FPA U.S. Core Equity Fund, Inc.
Fourth Quarter 2020 Commentary

You should consider the Fund's investment objectives, risks, and charges and expenses carefully before you invest. The Prospectus details the Fund's objective and policies and other matters of interest to a prospective investor. Please read the Prospectus carefully before investing. The Prospectus may be obtained by visiting the website at www.fpa.com, by calling toll-free, 1-800-982-4372, or by contacting the Fund in writing.

Average Annual Total Returns (%)

As of Date: 12/31/2020	QTD	YTD	1 Year	3 Years	5 Years	10 Years*
FPA U.S. Core Equity Fund, Inc. (‘Fund’)	8.63	24.80	24.80	14.72	10.14	10.12
S&P 500	12.15	18.40	18.40	14.18	15.22	13.88

Periods greater than one year are annualized. FPA U.S. Core Equity Fund, Inc, (“Fund”) performance is shown net of all fees and expenses. Fund performance is calculated on a total return basis which includes reinvestment of all distributions. Fund performance does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares, which would lower these returns. An investor cannot invest directly in an index.

Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. This data represents past performance and investors should understand that investment returns and principal values fluctuate, so that when you redeem your investment it may be worth more or less than its original cost. The Fund’s total expense ratio is 1.43% and the net expense ratio is 1.22%, as of its most recent prospectus. Current month-end performance data, which may be lower or higher than the performance data quoted, may be obtained at www.fpa.com or by calling toll-free, 1-800-982-4372.

The Investment Advisory Agreement (“IAA”) between the Fund and First Pacific Advisors, LP (the “Adviser” or “FPA”), the Fund’s investment adviser, requires FPA to reduce its investment advisory fee to the extent necessary to reimburse the Fund for any annual expenses (exclusive of interest, taxes, the cost of brokerage and research services, legal expenses related to portfolio securities, and extraordinary expenses such as litigation, merger, reorganization or recapitalization) in excess of 1.50% of the first $30 million and 1% of the remaining average net assets of the Fund for the year. This agreement is coterminous with the IAA, and Fund’s Board of Trustees reviews the IAA annually as of Oct. 1 each year. The IAA may be terminated by the Fund’s Board of Trustees, by the vote of a majority of the Fund's shareholders, or by the Adviser.

* On September 1, 2015, the Fund changed its name to FPA U.S. Value Fund, Inc. The current portfolio manager assumed management of the Fund on September 1, 2015. Contemporaneous with this change, the Fund transitioned to its current investment strategy. Performance prior to September 1, 2015 reflects the performance of the prior portfolio manager and investment strategy. Performance prior to September 1, 2015 is not indicative of performance for any subsequent periods. The transition took place during the time period from September 1, 2015 to September 30, 2015.

Effective December 28, 2020, the Fund changed its name to FPA U.S. Core Equity Fund, Inc., from FPA U.S. Value Fund, Inc. and the Fund adopted the S&P 500 as its formal benchmark.

Please see important disclosures at the end of the commentary.

Introduction

In 2020, the FPA U.S. Core Equity Fund, Inc.'s ("Fund") performance was 24.80%, which compares favorably to the 18.40% total return of the S&P 500 Index ("Index" or "S&P 500"). What is worth noting is that we achieved this outperformance in a well thought-out, risk-adjusted manner with an approximate 40% overlap with the Index throughout the year.[1] We were surgical in our attempts to avoid the worst sectors of the market while at the same time investing more heavily in the more attractive sectors.

The Fund's outperformance for the year is mostly attributable to being exposed to the sectors we believe have sustainable, above average growth—and investing in high-quality companies within them at attractive valuations that in our view are positioned to capture a disproportionate share of that growth.

The 10-year U.S. Treasury yield remained close to historical lows at approximately 0.9% at the end of the year.[2] We believe secularly growing mid- to large-capitalization companies trading at compelling valuations will continue to be a favorable place to invest—especially relative to U.S. Treasuries and other investment alternatives.

