

Portfolio construction

Broad market capitalization

- The Fund will generally invest in companies with market caps of \$2 billion or more at time of initial purchase
- Allows us to invest wherever the best opportunities arise

U.S. companies

- At least 80% of net assets will be invested in U.S. companies¹

Opportunistic foreign investments

- Up to 20% of net assets may be invested in non-U.S. companies

Appropriate diversification

- Individual positions will not exceed 5% of total assets at time of purchase
- Cash typically will not exceed 10% of net assets

¹Includes companies which alone or on a consolidated basis derive the highest concentration of annual revenue, earnings, or assets from goods produced, sales made, or services performed in the U.S.

This summary of portfolio construction highlights targeted or "typical" portfolio construction goals within the Fund. However, specific investment restrictions may vary and investors should carefully review all Fund materials (e.g. PPMs and other governing documents) to determine specific investment restrictions placed upon the Fund.

Idea generation

Discovery

Meetings

- Management meetings
- Conferences
- Suppliers, customers, competitors, industry experts

Third party research

- News and journals
- Independent and Wall Street analysts

Systematic screens

Quality

- Return on Capital > 10%
- Return on Tangible Capital > 15%

Capitalization

- \$2B+

Valuation

- Price/normalized unlevered after-tax earnings < 15x

Expertise uncovering a diverse set of opportunities

- An unconstrained and continuous search
 - Multiple sources of ideas
 - Clear and rigorous criteria

Research and analysis

A comprehensive view of each business's potential and value

1. Financial Analysis

Deep analysis of 5+ years' financials to understand:

- Business model – how does the company's business make money?
- Management's discussion and analysis of outcomes and outlook
- Capital allocation – what did management do with the cash flow?
- Company and industry-specific accounting

2. Operational Analysis

Discussions with management, customers and suppliers to establish:

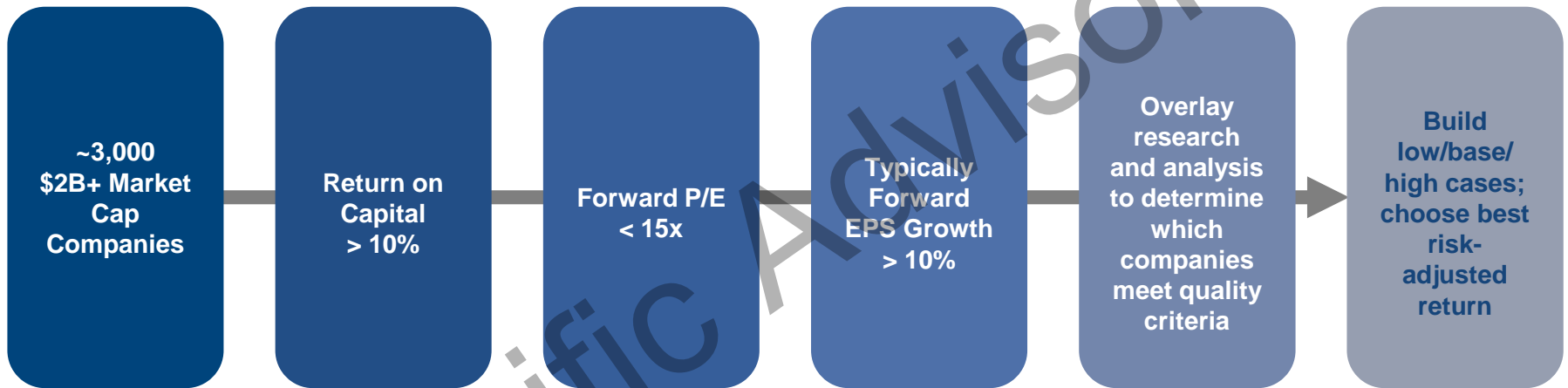
- Business model execution and issues
- Competitive framework of industry
- Threat of new entrants and substitute products
- Bargaining power of customers and suppliers
- Management incentives

3. Valuation

Analysis to determine:

- Low/Base/High cases of the company's earnings for the next 3-5 years
- Typically <15x normalized unlevered after-tax earnings

Investment process



FPA's sell discipline

Reasons to sell

- The market has recognized the company's quality with a valuation re-rating such that estimated future returns from that new price are projected to be below average
- An investment thesis is proven wrong
 - Will not rationalize holding an investment even if the price/valuation has declined
- A superior opportunity becomes available

Sector breakdown as of December 31, 2017

| Sector | FPA U.S. Value Fund | S&P 500 |
|--|---------------------|---------------|
| Information Technology | 23.9% | 23.8% |
| Consumer Discretionary | 21.2% | 12.2% |
| Industrials | 17.6% | 10.3% |
| Financials | 15.3% | 14.8% |
| Health Care | 13.1% | 13.8% |
| Materials | 2.5% | 3.0% |
| Real Estate | 1.5% | 2.9% |
| Consumer Staples | 1.3% | 8.2% |
| Energy | 0.0% | 6.1% |
| Utilities | 0.0% | 2.9% |
| Telecommunication Services | 0.0% | 2.1% |
| Total | 96.4% | 100.0% |
| Cash and equivalents (net of liabilities) | 3.6% | |

