecting the expansion of operating margins and improved balance sheet. Level 3 is now cash flow positive with value increasing. The stock remains one of the most discounted in the portfolio even after the significant run up since Storey's appointment.

DIRECTV added 9% with strong U.S. subscriber and ARPU (average revenue per user) growth. U.S. churn was the lowest in five years. We sold the stock as price responded strongly to the company's results and reached our appraised value. As discussed in the Letter to Our Shareholders on page 2, we are especially grateful to CEO Mike White and his predecessor Chase Carey for driving the strong value growth that helped us earn over 385% in this investment since it began as GMH in 2001.

Cheung Kong and CONSOL Energy also contributed nicely in the quarter, each gaining 5%. Cheung Kong, the Asian based global conglomerate, appreciated as the company made value-enhancing asset sales and 50% owned affiliate Hutchison Whampoa (HWL) reported a 20% earnings increase. After almost a decade of investments outpacing disposals, Chairman and primary owner Li Ka-shing quickened the pace of asset sales during the quarter. China contracted land sales rose 27% year-over-year. EBIT (earnings before interest and taxes) margins on property sales in both China and Hong Kong were near 40%. Power Assets, majority owned by Cheung Kong Infrastructure, spun off and listed Hong Kong Electric to maximize cash distributions to shareholders and cater to yield-hungry investors. HWL announced the sale of 25% of A.S. Watson Group, the world's largest health and beauty retailer, to Singapore fund Temasek Holdings at a price in line with our appraisal. Shareholders will receive a special dividend from the sale proceeds.

CONSOL's long-term strategy to focus on natural gas exploration and production is well underway after the sale of five large thermal coal mines in West Virginia to Murray Energy. The company expects to grow gas production by 30% in 2015 as well as 2016. Management continues work on monetizing the company's infrastructure assets. Insider purchases during the quarter signaled confidence in the company's future. As expected, CONSOL announced that long-time executive Nick Deluliis joined the board and will be promoted to CEO and President replacing Brett Harvey, who will become Executive Chairman.

Loews, the diversified holding company owned and managed by the Tisch family, detracted from the Fund's return in the quarter, declining 9%. Loews' largest holdings are three publicly traded subsidiaries: property and casualty insurer CNA Financial Corp. (CNA) (90% owned), contract driller Diamond Offshore (DO) (50.4% owned), and natural gas pipeline Boardwalk (BWP) (53% owned). During the quarter, CNA reported solid earnings and combined ratios, but DO and BWP disappointed. As large exploration and production companies reined in spending, demand for offshore drilling fell, reducing day rates and rig utilization at DO. Higher gas production in the Northeastern U.S. has reduced demand for pipelines serving that region while the cold winter lowered gas storage. BWP cut its dividend to invest in expanding pipeline reach for higher long-term EBITDA (earnings before interest, taxes, and amortization).

FedEx lost 8% after the shipping and logistics company reported a weak quarter due to weather-related challenges. The company took advantage of the short-term hit and bought back almost $3 billion in stock. As the aggressive cost improvements in the Express segment begin to materialize in the next year and management remains focused on disciplined capital allocation, the company is poised to see free cash flow growth.

Energy company Chesapeake retreated 5% in the quarter following a strong 2013. Short-term questions about production levels, the mix between gas and liquids, and additional asset sales pressured the stock. Our appraisal, however, grew slightly due to successful cost reductions. CEO Doug Lawler has made substantial progress since taking the helm last year, and we believe his capital discipline and operational effectiveness will continue to reward shareholders.

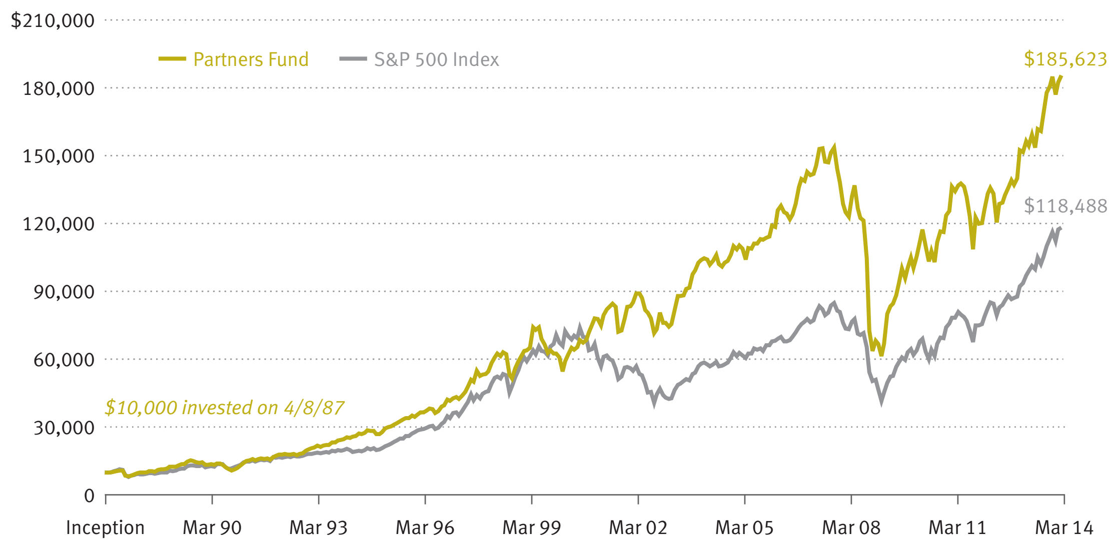
Following the market's appreciation over the last few years and with little volatility in the quarter, no new names met our investment criteria. In addition to selling DTV, we exited Vulcan, the aggregates company, as it reached our appraisal. We bought Vulcan in 3Q of 2010 during the U.S. construction depression. Our appraisal modeled volume improvement over time but never to the peak levels of 2006. Rock quarries have substantial barriers to entry that enable long-term pricing power, and the company sold far below prices paid for similar assets. As construction and confidence started to return, the stock rebounded. We made over 63% in our three-and-a-half year holding period.

At the end of the quarter, the P/V stood in the high-70s% and net cash was higher than normal at a reported 27% but an effective 23% given our AON options. We prefer to own investments that offer significant compounding opportunity rather than cash with meager returns. With our capital invested in the Fund, we will maintain our long-term perspective as we have in the past, and patiently wait to buy names that qualify rather than force the cash into less discounted or lower quality companies that would increase the risk of permanent loss.

We will maintain our long-term perspective as we have in the past, and patiently wait to buy names that qualify.

Performance History

Comparison of Change in Value of $10,000 Investment Since Inception April 8, 1987



Average Annual Returns for the Periods Ended March 31, 2014

	Since Inception 4/8/87	20 Year	15 Year	Ten Year	Five Year	One Year	1Q
Partners Fund	**11.43%**	**10.38%**	**7.24%**	**5.95%**	**22.64%**	**18.66%**	**0.27%**
S&P 500 Index	9.59	9.53	4.46	7.42	21.16	21.86	1.81

Performance data quoted represents past performance. Past performance does not predict future performance, Fund prices fluctuate, and the value of an investment at redemption may be worth more or less than the purchase price. The Fund's performance results in the table shown above do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Fund performance and that of the S&P 500 Index is shown with all dividends and distributions reinvested. Because the S&P 500 Index was available only at month-end in 1987, we used the 3/31/87 value for performance since inception. This index is unmanaged. Current performance may be lower or higher than the performance quoted. Please call (800)445-9469 or visit longleafpartners.com for more current performance information. The 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 may be more volatile than those of larger companies. The total expense ratios for the Fund are 0.92% and 0.91% at December 31, 2013 and March 31, 2014, respectively. The expense ratio is subject to a fee waiver to the extent the Fund's normal annual operating expenses exceed 1.5% of average annual net assets.