The "Artist" Formerly Known As…

FPA U.S. Value has been renamed FPA U.S. Core Equity. The year 2020 was a special one in many respects. It marked our five-year anniversary managing the Fund. We believe the Fund is an attractive substitute for the S&P 500 and can be a core equity investment to help achieve long-term financial goals. The Fund recently formally adopted the S&P 500 as its benchmark. Over the past five years it has been our goal to generate returns in excess of the Index over full market cycles—and it will continue to be our "raison d'être." The reason we chose to compete against the S&P 500 is because the index has delivered admirable results over time. Therefore, if we can seek to achieve attractive risk-adjusted performance relative to the S&P 500, we continue to believe that is a compelling offering.

Over the past 90 years, the Index has produced an annualized return of approximately 10%.[3] Even when measured from 20 years ago, around the height of the dot-com bubble, it has produced a 7.5% annualized return.[4] One of the main reasons the Index has done so well over time is because it is weighted by market capitalization. Market caps over long periods of time generally track revenue and earnings growth. Thus, the more successful a company is, the larger a weighting it has in the Index and may disproportionately affect the Index's performance over time. The opposite is the case for underperforming companies that shrink over time. Essentially an investment in the Index generally allocates more capital to companies performing well and less to those that are not. That seems like a reasonable investment philosophy over the long term.

After all, Warren Buffett, who is considered one of the greatest investors of all time, has instructions in his will that state the trustee is to invest 90% of the assets in a low-cost S&P 500 index fund, with the remaining 10% to be invested in short-term government bonds. At the 2020 Berkshire Hathaway annual meeting Buffett said, "With the exception of Berkshire, I would not want to put all my money in any one company. You get surprises in this world, and there will be businesses that we think are very good that turn out not to be so good, and there will be other businesses that turn out to be better than we think."[5] This statement extolls the virtues of diversification.

Despite all of the ups and downs over the last two decades, which included the bursting of the dot-com bubble, the Great Financial Crisis and the Covid-19 pandemic, investors made approximately 420% in the S&P 500. My aim is to deliver outperformance over the Index in a very thoughtful, risk-adjusted manner—

[1] **Past performance is no guarantee, or is it indicative, of future results.**

[2] Source: Bloomberg.

[3] Since 1/1/1926 through 12/31/2020. Source: Robert Shiller and Yahoo! Finance.

[4] Since 1/1/2001 through 12/31/2020. Source: Morningstar Direct.

[5] Source: https://www.rev.com/blog/transcripts/warren-buffett-berkshire-hathaway-annual-meeting-transcript-2020. Meeting date May 2, 2020.

just as we have for the past two years. For example, 2.0% of additional annualized performance would have produced an investment growing by approximately 610% over the past 20 years, which is quite a significant difference thanks to the power of compounding.

We seek to outperform the Index by first and foremost trying to eliminate the worst parts of the Index. That alone could produce a lot of alpha. Over the past five years, the 50 greatest detractors to the Index had a median cumulative return of -43.4% while the largest 100 detractors had a median cumulative return of -25.6%. This compares to the S&P 500's cumulative total return of 103.0%. The biggest losers were in various industries and market cap sizes just as it was for the biggest winners. The top 50 contributors to the Index's performance had a 178.2% median cumulative return while the top 250 contributors had a median cumulative return of 143.8%.[6] Over the past five years, the risk from too much concentration in an attempt to find the biggest winners has not had the same potential reward as trying to focus on avoiding the biggest losers. And the biggest losers generally had one common trait—a declining business.

We did not change the name of the Fund because of a change in our investment philosophy, which has remained the same since inception. It was simply because the word "value" means different things to different people. To us, value means buying something for less than it is worth—and hopefully a lot less. However, to certain market participants, value means buying low-multiple stocks without considering the industries and business qualities that help determine their long-term growth rates. The reality is if you buy a low-multiple stock where the quality of the business is at least average (meaning it produces at least average long-term growth), chances are it is actually a decent value. However, if the business is growth challenged or worse, in perpetual decline, odds are it is a value trap. We attempt to ascertain value by looking at the relationship of price to quality—quality being a company's ability to grow its business at an above average rate both in terms of magnitude and duration.

