Note: Items in brackets [ ] are meant to be clarifying statements but are not part of the actual audio recording of the webcast.

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.fpa.com, by calling toll-free, 1-800-982-4372, or by contacting the Fund in writing.

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Moderator: Hello and welcome to today's webcast. My name is Ian and I will be your event specialist today. All lines have been placed on mute to prevent any background noise. Please note that today's webcast is being recorded.

During the presentation, we'll have a question and answer session. You can ask text questions at any time. Click the green Q&A icon in the lower left-hand corner of your screen, type your question in the open area, and click Ask to submit.

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And finally, should you need technical assistance, as a best practice, we suggest you first refresh your browser by pressing F5 on your keyboard. If that does not resolve the issue, please click on the Support option in the upper right-hand corner of your screen for online troubleshooting.

It is now my pleasure to turn today's program over to Kristina Surkova. The floor is now yours.

Kristina: Good afternoon and thank you for joining us today. We would like to welcome you to FPA US Value's Second Half 2018 Webcast. My name is Kristina Surkova, and I support the

Fund on the client service side. The audio transcript and visual replay of today's webcast will be made available on our website FPA.com.

In short order, you will be hearing from Gregory Nathan, the portfolio manager for the Fund. As a reminder, Greg took on the management of this fund on September 1, 2015.

As part of today's agenda we will cover fund highlights, market commentary, performance and portfolio activity and then open it up to question and answers. At this time, it is my pleasure to hand the call over to Gregory Nathan.

(00:02:06)

Gregory: [Please reference slide 2] Thank you, Kristina, for that introduction. The backdrop for investing in large, growing companies continues to be attractive. The 10-year US Treasury below 3% remains near historical lows. The unemployment rate is low. The US economy is still growing, albeit it at a slower pace than six months ago, due in part to Chinese tariffs, China slowdown, the government shutdown and economic problems in the EU and UK. After a nearly 10% median price decline in 2018 of the 500 stocks that make up the S&P 500, coupled with good earnings growth last year, valuations of US equities are reasonably attractive at a mid-teens P/E multiple against sub-3% on the 10-year.

One of the biggest drivers of return differentials in the market is the valuation spreads we're continuing to see widen out between companies the market perceives as having structural above-average long-term growth, i.e. winners, versus companies whose terminal values are more in question often due to technological disruption, i.e. the potential losers.

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Therefore, it is imperative to avoid investing in these potential losers where fundamentals are eroding and instead stick to high-quality companies we believe have sustainable competitive positions that should result in above-average organic growth over the long term.

Regarding today's agenda for the call, first we are going to walk through the fund highlights. Then we'll touch on our investment philosophy and process. This will be followed by an update on the Fund's performance, portfolio activity and a summary of the new, more diversified portfolio structure we implemented during the fourth quarter of 2017.

If you are unable to participate in the live webcast and/or do not get your questions answered, please feel free to reach out to Kristina Surkova in Client Services to arrange a call with me.

[Please reference slide 3] Regarding the Fund highlights, the primary objective of the US Value Fund is growth of capital over the long term. Our goal is to outperform the S&P 500 over full market cycles, which we define as an approximate seven-year period.

[Please reference slide 4] Here is a summary of my professional background with 16 years of industry experience. My interests are well-aligned with fellow shareholders' and in fact, at the end of the fourth quarter I further increased my investment in the Fund as the market sold off. Additionally, I frontloaded my 2019 401(k) funding, investing the maximum amount in mid-January, so hopefully this gives you a sense of my confidence in the Fund.

[Please reference slide 5] Now we'd like to walk you through our investment philosophy. The most important thing in investing is to avoid permanent capital impairment. Permanent capital impairment can result from: investing in a business whose

profitability is structurally declining; paying too high of a multiple for a company; investing in a company with too much financial leverage that can't make it through a tough business cycle without having to restructure. Thus, we focus on finding quality companies in healthy, growing industries, at attractive valuations, with low financial leverage. We want the portfolio to have an appropriate level of diversification by number of investments and industry exposure.