Portfolio Summary

Portfolio Holdings at March 31, 2014

		Net Assets
Investments		72.8%
Loews Corporation	7.4	
Chesapeake Energy Corporation (Common & Preferred)	7.2	
Level 3 Communications, Inc.	7.1	
FedEx Corporation	6.7	
Cheung Kong Holdings Limited	6.7	
CONSOL Energy Inc.	5.7	
Mondelez International, Inc.	4.9	
Koninklijke Philips N.V.	4.9	
The Bank of New York Mellon Corporation	4.9	
Abbott Laboratories	4.5	
Berkshire Hathaway Inc.	4.2	
Murphy Oil Corporation	3.9	
The Travelers Companies, Inc.	3.3	
Aon plc (Common & Options)	1.4	
Cash Reserves		28.0
Other Assets and Liabilities, net		(0.8)
		100.0%

Fund holdings are subject to change and holding discussions are not recommendations to buy or sell any security.

Portfolio Changes January 1, 2014 through March 31, 2014

New Holdings

None

Eliminations

DIRECTV

Vulcan Materials Company

Portfolio of Investments

Common Stock

	Share Quantity	Market Value	% of Net Assets
Air Freight & Logistics			
FedEx Corporation	4,136,612	$ 548,349,287	6.7%
Capital Markets			
The Bank of New York Mellon Corporation	11,341,000	400,223,890	4.9
Diversified Financial Services			
Berkshire Hathaway Inc. – Class B*	2,740,320	342,457,790	4.2
Diversified Telecommunication Services			
Level 3 Communications, Inc.*(b)	15,026,565	588,139,754	7.1
Food Products			
Mondelez International, Inc. – Class A	11,752,000	406,031,600	4.9
Health Care Equipment & Supplies			
Abbott Laboratories	9,696,076	373,395,887	4.5
Industrial Conglomerates			
Koninklijke Philips N.V. (Foreign)	8,818,600	310,232,546	3.8
Koninklijke Philips N.V. ADR (Foreign)	2,643,400	92,941,944	1.1
		403,174,490	4.9
Insurance			
Aon plc (Foreign)	774,841	65,303,599	0.8
Loews Corporation	13,853,000	610,224,650	7.4
The Travelers Companies, Inc.	3,190,885	271,544,313	3.3
		947,072,562	11.5
Oil, Gas & Consumable Fuels			
Chesapeake Energy Corporation	18,608,927	476,760,710	5.8
CONSOL Energy Inc.(b)	11,692,000	467,095,400	5.7
Murphy Oil Corporation	5,178,829	325,541,191	3.9
		1,269,397,301	15.4
Real Estate Management & Development			
Cheung Kong Holdings Limited (Foreign)	32,973,000	548,265,007	6.7
Total Common Stocks (Cost $4,218,643,560)		5,826,507,568	70.8

Preferred Stock

	Share Quantity	Market Value	% of Net Assets
Oil, Gas & Consumable Fuels			
Chesapeake Energy Corporation Convertible Preferred Stock 5.75%	56,500	63,456,562	0.8
Chesapeake Energy Corporation Convertible Preferred Stock – Series A 5.75%	45,480	50,966,025	0.6
Total Preferred Stocks (Cost $83,894,895)		114,422,587	1.4

continued

Options Purchased

	Share Quantity	Market Value	% of Net Assets
Insurance			
Aon plc Call, 9/30/15, with J.P. Morgan, Strike Price $80 (Foreign) (Cost $30,018,783)	5,303,672	$ 56,537,144	0.7%
	Principal Amount		

Short-Term Obligations

	Principal Amount	Market Value	% of Net Assets
Repurchase Agreement with State Street Bank, 0.0% due 4/1/14, Repurchase price $308,326,000 (Collateral: $338,550,000 U.S. Treasury Bonds, 3.54% – 3.57% due 2/15/42 to 8/15/42, Value $314,495,063)	308,326,000	308,326,000	3.7
U.S. Treasury Bills, 0.02% – 0.03% due 4/10/14 to 6/26/14	2,000,000,000	1,999,937,206	24.3
Total Short-Term Obligations (Cost $2,308,233,667)		2,308,263,206	28.0
Total Investments (Cost $6,640,790,905)[(a)]		**8,305,730,505**	**100.9**
Options Written		**(11,668,078)**	**(0.1)**
Other Assets and Liabilities, Net		**(66,498,642)**	**(0.8)**
Net Assets		**$8,227,563,785**	**100.0%**
Net asset value per share		**$ 33.84**	

* *Non-income producing security.*

[(a)] *Aggregate cost for federal income tax purposes is $6,645,652,666. Net unrealized appreciation of $1,664,939,600 consists of unrealized appreciation and depreciation of $1,664,940,433 and $(833), respectively.*

[(b)] *Affiliated issuer, as defined under Section 2(a)(3) of the Investment Company Act of 1940 (ownership of 5% or more of the outstanding voting securities of the issuer during the period).*

Note: Companies designated as "Foreign" are headquartered outside the U.S. and represent 13% of net assets.

Options Written

	Share Equivalents	Unrealized Gain	Market Value	% of Net Assets
Insurance				
Aon plc Put, 9/30/15, with J.P. Morgan, Strike Price $65 (Foreign) (Premiums received $22,858,826)	(5,303,672)	$11,190,748	$(11,668,078)	(0.1)%

Small-Cap Fund Management Discussion

Longleaf Partners Small-Cap Fund gained 5.2% in the quarter, outpacing the Russell 2000's 1.1%. Our high cash hampered relative results over the last twelve months, but over longer term periods, the Fund's performance surpassed that of the Index. For the last one and five years, the Fund far exceeded our annual absolute return goal of inflation plus 10%.

Cumulative Returns at March 31, 2014

	Since Inception	20 Year	15 Year	Ten Year	Five Year	One Year	1Q
Small-Cap Fund (Inception 2/21/89)	**1447.76%**	**1010.05%**	**395.99%**	**177.02%**	**239.49%**	**22.41%**	**5.18%**
Russell 2000 Index	975.52	512.04	259.56	126.78	196.88	24.90	1.12

Average Annual Returns at March 31, 2014

	Since Inception	20 Year	15 Year	Ten Year	Five Year	One Year
Small-Cap Fund (Inception 2/21/89)	**11.53%**	**12.79%**	**11.27%**	**10.73%**	**27.69%**	**22.41%**
Russell 2000 Index	9.93	9.48	8.91	8.53	24.31	24.90

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 total expense ratio for the Longleaf Small-Cap Fund at December 31, 2013 is 0.91%. The expense ratio is subject to a fee waiver to the extent the Fund's normal annual operating expenses exceed 1.5% of average annual net assets.