Due to rounding, percentages may not total to 100%. Sector classification scheme reflects GICS (Global Industry Classification Standard). Portfolio composition will change due to ongoing management of the Fund. **Please refer to the end of the presentation for important disclosures.**

Holdings as of December 31, 2017

Portfolio holdings highlights

- The Fund's holdings generally operate within secularly growing industries
- In our view, the Fund's holdings have strong competitive positions due to advantages stemming from having large scale/low cost structure, superior products/services and/or high quality brands
- Majority of companies are among the top players in their respective industries

| | | | | | |
|-------------------------------|--------------|-------------------------|--------------|--|---------------|
| Information Technology | 23.9% | Industrials | 17.6% | Health Care | 13.1% |
| Alphabet - Class C | 7.4% | Airbus | 3.3% | Anthem | 1.9% |
| Facebook | 6.0% | FedEx | 1.6% | Johnson & Johnson | 1.6% |
| Apple | 2.7% | Union Pacific | 1.5% | AmerisourceBergen | 1.5% |
| Cisco Systems | 1.4% | Delta Airlines | 1.4% | Unitedhealth Group | 1.0% |
| Visa | 1.4% | Ingersoll-Rand | 1.3% | Abbvie | 0.8% |
| Microsoft | 1.3% | Arconic | 1.1% | HCA Holdings | 0.6% |
| Oracle | 1.2% | Snap On | 1.1% | LabCorp | 0.6% |
| Altaba | 1.0% | United Technologies | 1.1% | McKesson | 0.6% |
| Mastercard | 1.0% | Boeing | 1.0% | Abbott Labs | 0.5% |
| Accenture | 0.5% | Siemens AG | 1.0% | Allergan | 0.5% |
| | | UPS | 1.0% | Bayer AG | 0.5% |
| Consumer Discretionary | 21.2% | HD Supply | 0.6% | Celgene Corp | 0.5% |
| Comcast | 2.1% | IWG | 0.6% | Express Scripts | 0.5% |
| CBS | 1.5% | Honeywell | 0.5% | Medtronic | 0.5% |
| Low e's | 1.5% | Johnson CTLS | 0.5% | Pfizer | 0.5% |
| Lennar Corp | 1.4% | | | Roche Holding AG-Genusschein | 0.5% |
| Time Warner | 1.3% | Financials | 15.3% | Thermo Fisher Scientific | 0.5% |
| JD Com ADR | 1.1% | Citigroup | 2.8% | | |
| Daimler AG | 1.0% | JPMorgan Chase | 2.0% | Materials | 2.5% |
| Home Depot | 1.0% | Bank of America | 1.4% | Akzo Nobel NV | 1.0% |
| Madison Square Garden | 1.0% | Blackrock Inc | 1.3% | Dow dupont | 1.0% |
| Naspers ADR | 1.0% | Morgan Stanley | 1.3% | Axalta Coating Systems | 0.5% |
| O'Reilly Automotive | 1.0% | Willis Towers Watson | 1.3% | | |
| Porsche | 1.0% | Berkshire Hathaway | 1.0% | Real Estate | 1.5% |
| Priceline | 0.9% | State State | 1.0% | Medical Properties Trust | 1.5% |
| Carnival | 0.8% | Invesco | 0.8% | | |
| Dollar General | 0.8% | KKR | 0.8% | Consumer Staples | 1.3% |
| Discovery Communications | 0.6% | American Express | 0.6% | CVS Health | 0.8% |
| Walt Disney | 0.6% | Bank Of New York Mellon | 0.5% | Walgreens Boots Alliance | 0.5% |
| Twenty First Century Fox | 0.6% | Blackstone | 0.5% | | |
| Expedia | 0.5% | | | Cash and equivalents (net of liabilities) | 3.6% |
| Norwegian Cruise Line | 0.5% | | | | |
| Whirlpool | 0.5% | | | Total net assets | 100.0% |
| WPP | 0.5% | | | | |

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Portfolio characteristics as of December 31, 2017

| | FPA U.S. Value Fund | S&P 500 |
|---|---------------------|---------|
| Large Capitalization exposure | 92.2% | 97.8% |
| Top 5 Holdings exposure | 22.2% | 13.9% |
| Top 10 Holdings exposure | 31.4% | 19.8% |
| Foreign Securities exposure | 11.5% | 0.0% |
| 12-Month Forward P/E | 17.2x | 19.4x |
| Price/Book | 3.1x | 3.3x |
| Return on Equity (1-year) | 19.2% | 18.8% |
| EPS Growth Historical (2-year, \$weighted median) | 10.2% | 8.4% |
| EPS Growth Forecast (2-year, median) | 13.8% | 10.8% |
| Median Market Cap (billions) | \$73.9 | \$21.9 |
| Weighted Average Market Cap (billions) | \$210.7 | \$197.1 |

P/E (Price-to-Earnings Ratio) is a ratio for valuing a company that measures its current share price relative to its per-share earnings.