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We define quality as companies that have strong and enduring competitive positions; growing businesses within growing industries. A growing industry is key because without it there will typically be poor earnings growth and investment returns.

Lastly, we want our companies to have high returns on capital and robust free cash flow generation.

We prefer companies with good management, which we define as those who make the right operational and capital allocation decisions to put the company in the best position to achieve sustainable above-average revenue and earnings growth over the long run. However, one of the reasons good businesses are often offered at attractive prices is because of poor management. Therefore, we will consider such companies provided there is not a structural impediment to replacing management and there is a large enough discount to our estimate of intrinsic value.

Bottom line, the quality of the business, followed by valuation are the most important investment criteria.

A current example of this would be Lowe's, the home improvement retailer, which recently got a major upgrade in management. Newly appointed CEO Marvin Ellison was an executive at Home Depot in charge of the company's US stores from 2002 through

2014. During his time at Home Depot, Ellison helped oversee the chain's turnaround. We believe Ellison will apply his best practices and learnings from his time in Home Depot to help optimize Lowe's operations.

It is worth noting that we made our investment in mid-2017 under the old management team that was underperforming. The discount was large enough to invest in the company at that time. Luckily, an activist investor disclosed a stake in January 2018. By the end of March, the former CEO announced his retirement and just two months later we had our new, highly capable CEO in place.

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[Please reference slide 6] Let me walk you through the key parameters as to how the portfolio is constructed.

The Fund's multi-cap strategy affords us the ability to invest wherever the best opportunities arise. At least 80% of the portfolio will be invested in US companies. At the same time, we have the ability to make opportunistic foreign investments.

Appropriate diversification: individual positions will not exceed 5% of total assets at the time of purchase.

Generally fully invested: the reason for this is the portfolio is made up of what we believe are undervalued, high-quality companies that should compound in value over time, therefore cash will usually not exceed 10% of the portfolio.

[Please reference slide 7] The foundation of our portfolio construction process stems from our investment objective of seeking long-term growth of capital. At the same time, we have a goal of generating investment returns that exceed the S&P 500 over full market cycles, all while minimizing the risk of permanent capital impairment.

We are of the view that the world is dynamic, with change taking place seemingly faster than ever before. Therefore, it is important to have a diversified portfolio to mitigate unforeseen risks, namely disruption of business models. While we consider investing in all industries at any given time, we will not invest in all industries if that means taking undue risk and/or negatively impacting long-term returns.

We deconstruct the S&P 500 whereby, in the famous words of Bing Crosby, we are trying to accentuate the positive, eliminate the negative, latch onto the affirmative and don't mess with the mystery in between.

We start by eliminating or underweighting unfavorable sectors due to relative inferior quality, lack of above-average growth and/or unattractive valuation. From the remaining sectors that meet our criteria, sector weights are based on long-term industry fundamentals coupled with the relative attractiveness of various companies within those sectors, centered on business model sustainability, normalized long-term earnings growth and valuation. We consider selective investments outside the US and/or S&P 500 that offer compelling risk-adjusted returns. The goal is to be as close to fully invested as possible, provided we can find the requisite high-quality companies at attractive valuations.

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Cash is a by-product of what is left over from having investments in the industries and companies we view attractive, at the relative position weightings we deem appropriate based on sector risks, coupled with our estimate of the company's prospective returns over the long term.

[Please reference slide 8] It is important to note that the portfolio construction process changed in the fourth quarter of 2017. The current portfolio construction process

is very different from the manner in which we constructed the US Value portfolio over the first nine quarters of operation. For a little over a year, we have operated using the portfolio construction process I just described.

Over the first nine quarters, the portfolio was constructed in a much more concentrated manner by sector and company compared to the much more diversified manner in which we operate today. Specifically, we averaged 27 disclosed investments over the first nine quarters compared to an average of 65 disclosed investments over the last five quarters.