Small-Cap's largest holding, cement producer Texas Industries (TXI), drove much of the Fund's return in the quarter, gaining 30% after Martin Marietta (the #2 U.S. producer of construction aggregates) announced an all-stock deal to acquire TXI. The shares of both companies rose on the announcement, and we sold our small stake in Martin Marietta to manage our combined exposure. The deal is expected to close this summer.

Level 3 Communications appreciated 18% in the quarter. This fiber and networking company's strong results exceeded expectations largely due to growth in the Enterprise business, and management issued higher 2014 guidance. Over the last year since Jeff Storey became CEO, the stock has risen 93% reflecting the expansion of operating margins and improved balance sheet. Level 3 is now cash flow positive with value increasing. The stock remains one of the most discounted in the portfolio even after the significant run up since Storey's appointment.

Fairfax Financial, the property/casualty insurer, was up 11% in the quarter. Andy Barnard has successfully managed the insurance operations with solid underwriting and integration of acquisitions done in years past. A low number of catastrophes also helped recent results. CEO Prem Watsa's investment returns have been held back by high cash and equity hedges over the last year, but he was off to a good start this quarter.

Graham Holdings (the renamed Washington Post) gained 7%. CEO Donald Graham continued to grow the company's value per share. In the quarter, he reached an agreement to exchange a combination of a Miami-based television station, Berkshire shares currently held by Graham Holdings, and cash for approximately 1.6 million shares of Graham Holdings stock currently owned by Berkshire Hathaway. Graham Holdings gets the benefit of both repurchasing its undervalued shares and selling the station tax-efficiently. Management also continued to make progress in turning around the Kaplan education business.

Media company Scripps Networks was the primary detractor in the quarter, down 12%. The stock sold off in January after rumored talks about a deal with Discovery did not materialize. Our appraisal grew, however, with stronger-than-expected 2014 guidance and additional undervalued share repurchases. The company's high quality assets (including HGTV, DIY Network, Food Network, Cooking Channel, and the Travel Channel) are attractively priced whether the company remains independent or becomes part of a larger media company.

Vail Resorts, owner of U.S. ski resorts, was down 7% in the quarter. Vail downgraded earnings guidance for the year largely due to the drought at its three Lake Tahoe-area resorts. Conversely, the company reported impressive visitor increases at its Colorado locations. Our appraisal of the company grew during the quarter.

The continued run up in stock prices led to more sales and trims than purchases in the Fund. We did not find any new businesses that met our requisite discount to appraisal. We exited three positions: Legg Mason, Wendy's, and aforementioned Martin Marietta. In the fourteen months that we owned asset manager Legg Mason, the stock returned 81%. The company grew assets under management with strong market appreciation and experienced improved asset flows, while management repurchased a significant amount of stock when it was discounted. We bought Wendy's in 2006, and our return was 45%. After the disappointing combination with Arby's ended, the company hired Emil Brolick who successfully worked with franchisees in introducing menu innovations and revitalizing stores. He also sold company-owned stores, freeing up capital and improving free cash flow.

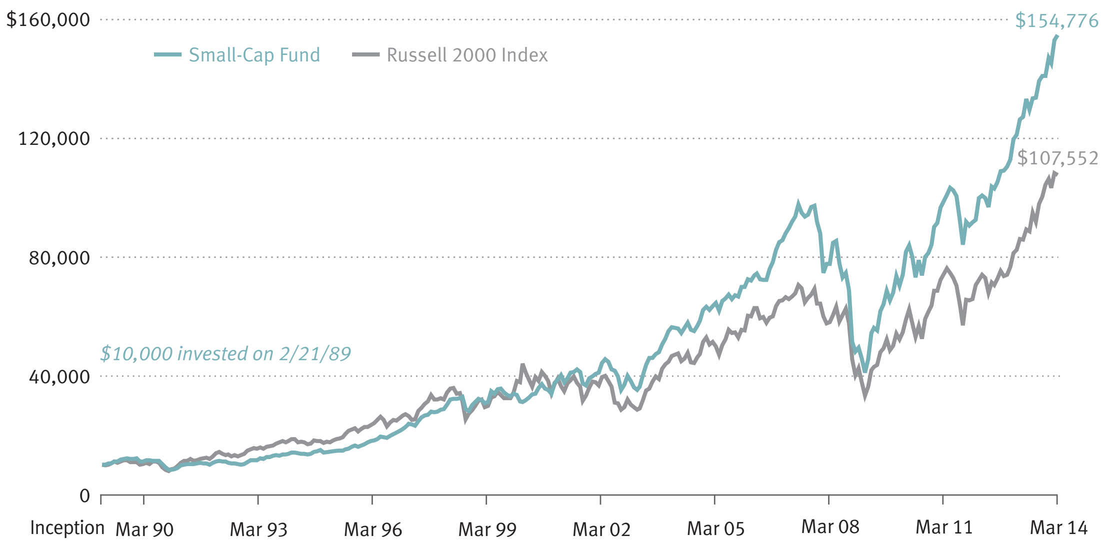
Following the sale of these three winners, the Fund's cash position was 37% at quarter-end. The P/V was in the mid-80s%. The cash level remains higher than we prefer, but as in prior periods when we have had few new opportunities, we will continue to exercise patience and discipline until we find qualifying investments.

We will continue to exercise patience and discipline until we find qualifying investments.

We are pleased to announce that effective with the May 1 Prospectus of Longleaf Partners Funds, Deputy Director of Research, Ross Glotzbach, will join Mason and Staley as a co-manager on Longleaf Partners Small-Cap Fund. Ross celebrates his tenth anniversary at Southeastern this year and has become an increasingly valuable member of the research team. Becoming co-portfolio manager of Small-Cap will not change Ross' daily focus on finding and following investments, but this new role acknowledges his immense collective contribution, particularly to Small-Cap's strong returns over the last few years.

Performance History

Comparison of Change in Value of $10,000 Investment Since Inception February 21, 1989



Average Annual Returns for the Periods Ended March 31, 2014

	Since Inception 2/21/89	20 Year	15 Year	Ten Year	Five Year	One Year	1Q
Small-Cap Fund	**11.53%**	**12.79%**	**11.27%**	**10.73%**	**27.69%**	**22.41%**	**5.18%**
Russell 2000 Index	9.93	9.48	8.91	8.53	24.31	24.90	1.12

Performance data quoted represents past performance. Past performance does not predict future performance, Fund prices fluctuate, and the value of an investment at redemption may be worth more or less than the purchase price. The Fund's performance results in the table shown above do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Fund performance and that of the Russell 2000 Index is shown with all dividends and distributions reinvested. This index is unmanaged. Current performance may be lower or higher than the performance quoted. Please call (800)445-9469 or visit longleafpartners.com for more current performance information. The 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 total expense ratio for the Fund is 0.91% at both December 31, 2013 and March 31, 2014. The expense ratio is subject to a fee waiver to the extent the Fund's normal annual operating expenses exceed 1.5% of average annual net assets.