People often ask us what kind of investor are we—"value" or "growth"? My answer is both. We expect that the Fund will achieve an above average rate of return by first and foremost generally avoiding below average industries and companies that are structurally growth challenged. Secondarily, we primarily focus on investing in high-quality, above average growing industries and companies within them. Third, we attempt to make investments in these quality companies at the greatest discount possible to what we believe they will ultimately be worth in the future.

By doing these things well on a consistent basis, we believe we can achieve our goal of market-beating returns in a thoughtful, risk-adjusted manner with a reasonably diversified portfolio. What that means is that we are just as open to buying a high-multiple stock with phenomenal growth as we are to buying a low-multiple stock with lower growth. Honestly, we are agnostic. But the Fund's portfolio companies need to have at least average growth over the long-term. We taketh what the market giveth. In certain market environments, higher-multiple stocks will actually be a better value, while in others it will be lower-multiple stocks. But we aim to avoid investing in low-multiple stocks whose businesses are in decline or high-multiple stocks whose businesses cannot sustain above average growth over the long term.

Different Strokes for Different Folks

The Fund is intended to grow investors' capital at an above average rate of return in an intelligent, risk-adjusted manner. Since we care the most about downside protection and preservation of capital, we will continue to maintain a reasonably diversified portfolio to protect the Fund from the unknowns. Thus we will not take undue risk—whether from too much investment concentration by industry, by number of positions or position size—even if that means we potentially forgo greater possible returns. Using a baseball analogy, we aim to continue producing above average returns through a high batting average—getting on base by hitting lots of singles and doubles with as few strikeouts as possible. We may hit the occasional homerun, but it won't be because we're "swinging for the fences."

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[6] Source: Capital IQ for five year period ending 12/31/20.

Diversification does not guarantee a profit or protect against loss.

“Machine” Learning

In September 2020, I celebrated my 40th birthday, which coincided with my five-year anniversary managing the Fund. I spent most of the first two decades of my life as a student in school and the last two decades as a student in the stock market—more specifically learning about hundreds of different companies in many different industries.

The majority of my professional career in the investment management industry has been as an analyst—digging deep into specific industries and companies within them. I would aspire to know these companies as well as anyone.

But the transition from senior analyst to portfolio manager was not an easy one, initially. From day one our investment philosophy was and still is to invest in high-quality, growing businesses at compelling valuations. However, in the famous words from Johnny Lee’s 1980 hit song “Lookin’ for Love”, I was “lookin’ for love in all the wrong places.” Essentially, many companies that historically had quality businesses (which made up a large part of our portfolio from 2016-2018) were being disrupted by new entrants thanks to important technological advances. And at the same time, these new entrants were taking market share at a breathtaking rate. Many incumbents looked cheap based on historical financials while many new entrants looked expensive on near-term forecasts. But if you had the correct long-term analysis, based on trailing earnings you could see that many low-multiple stocks were actually value traps while many high-multiple stocks represented real value.

At the same time, over the first two years managing the Fund, we put together the portfolio through the lens of an analyst, not as a well-trained portfolio manager. From a solely bottom-up basis, we picked what were our favorite investment ideas at the time, which resulted in a fairly concentrated portfolio of 25-30 investments that were in many of the same industries. We thought we were diversified enough to mitigate unforeseen risks, but that was not the case.

If a casual observer was to look at my five-year record as the lone consideration of whether or not to entrust his/her capital with us, it very well may be a pass. However, for those who are willing to dig a little deeper, they will see a nice pattern of annual improvement and understand the reasons behind it.

Average Annual Total Returns (%)

	2020	2019	2018	2017	2016
FPPFX	24.80%	34.16%	-9.81%	9.52%	-2.00%
S&P 500 Total Return	18.40%	31.49%	-4.38%	21.83%	11.96%
Difference	6.40%	2.67%	-5.43%	-12.31%	-13.96%

After a tough 2016 and 2017, we did not sit here and say “I’m right, the market is wrong.” We remained humble and went back to the drawing board to understand what we were doing wrong and how to improve our portfolio management process. So, 2018 was the year of transitioning the portfolio to our new, current portfolio construction process and a more diversified portfolio. We explained how we were changing the process that begins with a top-down view, and now one can see how those changes have produced good results over the last two years.