Price to book ratio (P/B Ratio) is a ratio used to compare a stock's market value to its book value.

Earnings Per Share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability.

Portfolio composition will change due to ongoing management of the Fund. **Past performance is no guarantee of future results. Please refer to the end of the presentation for important disclosures.**

Performance – net of fees

Trailing Performance (%)

| As of Date: 12/31/17 | 1 Year | YTD | QTD | 10 Years* | 5 Years* |
|---------------------------|--------|-------|------|-----------|----------|
| FPA U.S. Value Fund, Inc. | 9.52 | 9.52 | 2.27 | 6.93 | 9.44 |
| S&P 500 | 21.83 | 21.83 | 6.64 | 8.50 | 15.79 |
| US OE Large Blend | 20.44 | 20.44 | 6.41 | 7.61 | 14.24 |
| Russell 2500 | 16.81 | 16.81 | 5.24 | 9.22 | 14.33 |

Calculated using Morningstar Direct. Periods greater than one year are annualized. Comparison to the S&P 500, US OE Large Blend and Russell 2500 is for illustrative purposes only. The Fund does not include outperformance of any index or benchmark in its investment objectives.

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. Current month-end performance data may be obtained at <http://fpafunds.com> or by calling toll-free, 1-800-982-4372. Expense ratio as of most recent prospectus is 1.11%.

* On September 1, 2015, the Fund changed its name to FPA U.S. Value Fund, Inc., and the current portfolio manager assumed management of the Fund on that date. 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 time period from September 1, 2015-September 30, 2015.

Please refer to the end of the presentation for important disclosures.



Question & Answer

First Pacific Advisors,

Important Disclosures

These slides are intended as supplemental material to the Second Half 2017 FPA U.S. Value Fund audio presentation that is posted on our website fpafunds.com.

It is important to understand that the views expressed on these slides and in the accompanying audio presentation are as of the date presented (January 25, 2018) and are subject to change based on market and other conditions. These views may differ from other portfolio managers and analysts of the firm as a whole, and are not intended to be a forecast of future events, a guarantee of future results or investment advice. Any mention of individual securities or sectors should not be construed as a recommendation to purchase or sell such securities, and any information provided is not a sufficient basis upon which to make an investment decision. The information provided does not constitute, and should not be construed as, an offer or solicitation with respect to any securities, products or services discussed. 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.

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 the prospective investor. Please read this Prospectus carefully before investing. The Prospectus may be obtained by visiting the website at www.fpafunds.com, by calling toll-free, 1-800-982-4372, or by contacting the Fund in writing.

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 expense ratio as of most recent prospectus is 1.11%. Current month-end performance may be obtained at www.fpafunds.com or by calling toll-free, 1-800-982-4372.

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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, 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.fpafunds.com.

Investments in mutual funds carry risks and investors may lose principal value. Stock 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; this may be enhanced when investing in emerging markets. Small and mid-cap stocks involve greater risks and they can 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 securities, including those selected by the Fund's portfolio manager, are subject to the risks that their intrinsic value may never be realized by the market and that their prices may go down. In addition, value style investing may fall out of favor and underperform growth or other styles of investing during given periods. Securities selected by portfolio managers using a value strategy may never reach their intrinsic value because the market fails to recognize what such portfolio managers consider to be the true business value or because the portfolio managers have misjudged those values.

The information in this publication has been developed internally and/or obtained from sources we believe to be reliable; however, FPA does not guarantee the accuracy or completeness of such information and is subject to change without notice.

Important Disclosures – cont'd

Index/Category Definitions

The Standard & Poor's 500 Stock Index (S&P 500) is a capitalization-weighted index which covers industrial, utility, transportation and financial service companies, and represents approximately 75% of the New York Stock Exchange (NYSE) capitalization and 30% of NYSE issues.

Morningstar Large Blend Average consists of portfolios that invest in a variety of large US stocks. Stocks in the top 70% of the capitalization of the US equity market are defined as large-cap. The blend style is assigned to funds where neither growth nor value characteristics predominate.

The Russell 2500 Index consists of the 2,500 smallest companies in the Russell 3000 total capitalization universe. The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization. This index is considered a measure of small to medium capitalization stock performance.

Indices do not reflect any commissions or fees which would be incurred by an investor purchasing the underlying securities. You cannot invest directly in an Index. Comparison to the S&P 500, US OE Large Blend and Russell 2500 is for illustrative purposes only. The Fund does not include outperformance of any index or benchmark in its investment objectives.

Please consult your tax advisor regarding higher capital gains distributions due to a change in portfolio strategy.

The FPA Funds are distributed by UMB Distribution Services, LLC, 235 W. Galena Street, Milwaukee, WI, 53212.