Portfolio Summary

Portfolio Holdings at March 31, 2014

		Net Assets
Investments		62.6%
Texas Industries, Inc.	15.6	
Level 3 Communications, Inc.	7.9	
Graham Holdings Company	7.0	
Everest Re Group, Ltd.	5.2	
Empire State Realty Trust, Inc.	4.3	
Vail Resorts, Inc.	4.0	
tw telecom inc.	3.9	
Fairfax Financial Holdings Limited	3.7	
Scripps Networks Interactive, Inc.	3.6	
Hopewell Holdings Limited	3.6	
DineEquity, Inc.	2.3	
OCI N.V.	1.1	
Rayonier Inc.	0.4	
Cash Reserves		37.2
Other Assets and Liabilities, net		0.2
		100.0%

Fund holdings are subject to change and holding discussions are not recommendations to buy or sell any security.

Portfolio Changes January 1, 2014 through March 31, 2014

New Holdings

None

Eliminations

Legg Mason, Inc.

Martin Marietta Materials, Inc.

The Wendy's Company

Portfolio of Investments

Common Stock

	Share Quantity	Market Value	Net Assets
Construction & Engineering			
OCI N.V.* (Foreign)	1,015,533	$ 46,077,919	1.1%
Construction Materials			
Texas Industries, Inc.*[(b)]	7,510,757	673,114,042	15.6
Diversified Consumer Services			
Graham Holdings Company – Class B[(b)]	428,000	301,205,000	7.0
Diversified Telecommunication Services			
Level 3 Communications, Inc.*	8,662,900	339,065,906	7.9
tw telecom inc.*	5,382,000	168,241,320	3.9
		507,307,226	11.8
Hotels, Restaurants & Leisure			
DineEquity, Inc.[(b)]	1,261,654	98,497,328	2.3
Vail Resorts, Inc.[(b)]	2,477,000	172,646,900	4.0
		271,144,228	6.3
Industrial Conglomerates			
Hopewell Holdings Limited (Foreign)[(b)]	44,492,000	153,095,747	3.6
Insurance			
Everest Re Group, Ltd. (Foreign)	1,449,600	221,861,280	5.2
Fairfax Financial Holdings Limited (Foreign)	366,000	158,914,518	3.7
		380,775,798	8.9
Media			
Scripps Networks Interactive, Inc. – Class A	2,052,600	155,812,866	3.6
Real Estate Investment Trusts (REITs)			
Empire State Realty Trust, Inc. – Class A[(b)]	12,270,850	185,412,544	4.3
Rayonier Inc.	414,995	19,052,421	0.4
		204,464,965	4.7
Total Common Stocks (Cost $1,625,243,639)		2,692,997,791	62.6

continued

Short-Term Obligations

	Share Quantity	Market Value	Net Assets
Repurchase Agreement with State Street Bank, 0.0% due 4/1/14, Repurchase price $197,840,000 (Collateral: $235,680,000 U.S. Treasury Bond, 3.57% due 8/15/42, Value $201,801,000)	197,840,000	$ 197,840,000	4.6%
U.S. Treasury Bills, 0.01% – 0.02% due 4/3/14 to 6/19/14	1,400,000,000	1,399,956,856	32.6
Total Short-Term Obligations (Cost $1,597,779,500)		1,597,796,856	37.2
Total Investments (Cost $3,223,023,139)[(a)]		**4,290,794,647**	**99.8**
Other Assets and Liabilities, Net		**7,942,254**	**0.2**
Net Assets		**$4,298,736,901**	**100.0%**
Net asset value per share		**$ 34.14**	

* *Non-income producing security.*

(a) *Also represents aggregate cost for federal tax purposes. Unrealized appreciation of $1,067,771,508.*

(b) *Affiliated issuer, as defined under Section 2(a)(3) of the Investment Company Act of 1940 (ownership of 5% or more of the outstanding voting securities of the issuer during the period).*

Note: Companies designated as "Foreign" are headquartered outside the U.S. and represent 14% of net assets.

International Fund Management Discussion

Longleaf Partners International Fund gained 3.0% in the first quarter, strongly outpacing the MSCI EAFE Index's return of 0.7%. The Fund nearly doubled the performance of EAFE since inception and beat the Index in most trailing periods as indicated below. Over the last one and five years, the Fund also exceeded our annual absolute return goal of inflation plus 10%.

Cumulative Returns at March 31, 2014

	Since Inception	15 Year	Ten Year	Five Year	One Year	1Q
International Fund (Inception 10/26/98)	**303.72%**	**249.64%**	**70.06%**	**110.71%**	**23.13%**	**3.01%**
MSCI EAFE Index	114.01	93.17	88.22	110.17	17.56	0.66

Average Annual Returns at March 31, 2014

	Since Inception	15 Year	Ten Year	Five Year	One Year
International Fund (Inception 10/26/98)	**9.47%**	**8.70%**	**5.45%**	**16.07%**	**23.13%**
MSCI EAFE Index	5.06	4.49	6.53	16.02	17.56

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 total expense ratio for the Longleaf Partners International Fund at December 31, 2013 is 1.27%. The expense ratio is subject to a fee waiver to the extent the Fund's normal annual operating expenses exceed 1.75% of average annual net assets.

Italian holding company Exor was the largest contributor for the quarter, adding 12%. Exor owns Fiat Chrysler Auto, which had strong performance after Fiat merged with Chrysler in the period. Exor also benefitted from a strong rebound in Italian stock markets in response to political progress and broad enthusiasm about the direction of the Italian economy and government. Exor's most important holding, agriculture equipment and truck company CNH Industrial, remained on track with the integration of its recently combined pieces, Fiat Industrial and CNH. Exor Chairman and CEO John Elkann, who has an excellent investing track record, has net cash available to provide liquidity when compelling investment opportunities arise. We swapped the Fund's direct holding in CNH Industrial for an increased weight in Exor during the quarter.

Norwegian branded food company Orkla returned 10%. Orkla reported a solid quarter, with improved working capital and net debt. The company announced a new CEO, Peter Ruzicka, who has a long track record in branded consumer goods and has been on the Orkla board since 2008. He is committed to Chairman Stein Erik Hagen's plan to transform the company by selling noncore assets and focusing on consumer branded goods.

Infrastructure company Ferrovial added 12% in the quarter, driven by solid results from the ETR-407 toll road in Toronto and London's Heathrow airport along with higher than expected cash balances after collecting receivables from regional governments in Spain. Ferrovial has €1.7 billion in net cash at the holding company. Management recently announced a 1.9% complementary dividend to be paid in May. Special dividends have consistently been paid in previous periods when management could not find suitable investment opportunities that met their demanding internal return hurdle. Because

We are finding new ideas today across a broad range of sectors and geographies.

the Texas toll roads that Ferrovial is building are on schedule and nearing completion, and because the company's other world-class infrastructure assets continue to grow in value, we expect free cash flow to increase meaningfully in the coming years.

Fairfax Financial, the property/casualty insurer, was up 11% in the quarter. Andy Barnard has successfully managed the insurance operations with solid underwriting and integration of acquisitions done in years past. A low number of catastrophes also helped recent results. CEO Prem Watsa's investment returns have been held back by high cash and equity hedges over the last year, but he was off to a good start this quarter.

Macau gaming company Melco lost 9%, making it the Fund's largest detractor in the quarter. Market concerns over short-term weak January gaming growth, driven primarily by the timing of Chinese New Year, impacted the stock, as did stories about Macau shortening license renewal periods. The company later reported record growth in February with fiscal year (FY) 2013 luck-adjusted EBITDA (earnings before interest, taxes, and amortization) up 44% and revenues up 27% year-over-year.