To some, two years of strong risk-adjusted outperformance is not enough time to determine if we have earned one’s trust to manage their capital. Therefore, even if you are not an investor in the Fund, I encourage you to continue to read our quarterly commentaries, listen to our semi-annual presentations and track how we perform going forward. What you will find is a portfolio manager who will remain humble, is willing to learn from mistakes and strives to get better every day. I will continue to perfect my craft using my knowledge from the past 20 years and in particular, the past five. At the end of the day, when you love learning about new industries and companies and seeing how businesses evolve, this is more than a job—it is a passion. I remain excited to wake up every day to see where we can find the next great high-quality, undervalued company to add to our portfolio and seek to produce market beating returns.

An “A” For Effort, But…

We give ourselves a “B” for our performance in 2020. No one will ever be a harsher critic of us than ourselves. Outside of my home, this is my largest investment. Since I have so much of my net worth invested in the Fund, I am always thinking about how I can improve our results.

Even though we handily beat the index in 2020, we could have done better. While one can always play the “woulda, coulda, shoulda” game, in my view our biggest mistakes were due to omission—specifically, not investing in certain companies we knew quite well that should have been added to the portfolio at the right time. We made plenty of other mistakes too such as overstaying our welcome in previous winners like Airbus, where the fundamentals deteriorated due to the pandemic.[7] However, our omissions were the most impactful because we could have made sizable investments in certain companies that would have added meaningfully to performance.

So, what do we do with these learnings? We put this knowledge in our memory bank and use it to become a better performing “machine” by vowing not to make the same kind of mistakes again.

I’m Not Stubborn, I’m Just Always Right

Two of the most common mistakes investors make are being fearful due to macroeconomic concerns when they should be more aggressive snatching up bargains and vice versa. We saw this behavior take place yet again at the market nadir in March, which resulted in investors selling many high-quality stocks at greatly discounted prices. However, I believe stubbornness—believing you are right and the market is wrong (by remaining invested in a stock), especially in the face of a meaningfully negative stock price reaction due to declining fundamentals—consistently hurts investors as much as anything else. We have found being stubborn in this manner is typically the wrong move.

Being overweight one stock and underweight another compared to the Index is by definition a contrarian call. And these are the calls that need to be made in order to manage and outperform with a differentiated equity strategy with high active share.[8] To be active requires a belief behind investment theses that one knows better than the market to make such calls. But how one absorbs new information that potentially invalidates an investment thesis or possibly strengthens another (to potentially upsize positions) is key. Anchoring to one view as if time stands still and the world does not evolve can be harmful to returns. In our view, being mentally flexible and taking as much emotion out of the equation is of the utmost importance to consistently make the most optimal investment decisions. At the same time, it’s also helpful to be diversified with a robust wish list of quality investment ideas that can replace positions that are sold can also help a portfolio manager be most effective.

Portfolio Commentary

During the fourth quarter, we continued to make some changes to the portfolio to best position it for future success. To that end, we eliminated nine positions that made up 2.0% of the Sept. 30, 2020 portfolio, increased the weighting of the 71 remaining positions by 0.4% to 97.9%, and added 11 new positions representing 2.0% of the December 31, 2020 portfolio. These new positions are in companies we have been following and that were on our wish list to purchase. Most are not at full position sizes yet due to valuation, and thus we are prepared to add to them should we get the opportunity.

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[7] References to individual securities are for informational purposes only and should not be construed as recommendations by the Fund, the Portfolio Managers, the Adviser, or the Fund’s distributor. **Past performance is no guarantee, or is it indicative, of future results.**

[8] *Active share* is a measure of the percentage of the Fund’s holdings that differ from the holdings in the Fund’s benchmark. It is calculated by taking the sum of the absolute value of the differences of the weight of each holding in the Fund and the weight of each holding in the index and dividing by two.

As of December 31, 2020, the Fund was invested in 82 companies (62 of which are disclosed), including 52 disclosed investments that are in the S&P 500 which made up 89.2% of the portfolio. Moreover, the 52 disclosed positions in common made up 43.9% of the S&P 500's weighting as of December 31, 2020. A majority of the 52 positions were overweight in the Fund relative to the Index. The Fund's remaining ten disclosed investments were predominantly large-cap foreign companies and mid- to large-cap U.S. companies. Combined, those ten companies made up 8.0% of the portfolio.

In terms of geography, 88.1% of the disclosed portfolio was in U.S. companies, while 6.8% was in foreign equities, as of December 31, 2020. By market capitalization, 94.9% of the disclosed portfolio was invested in large-cap companies with market values above $10 billion, with about 70% invested in mega-caps (companies with market values above $200 billion). The Fund's weighted average market cap was approximately $695 billion, while the Fund's median market cap was approximately $96 billion.

Regarding portfolio concentration, the Fund's top five positions made up 36.5% of the Fund compared to approximately 22.5% for the S&P 500. The Fund's top 10 positions made up 50.0% of the portfolio versus 27.4% for the Index. Over time, our goal is to reduce the weighting of some of the Fund's largest positions and to increase some of the Fund's smallest ones as our conviction grows.

From an industry exposure standpoint, the portfolio had disclosed investments in seven of the 11 sectors in the S&P 500. Combined, those seven sectors made up approximately 90% of the S&P 500 and 95% of the Fund's disclosed portfolio. Relative to the S&P 500, the portfolio is overweight information technology, communication services and consumer discretionary, and underweight health care, consumer staples, financials, and industrials. At the end of the quarter, the Fund did not have any disclosed investments in utilities, materials, real estate, and energy. Collectively, those four sectors made up approximately 10% of the S&P 500.

Sector	**FPA U.S. Core Equity Fund**	**S&P 500**
Information Technology	38.0%	27.6%
Communication Services	22.6%	10.8%
Consumer Discretionary	19.3%	12.7%
Health Care	9.5%	13.5%
Financials	2.4%	10.4%
Consumer Staples	2.0%	6.5%
Industrials	1.1%	8.4%
Utilities	0.0%	2.8%
Materials	0.0%	2.6%
Real Estate	0.0%	2.4%
Energy	0.0%	2.3%
Total	**94.9%**	**100.0%**
Other	**5.0%**	
Cash and equivalents (net of liabilities)	**0.1%**	

Totals might not add up to 100% due to rounding. The "Other" category is the Fund's undisclosed positions.

Compared to the broader market, we believe the Fund's portfolio is of higher quality and has greater potential for revenue and earnings growth.[9]

[9] The portfolio manager believes a high-quality company is one that is able to generate a return on capital in excess of its cost of capital for sustained periods of time.

	FPA U.S. Core Equity Fund	S&P 500
Large Capitalization Holdings % of Portfolio	94.9%	98.5%
Top 5 Holdings % of Portfolio	36.5%	22.5%
Top 10 Holdings % of Portfolio	50.0%	27.4%
Foreign Securities % of Portfolio	6.8%	0.0%
12-Month Forward P/E[10]	34.6x	23.9x
Price/Book[11]	9.5x	4.2x
Return on Equity[12]	28.4%	25.0%
EPS[13] Growth Historical (2-year, $-weighted median)	16.4%	12.1%
EPS Growth Forecast (2-year, median)	19.9%	15.3%
Revenue Growth Historical (2-year, $-weighted median)	13.2%	6.5%
Revenue Growth Forecast (2-year, median)	15.0%	8.6%
Debt/Equity[14]	1.1x	1.5x
Median Market Capitalization[15] (billions)	$95.8	$25.7
Weighted Average Market Cap (billions)	$695.4	$490.2

Source: FPA, Mellon, Capital IQ. Data as of December 31, 2020. Data excludes undisclosed holdings. Fund statistics for '% of Portfolio holdings are based on net assets. Portfolio composition will change due to ongoing management of the Fund.