Hong Kong property company K Wah International declined 1%. Through its 3.9% stake in Macau gaming company Galaxy Entertainment, K Wah was negatively impacted by the same short-term market concerns as Melco. K Wah's property business benefitted in the quarter from sale proceeds of both an investment property in Singapore and residential property in China. K Wah slowed its land acquisition activity and is currently focused on selling its high-end Shanghai residential project. Galaxy Entertainment comprised over 75% of K Wah's market capitalization at quarter end, meaning the remaining property business is trading at 0.2x book. Meanwhile, Galaxy, like Melco, is growing value per share rapidly.

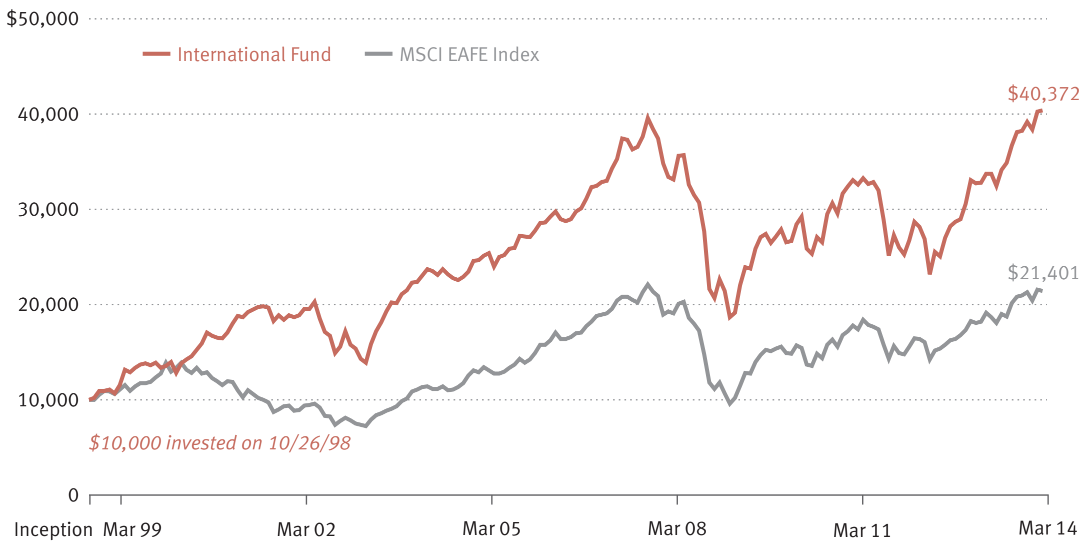
We sold Nitori and ACS as each reached our appraisals. We bought four new businesses in the quarter. Unlike in 2011-2012, when we saw broad macroeconomic "themes" driving pockets of geographic (i.e. Europe) and/or sector (i.e. industrials, materials, insurance) cheapness, we are finding new ideas today across a broad range of sectors and geographies, based on more idiosyncratic, stock-specific factors. We bought Christian Dior, the French holding company of leading luxury fashion and leather goods business LVMH. Temporary concerns surrounding a slowdown in emerging markets, especially China, priced this world-class business at a discount to value. Christian Dior's brands are growing nicely, have tremendous pricing power, and generate solid free cash flow. The company's strong balance sheet and unrivaled distribution should allow it to continue to attract high-end brands to its portfolio. We also bought Dutch company Vopak, the largest oil and chemical tank storage company in the world. The stock price is attractive due to the company's association with the volatile chemical and energy sectors. We added Mineral Resources, an Australian based mining services company that benefits from the volume of iron ore produced rather than the commodity price. As the low cost provider of iron ore services underpinned by crushing services, the company's outlook improves as mining companies focus on reducing costs. CEO Chris Ellison owns 14.6% of the company, having recently bought more shares in January. Mineral Resources confirmed profit guidance for June FY 2014 to be up around 38% year-over-year. Additionally, we bought BR Properties, the largest landlord of commercial office buildings in Brazil.

The portfolio P/V is in the mid-70s%, and cash is under 13%. After strong performance in global markets in the past two years, we remain highly alert to how potential macro risks may impact the overall portfolio. We believe the quality of what we own will help protect and grow intrinsic values, even if market prices slide. In our view, our businesses are:

- Financially strong (many with net cash) and well-positioned to take advantage of market dislocations to buy in shares, make smart acquisitions, or sell assets at attractive prices;
- Led by management teams with track records of value creation, as evidenced by what they have done in previous times of crisis; and
- Industry leaders that have pricing power to protect against deflationary or inflationary scenarios.

Performance History

Comparison of Change in Value of $10,000 Investment Since Inception October 26, 1998



Average Annual Returns for the Periods Ended March 31, 2014

	Since Inception 10/26/98	15 Year	Ten Year	Five Year	One Year	1Q
International Fund	**9.47%**	**8.70%**	**5.45%**	**16.07%**	**23.13%**	**3.01%**
MSCI EAFE Index	5.06	4.49	6.53	16.02	17.56	0.66

Performance data quoted represents past performance, Past performance does not predict future performance, Fund prices fluctuate, and the value of an investment at redemption may be worth more or less than the purchase price. The Fund's performance results in the table shown above do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Fund performance and that of the MSCI EAFE Index is shown with all dividends and distributions reinvested. Because the MSCI EAFE was available only at month-end in 1998, we used the 10/31/98 value for performance since inception. This index is unmanaged and is not hedged for foreign currency risk. Current performance may be lower or higher than the performance quoted. Please call (800)445-9469 or visit longleafpartners.com for more current performance information. The International 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. 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 total expense ratios for the Fund are 1.27% and 1.23% at December 31, 2013 and March 31, 2014, respectively. The expense ratio is subject to a fee waiver to the extent the Fund's normal annual operating expenses exceed 1.75% of average annual net assets.

Portfolio Summary

Portfolio Holdings at March 31, 2014

		Net Assets
Investments		87.3%
EXOR S.p.A.	7.0	
Cheung Kong Holdings Limited	6.9	
Lafarge S.A.	6.8	
OCI N.V.	5.8	
K. Wah International Holdings Limited	5.6	
Koninklijke Philips N.V.	5.0	
Orkla ASA	4.9	
Ferrovial S.A.	4.6	
News Corporation	4.5	
Melco International Development Limited	4.5	
Manabi S.A. (Preferred)	4.3	
Genting Berhad (Common & Warrants)	4.0	
Christian Dior S.A.	3.9	
Fairfax Financial Holdings Limited	3.7	
Mineral Resources Limited	3.6	
TNT Express NV	2.6	
Hochtief AG	2.6	
Koninklijke Vopak N.V.	2.5	
Vodafone Group plc ADR	2.1	
BR Properties S.A.	1.3	
Guinness Peat Group Plc	0.7	
UGL Limited	0.4	
Cash Reserves		12.5
Other Assets and Liabilities, net		0.2
		100.0%

Fund holdings are subject to change and holding discussions are not recommendations to buy or sell any security.