4Q20 Winners and Losers[16]

Winners	Performance Contribution	Losers	Performance Contribution
Alphabet	1.44%	Alibaba Group	-0.57%
Apple	0.91%	Salesforce.com	-0.32%
Autodesk	0.69%	Home Deport	-0.09%
PayPal	0.57%	Undisclosed	-0.06%
Microsoft	0.49%	Undisclosed	-0.05%

[10] The forward price-to-earnings (P/E) ratio is derived by dividing the price of the stock by the estimated one year of future per-share earnings and is used as a relative value comparison for a company's shares. Forward P/E numbers are estimates and subject to change.

[11] Price/Book ratio is the current closing price of the stock divided by the latest quarter's book value per share.

[12] Return on Equity measures a portfolio company's profitability by dividing net income before taxes less preferred dividends by the value of stockholders' equity.

[13] EPS, or Earnings per Share, is the portion of a company's profit allocated to each share of common stock.

[14] Debt/Equity (D/E) Ratio is calculated by dividing a company's total liabilities by its shareholder equity. These numbers are available on the balance sheet of a company's financial statements. The ratio is used to evaluate a company's financial leverage.

[15] Market Cap, short for market capitalization, refers to the total dollar market value of a company's outstanding shares.

[16] Reflects top contributors and top detractors to the Fund's performance based on contribution-to-return. Contribution is presented gross of investment management fees, transactions costs, and Fund operating expenses, which if included, would reduce the returns presented. This is not a recommendation for a specific security and these securities may not be in the Fund at the time you receive this report. The information provided does not reflect all positions purchased, sold or recommended by FPA during the quarter. A copy of the methodology used and a list of every holding's contribution to the overall Fund's performance during the quarter is available by contacting FPA at crm@fpa.com. The portfolio holdings as of the most recent quarter-end may be obtained at www.fpa.com. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities listed. For a full list of holdings and weights by percentage of total assets please view the holdings report at the end of this Commentary.

Past performance is no guarantee, nor is it indicative, of future results. Please see Important Disclosures at the end of this commentary.

2020 Winners and Losers[16]

Winners	Performance Contribution	Losers	Performance Contribution
Amazon.com	4.08%	Airbus	-2.10%
Apple	3.63%	JPMorgan Chase	-0.87%
Microsoft	2.90%	Bank of America	-0.67%
Alphabet	2.40%	American Express	-0.59%
PayPal	2.38%	Blackstone Group	-0.47%

The year's biggest losers were from losses realized in the first half of the year. We trimmed or sold positions in companies whose long-term earnings power we felt were hurt by the Covid-19 pandemic. We took advantage of the market's indiscriminate selling by adding to existing positions and purchasing shares of high-quality companies that were on our wish list. As we mentioned in previous commentaries, we only wish we had made those moves sooner. Going forward, we will strive to react more quickly to changing industry and company fundamentals.

It remains no surprise that the Fund's biggest contributors to performance in the year were technology-related, since the sector's fundamentals continue to support rising earnings and valuations. We've discussed at length in several past commentaries and presentations why we continue to believe certain technology companies (as well as non-tech companies that are embracing and adopting modern tech solutions and tools) will be long-term, secular winners in an increasingly cloud-based, digital, mobile, direct-to-consumer, e-commerce world. We believe the coronavirus pandemic continues to accelerate the established technological trends and that this faster growth compared to the rest of the market will continue over the long-term post-pandemic.

Closing

The biggest thing we struggle with in managing the portfolio is that a lot of the companies we like the most generally do not have the cheapest valuations at the moment, whereas the companies with the lowest valuations typically do not have businesses in which we wish to invest for the long-term. At the same time, for lack of a better term, "cash is trash" in a world where the monetary "printing presses" seem unabated as more fiat currency continues to flood the economy and interest rates remain near historical lows. Given the current choices, we choose to remain diversified to mitigate risk and to invest in high-quality businesses even if we do not love the current valuations.

We are optimistic that the Fund will generate attractive absolute and relative returns compared to the S&P 500 going forward.

We look forward to delivering value for our fellow shareholders over the coming years. Thank you for your confidence and continued support.

Respectfully submitted,

Gregory R. Nathan
Portfolio Manager
January 2021

Important Disclosures

This Commentary is for informational and discussion purposes only and does not constitute, and should not be construed as, an offer or solicitation for the purchase or sale of any securities, products or services discussed, and neither does it provide investment advice. Any such offer or solicitation shall only be made pursuant to the Fund's Prospectus, which supersedes the information contained herein in its entirety.

The views expressed herein and any forward-looking statements are as of the date of this publication and are those of the portfolio management team. Future events or results may vary significantly from those expressed and are subject to change at any time in response to changing circumstances and industry developments. This information and data has been prepared from sources believed reliable, but the accuracy and completeness of the information cannot be guaranteed and is not a complete summary or statement of all available data.

Portfolio composition will change due to ongoing management of the Fund. References to individual securities are for informational purposes only and should not be construed as recommendations by the Fund, the portfolio manager, the Adviser, or the distributor. It should not be assumed that future investments will be profitable or will equal the performance of the security examples discussed. The portfolio holdings as of the most recent quarter-end may be obtained at www.fpa.com.

Investments, including investments in mutual funds, carry risks and investors may lose principal value. Capital markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. The Fund may purchase foreign securities, including American Depository Receipts (ADRs) and other depository receipts, which are subject to interest rate, currency exchange rate, economic and political risks; these risks may be heightened when investing in emerging markets. Foreign investments, especially those of companies in emerging markets, can be riskier, less liquid, harder to value, and more volatile than investments in the United States. Adverse political and economic developments or changes in the value of foreign currency can make it more difficult for the Fund to value the securities. Differences in tax and accounting standards, difficulties in obtaining information about foreign companies, restrictions on receiving investment proceeds from a foreign country, confiscatory foreign tax laws, and potential difficulties in enforcing contractual obligations, can all add to the risk and volatility of foreign investments.

Small and mid-cap stocks involve greater risks and may fluctuate in price more than larger company stocks. Groups of stocks, such as value and growth, go in and out of favor which may cause certain funds to underperform other equity funds.

Value style investing presents the risk that the holdings or securities may never reach their full market value because the market fails to recognize what the portfolio manager considers the true business value or because the portfolio manager has misjudged those values. In addition, value style investing may fall out of favor and underperform growth or other styles of investing during given periods.

Please refer to the **Fund's Prospectus** for a complete overview of the primary risks associated with the Fund.

In making any investment decision, you must rely on your own examination of the Fund, including the risks involved in an investment. Investments mentioned herein may not be suitable for all recipients and in each case, potential investors are advised not to make any investment decision unless they have taken independent advice from an appropriately authorized advisor. An investment in any security mentioned herein does not guarantee a positive return as securities are subject to market risks, including the potential loss of principal. You should not construe the contents of this document as legal, tax, investment or other advice or recommendations.

Index / Other Definitions

Debt/Equity is the measure of a company's financial leverage calculated by dividing its total liabilities by stockholder's equity.

EPS (Earnings per share) is the portion of a company's profit allocated to each outstanding share of common stock.

Price-to-Book (P/B) is a ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share.

Return on Equity measures a portfolio company's profitability by revealing how much profit a company generates with the money shareholders have invested.

The Fund will be less diversified than the indices noted herein, and may hold non-index securities or securities that are not comparable to those contained in an index. Indices may hold positions that are not within the Fund's investment strategy. Indices are unmanaged and do not reflect any commissions or fees which would be incurred by an investor purchasing the underlying securities. An investor cannot invest directly in an index.

The **S&P 500 Index** includes a representative sample of 500 hundred companies in leading industries of the U.S. economy. The index focuses on the large-cap segment of the market, with over 80% coverage of U.S. equities, but is also considered a proxy for the total market.

The Fund is distributed by UMB Distribution Services, LLC, 235 W. Galena Street, Milwaukee, WI, 53212.