Portfolio Changes January 1, 2014 through March 31, 2014

New Holdings
BR Properties S.A.
Christian Dior S.A.
Koninklijke Vopak N.V.
Mineral Resources Limited

Eliminations
ACS, Actividades de Construccion Y Servicios, S.A.
CNH Industrial N.V.
Nitori Holdings Co., Ltd
Verizon Communications Inc. (Vodafone Group plc ADR)[a]

[a] *Resulting from corporate action (associated holding)*

Portfolio of Investments

Common Stock

	Share Quantity	Market Value	Net Assets
Air Freight & Logistics			
TNT Express NV (Netherlands)	5,040,527	$ 49,452,947	2.6%
Commercial Services & Supplies			
Mineral Resources Limited (Australia)	6,363,189	67,880,401	3.6
Construction & Engineering			
Ferrovial S.A. (Spain)	3,971,000	86,082,874	4.6
Hochtief AG (Germany)	542,220	49,303,123	2.6
OCI N.V.* (Netherlands)	2,393,157	108,585,044	5.8
UGL Limited (Australia)	1,115,911	7,280,459	0.4
		251,251,500	13.4
Construction Materials			
Lafarge S.A. (France)	1,628,500	127,105,034	6.8
Diversified Financial Services			
EXOR S.p.A. (Italy)	2,946,277	132,226,303	7.0
Food Products			
Orkla ASA (Norway)	10,860,100	92,583,569	4.9
Hotels, Restaurants & Leisure			
Genting Berhad (Malaysia)	15,896,500	48,756,476	2.6
Melco International Development Limited (Hong Kong)	24,848,000	83,542,823	4.5
		132,299,299	7.1
Industrial Conglomerates			
Koninklijke Philips N.V. (Netherlands)	2,655,666	93,424,583	5.0
Insurance			
Fairfax Financial Holdings Limited (Canada)	160,900	69,861,601	3.7
Media			
News Corporation – Class A* (United States)	467,300	8,046,906	0.5
News Corporation – Class B* (United States)	4,539,100	75,802,970	4.0
		83,849,876	4.5
Oil, Gas & Consumable Fuels			
Koninklijke Vopak N.V. (Netherlands)	841,180	46,952,442	2.5
Real Estate Management & Development			
BR Properties S.A. (Brazil)	3,037,000	24,895,637	1.3
Cheung Kong Holdings Limited (Hong Kong)	7,816,000	129,962,069	6.9
K. Wah International Holdings Limited (Hong Kong)[b]	155,199,000	104,357,616	5.6
		259,215,322	13.8
Textiles, Apparel & Luxury Goods			
Christian Dior S.A. (France)	379,085	72,809,859	3.9
Guinness Peat Group Plc* (New Zealand)	21,993,270	12,980,392	0.7
		85,790,251	4.6

continued

Common Stock

	Share Quantity	Market Value	Net Assets
Wireless Telecommunication Services			
Vodafone Group plc ADR (United Kingdom)	1,069,738	$ 39,377,056	2.1%
Total Common Stocks (Cost $1,130,071,241)		1,531,270,184	81.6

Preferred Stock

Metals & Mining			
Manabi S.A. – Class A Preferred* (Brazil)[b][c]			
Total Preferred Stocks (Cost $90,630,186)	91,000	80,980,375	4.3

Warrants

Hotels, Restaurants & Leisure			
Genting Berhad Warrants 12/18/18* (Malaysia) (Cost $24,597,822)	29,530,550	26,225,263	1.4

Short-Term Obligations

	Principal Amount		
Repurchase Agreement with State Street Bank, 0.0% due 4/1/14, Repurchase price $83,807,000 (Collateral: $91,795,000 U.S. Treasury Bond, 3.54% due 2/15/42, Value $85,484,094)	83,807,000	83,807,000	4.5
U.S. Treasury Bills, 0.01% – 0.02% due 4/3/14 to 5/29/14	150,000,000	149,995,792	8.0
Total Short-Term Obligations (Cost $233,802,792)		233,802,792	12.5
Total Investments (Cost $1,479,102,041)[a]		**1,872,278,614**	**99.8**
Other Assets and Liabilities, Net		**3,964,318**	**0.2**
Net Assets		**$1,876,242,932**	**100.0%**
Net asset value per share		**$ 18.48**	

* *Non-income producing security.*

(a) *Aggregate cost for federal income tax purposes is $1,500,378,434. Net unrealized appreciation of $393,176,573 consists of unrealized appreciation and depreciation of $418,329,138 and $(25,152,565), respectively.*

(b) *Affiliated issuer, as defined under Section 2(a)(3) of the Investment Company Act of 1940 (ownership of 5% or more of the outstanding voting securities of the issuer during the period).*

(c) *Illiquid. Board Valued.*

Note: Country listed in parenthesis after each company indicates location of headquarters.

Portfolio of Investments

Country Weightings

	Stocks	Net Assets
Hong Kong	19.4%	17.0%
Netherlands	18.2	15.9
France	12.2	10.7
Italy	8.1	7.0
Brazil	6.5	5.6
Norway	5.6	4.9
Spain	5.2	4.6
United States	5.1	4.5
Australia	4.6	4.0
Malaysia	4.6	4.0
Canada	4.3	3.7
Germany	3.0	2.6
United Kingdom	2.4	2.1
New Zealand	0.8	0.7
	100.0%	87.3
All other, net		12.7
		100.0%

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Global Fund Management Discussion

Longleaf Partners Global Fund gained 2.7% in the quarter, more than doubling the MSCI World Index's return of 1.3%. Over the last twelve months and since the Fund's 2013 inception, Longleaf Global delivered attractive relative and absolute returns.

Cumulative Returns at March 31, 2014

	Since Inception	One Year	1Q
Global Fund (Inception 12/27/12)	**31.90%**	**26.95%**	**2.73%**
MSCI World Index	28.50	19.07	1.26

Average Annual Returns at March 31, 2014

	Since Inception	One Year
Global Fund (Inception 12/27/12)	**24.63%**	**26.95%**
MSCI World Index	22.12	19.07

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 total expense ratio for the Longleaf Partners Global Fund at December 31, 2013 is 1.65% (1.73% before fee waiver). The expense ratio is subject to a fee waiver to the extent the Fund's normal annual operating expenses exceed 1.65% of average annual net assets.

Level 3 Communications drove much of the Fund's return in the quarter, appreciating 18%. This fiber and networking company's strong results exceeded expectations largely due to growth in the Enterprise business, and management issued higher 2014 guidance. Over the last year since Jeff Storey became CEO, the stock has risen 93% reflecting the expansion of operating margins and improved balance sheet. Level 3 is now cash flow positive with value increasing. The stock remains one of the most discounted in the portfolio even after the significant run up since Storey's appointment.

Guinness Peat Group added 22% over the last three months. This British company's operating business, industrial thread maker Coats, reported improved results and free cash flow. Despite the positive performance, the stock remains heavily discounted due to uncertainty over whether the UK pension regulator will require additional capital for legacy pension plans.

Italian holding company Exor gained 12%. Exor owns Fiat Chrysler Auto, which had strong performance after Fiat merged with Chrysler in the period. Exor also benefitted from a strong rebound in Italian stock markets in response to political progress and broad enthusiasm about the direction of the Italian economy and government. Exor's most important holding, agriculture equipment and truck company CNH Industrial, remained on track with the integration of its recently combined pieces, Fiat Industrial and CNH. Exor Chairman and CEO John Elkann, who has an excellent investing track record, has net cash available to provide liquidity when compelling investment opportunities arise. We swapped the Fund's direct holding in CNH Industrial for an increased weight in Exor in the quarter.

The Fund's largest detractor in the quarter was Macau gaming company Melco, declining 9%. Market concerns over short-term weak January gaming growth, driven primarily by the timing of Chinese New Year, impacted the stock, as did stories about Macau shortening license renewal periods. The company later reported record growth in February with fiscal year (FY) 2013 luck-adjusted EBITDA (earnings before interest, taxes, and amortization) up 44% and revenues up 27% year-over-year.

Loews, the diversified holding company owned and managed by the Tisch family, detracted from the Fund's return in the quarter, declining 8%. Loews' largest holdings are three publicly traded subsidiaries: property and casualty insurer CNA Financial Corp. (CNA) (90% owned), contract driller Diamond Offshore (DO) (50.4% owned), and natural gas pipeline Boardwalk (BWP) (53% owned). During the quarter, CNA reported solid earnings and combined ratios, but DO and BWP disappointed. As large exploration and production companies reined in spending, demand for offshore drilling fell, reducing day rates and rig utilization at DO. Higher gas production in the Northeastern U.S. has reduced demand for pipelines serving that region while the cold winter lowered gas storage. BWP cut its dividend to invest in expanding pipeline reach for higher long-term EBITDA.

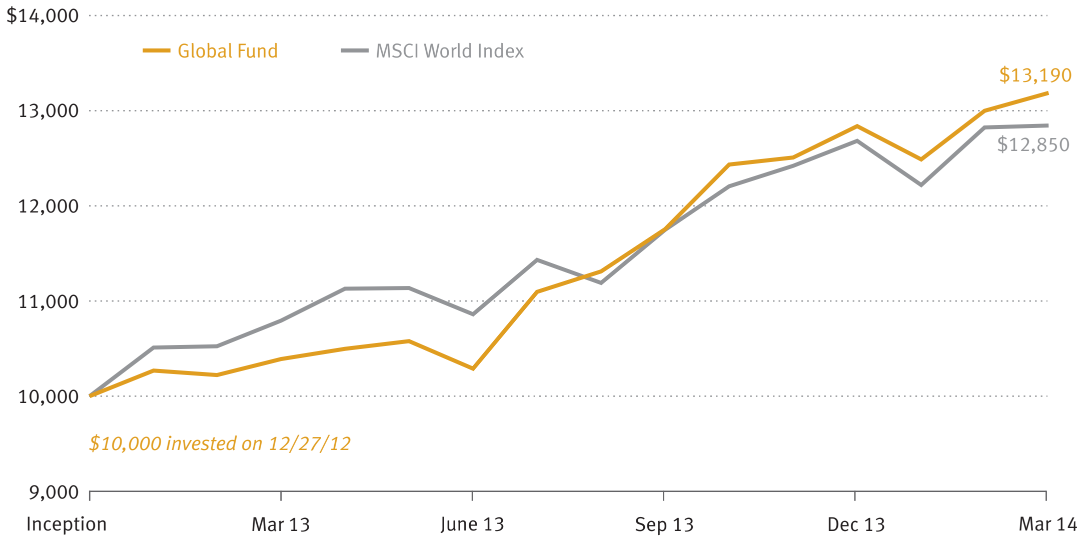
We sold DIRECTV when price reached our appraisal. As discussed in the Letter to Our Shareholders on page 2, we are especially grateful to CEO Mike White for driving the strong value growth that benefitted the Global Fund even over its relatively short holding period. We bought two new companies in the quarter. Dutch company Vopak, the largest oil and chemical tank storage company in the world, became discounted due to its association with the volatile chemical and energy sectors. We also added Hong Kong property development company Sino Land. The current market cap of the company equals the book value of Sino's investment properties with 96% occupancy and a stable recurring revenue stream. The current price essentially gives us for free the development portfolio of prime Hong Kong real estate and low cost land in China. Chairman and CEO Robert Ng owns 52% of the company and is a disciplined investor.

The portfolio ended the quarter with a P/V in the mid-70s% and cash at 17%. As our new holdings and the portfolio's geographic composition indicate, we are finding more attractive opportunity outside of the U.S. Little, however, is deeply discounted anywhere. We have a number of companies on our on-deck list that our team has vetted as strong businesses with good people. We will stick to our discipline and wait patiently for prices to meet our criteria.

We are finding more attractive opportunity outside of the U.S.

Performance History

Comparison of Change in Value of $10,000 Investment Since Inception December 27, 2012



Average Annual Returns for the Periods Ended March 31, 2014

	Since Inception 12/27/12	One Year	1Q
Global Fund	**24.63%**	**26.95%**	**2.73%**
MSCI World Index	22.12	19.07	1.26

Performance data quoted represents past performance. Past performance does not predict future performance, Fund prices fluctuate, and the value of an investment at redemption may be worth more or less than the purchase price. The Fund's performance results in the table shown above do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Fund performance and that of the MSCI World Index is shown with all dividends and distributions reinvested. Current performance may be lower or higher than the performance quoted. Please call (800)445-9469 or visit longleafpartners.com for more current performance information. The 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 invests in 15 to 25 companies, share value could fluctuate more than if a greater number of securities were held. 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 total expense ratios for the Fund are 1.65% and 1.62% at December 31, 2013 and March 31, 2014, respectively. The expense ratio is subject to a fee waiver to the extent the Fund's normal operating expenses exceed 1.65% of average annual net assets. The expense ratio before the fee waiver at December 31, 2013 was 1.73%.

Portfolio Summary

Portfolio Holdings at March 31, 2014

		Net Assets
Investments		82.9%
Level 3 Communications, Inc.	10.6	
Cheung Kong Holdings Limited	7.3	
Chesapeake Energy Corporation	5.8	
OCI N.V.	5.6	
The Bank of New York Mellon Corporation	5.1	
EXOR S.p.A.	5.0	
Orkla ASA	5.0	
Loews Corporation	4.7	
Melco International Development Limited	4.3	
Guinness Peat Group Plc	4.3	
News Corporation	4.3	
Genting Berhad (Common & Warrants)	3.6	
Murphy Oil Corporation	2.6	
Koninklijke Vopak N.V.	2.5	
FedEx Corporation	2.0	
Everest Re Group, Ltd.	1.9	
Hochtief AG	1.6	
Fairfax Financial Holdings Limited	1.5	
Koninklijke Philips N.V.	1.3	
TNT Express NV	1.3	
CNH Industrial N.V.	1.0	
Mondelez International, Inc.	1.0	
Sino Land Company Limited	0.6	
Cash Reserves		17.2
Other Assets and Liabilities, net		(0.1)
		100.0%

Fund holdings are subject to change and holding discussions are not recommendations to buy or sell any security.

Portfolio Changes January 1, 2014 through March 31, 2014

New Holdings

Koninklijke Vopak N.V.

Sino Land Company Limited

Eliminations

DIRECTV

Portfolio of Investments

Common Stock

	Share Quantity	Market Value	% of Net Assets
Air Freight & Logistics			
FedEx Corporation (United States)	20,807	$ 2,758,176	2.0%
TNT Express NV (Netherlands)	178,444	1,750,726	1.3
		4,508,902	3.3
Capital Markets			
The Bank of New York Mellon Corporation (United States)	196,094	6,920,157	5.1
Construction & Engineering			
Hochtief AG (Germany)	24,608	2,237,563	1.6
OCI N.V.* (Netherlands)	168,607	7,650,229	5.6
		9,887,792	7.2
Diversified Financial Services			
EXOR S.p.A. (Italy)	153,000	6,866,505	5.0
Diversified Telecommunication Services			
Level 3 Communications, Inc.* (United States)	371,627	14,545,481	10.6
Food Products			
Mondelez International, Inc. – Class A (United States)	39,718	1,372,257	1.0
Orkla ASA (Norway)	802,200	6,838,845	5.0
		8,211,102	6.0
Hotels, Restaurants & Leisure			
Genting Berhad (Malaysia)	1,187,649	3,642,662	2.7
Melco International Development Limited (Hong Kong)	1,757,388	5,908,611	4.3
		9,551,273	7.0
Industrial Conglomerates			
Koninklijke Philips N.V. (Netherlands)	52,217	1,836,960	1.3
Insurance			
Everest Re Group, Ltd. (Bermuda)	16,704	2,556,547	1.9
Fairfax Financial Holdings Limited (Canada)	4,802	2,084,993	1.5
Loews Corporation (United States)	145,515	6,409,936	4.7
		11,051,476	8.1
Machinery			
CNH Industrial N.V.* (Netherlands)	119,861	1,378,401	1.0
Media			
News Corporation – Class A* (United States)	66,000	1,136,520	0.8
News Corporation – Class B* (United States)	284,600	4,752,820	3.5
		5,889,340	4.3
Oil, Gas & Consumable Fuels			
Chesapeake Energy Corporation (United States)	311,700	7,985,754	5.8
Koninklijke Vopak N.V. (Netherlands)	61,600	3,438,349	2.5
Murphy Oil Corporation (United States)	56,708	3,564,665	2.6
		14,988,768	10.9

continued

Common Stock

	Share Quantity	Market Value	% of Net Assets
Real Estate Management & Development			
Cheung Kong Holdings Limited (Hong Kong)	598,029	$ 9,943,844	7.3%
Sino Land Company Limited (Hong Kong)	593,000	874,040	0.6
		10,817,884	7.9
Textiles, Apparel & Luxury Goods			
Guinness Peat Group Plc* (New Zealand)	9,987,700	5,894,724	4.3
Total Common Stocks (Cost $97,738,142)		112,348,765	82.0

Warrants

Hotels, Restaurants & Leisure			
Genting Berhad Warrants 12/18/18* (Malaysia) (Cost $1,143,803)	1,454,462	1,291,667	0.9

Short-Term Obligations

	Principal Amount		
Repurchase Agreement with State Street Bank, 0.0% due 4/1/14, Repurchase price $23,502,000 (Collateral: $25,745,000 U.S. Treasury Bond, 3.54% due 2/15/42, Value $23,975,031)	23,502,000	23,502,000	17.2
Total Investments (Cost $122,383,945)[(a)]		**137,142,432**	**100.1**
Other Assets and Liabilities, Net		**(81,354)**	**(0.1)**
Net Assets		**$137,061,078**	**100.0%**
Net asset value per share		**$ 13.19**	

* *Non-income producing security.*

(a) *Aggregate cost for federal income tax purposes is $122,455,370. Net unrealized appreciation of $14,758,487 consists of unrealized appreciation and depreciation of $15,481,116 and $(722,629), respectively.*

Note: Country listed in parenthesis after each company indicates location of headquarters.

Country Weightings

	Common Stocks	Net Assets
United States	43.5%	36.1%
Hong Kong	14.7	12.2
Netherlands	14.1	11.7
Italy	6.1	5.0
Norway	6.0	5.0
New Zealand	5.2	4.3
Malaysia	4.3	3.6
Bermuda	2.3	1.9
Germany	2.0	1.6
Canada	1.8	1.5
	100.0%	82.9
All other, net		17.1
		100.0%

Fund Information

The following additional information may be obtained for free by calling (800)445-9469, Option 1, or visiting longleafpartners.com, or on the SEC's website at sec.gov.

Proxy Voting Policies and Procedures

A description of Longleaf's Proxy Voting Policies and Procedures is included in the Statement of Additional Information (SAI).

Proxy Voting Record

Information regarding how the Funds voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is contained in Form N-PX.

Quarterly Portfolio Holdings

Longleaf files a complete schedule of portfolio holdings for the first and third quarters of each fiscal year on Form N-Q, which is available on the SEC's website, and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Please call (800) SEC-0330 for information on the operation of the Public Reference Room.

In addition to Form N-Q, Longleaf publishes reports for each calendar quarter. These reports include complete schedules of portfolio holdings, as well as performance updates and management discussion. We furnish Longleaf's Quarterly Reports in lieu of Form N-Q to shareholders who request information about our first and third quarter portfolio holdings, and Semi-Annual and Annual Reports for requests related to the second and fourth quarters, respectively.

Fund Trustees

Additional information about Fund Trustees is included in the Statement of Additional Information (SAI).

Service Directory

Call (800)445-9469

Fund Information ▪ Option 1
To request a printed Prospectus, Summary Prospectus, Statement of Additional Information (including Longleaf's Proxy Voting Policies and Procedures), financial report, application or other Fund information from 8:00 a.m. to 8:00 p.m. Eastern time, Monday through Friday.

Daily Fund Prices ▪ Option 2
For automated reporting 24 hours a day, seven days a week.

Account Information ▪ Option 3
For account balance and transaction activity, 24 hours a day, seven days a week. Please have your Fund number (see below) and account number ready to access your investment information.

Shareholder Inquiries ▪ Option 0
To request action on your existing account from 9:00 a.m. to 6:00 p.m. Eastern time, Monday through Friday.

Correspondence

By regular mail:
Longleaf Partners Funds
P.O. Box 9694
Providence, RI 02940-9694

By express mail or overnight courier:
Longleaf Partners Funds
c/o BNY Mellon
4400 Computer Drive
Westborough, MA 01581
(800)445-9469

Published Daily Price Quotations

Below are the common references for searching printed or electronic media to find daily NAVs of the Funds.

Abbreviation	Symbol	Cusip	Transfer Agent Fund Number	Status to New Investors
Partners	LLPFX	543069108	133	Open
Sm-Cap	LLSCX	543069207	134	Closed 7/31/97
Intl	LLINX	543069405	136	Open
Global	LLGLX	543069504	137	Open

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Our Governing Principles

We will treat your investment as if it were our own.

We will remain significant investors in Longleaf Partners Funds.

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 each equity investment based on its discount from our appraisal of corporate intrinsic value, its financial strength, its management, its competitive position, and our assessment of its future earnings potential.

We will focus our assets in our best ideas.

We will not impose loads or 12b-1 charges on mutual fund shareholders.

We will consider closing to new investors if closing would benefit existing clients.

We will discourage short-term speculators and market timers.

We will continue our efforts to enhance shareholder services.

We will communicate with our investment partners as candidly as possible.

Longleaf Partners Funds
Advised by Southeastern Asset Management, Inc.®