What is interesting to note is that many investors have a view that in order to outperform the market over time, you have to run with a concentrated portfolio. However, the numbers do not support that.

For example, from 2016 through 2018, the S&P 500's cumulative total return over those three years was 30.4%. The top 50 contributing stocks to the index's performance had a median return of approximately 75%. The next biggest 50 contributors had a median return of nearly 65%. Additionally, the next largest 50 contributors had a median performance of over 55%. The top 150 contributing stocks had a median return of nearly 65%. The top 250 contributing stocks had a median return of nearly 55% and made up about half of the index at the beginning of 2016. However, the greatest 100 detracting stocks had a median return of negative 30% and made up about 20% of the index at the start of 2016.

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Another key point to make is that the top contributing stocks over these three years were in a variety of industries including technology, healthcare services, financial

services, banks, aerospace and defense, entertainment, and pharmaceuticals, just to name a few. Moreover, the same is true about the greatest detractors.

Therefore, the key takeaway to me is that one can certainly outperform—and outperform meaningfully—with a diversified portfolio. However, what it comes down to is a good batting average, i.e. having more of those stocks in your portfolio that are in the top 250 and as few as possible in the bottom 100. Avoiding big losers is just as important as picking winners.

Another key point I want to make is that over the first three years, the portfolio was significantly underweight technology due to above-average valuations relative to the index. Not only is this the largest sector in the S&P 500 but it is one of the highest quality due to its consistent above-average revenue and earnings growth. This is a major reason for the Fund's underperformance over those first three years. Now the Fund has a more in-line weighting of technology compared to the S&P 500, and we expect this will benefit the Fund's performance going forward.

[Please reference slide 9] I think it is important to understand US Value's portfolio characteristics compared to the S&P 500. While US Value is reasonably diversified with 63 investments, 56 of which are disclosed, we are more concentrated than the S&P 500.

US Value has 29.7% of the disclosed portfolio invested in its top five holdings compared to 15.3% for the S&P 500. Our top ten disclosed investments make up 46.8% of the portfolio compared to 21% for the index.

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[Please reference slide 10] Probably one of the greatest differentiators for US Value is our willingness to eschew entire sectors of the market. To that point, US Value currently does not have any disclosed investments in 4 of the 11 sectors that combined

make up 19% of the index. These sectors are consumer staples, energy, real estate and utilities This goes back to the earlier point of trying to minimize exposure to inferior parts of the market where we do not see good value.

[Please reference slide 9] Another key differentiator is over 5% of our portfolio is invested in foreign equities, while by definition the S&P 500 has zero. Today you can see that the median and weighted average market cap of our portfolio is considerably higher than the S&P 500. That is because some of the largest companies in the index, such as Alphabet, Amazon, Microsoft, Facebook and Apple, are some of our largest positions. This also contributes a great deal to our portfolio's 38.5% disclosed overlap with the S&P 500.

We believe these are some of the highest-quality businesses we have ever come across and they share an ability to grow revenue and earnings at above average rates for many years to come.

In terms of comparative quality, there are a few metrics you can look at to give you a sense but don't tell the entire story.

The companies in our portfolio over the past two years have grown revenue and earnings faster than the S&P 500 by approximately 2-4%. At the same time, based on consensus estimates, over the next couple of years, expectations are for revenue and EPS to grow at a fairly similarly faster rate of 3-4%. This is a material difference when compounded over many years.

Our companies also have 4.3% higher return on equity and carry less financial leverage, meaning that on an unlevered basis, return on capital for our portfolio of companies is comparatively higher as well.

As you can see, the 12-month forward P/E of our portfolio compared to the S&P 500 is at a slight premium. We would argue that this valuation premium is well-deserved if not too small.

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To illustrate this point, let me highlight two companies, one of which is our largest investment and the other a former position.

Alphabet, which is our largest position, continues to enjoy robust growth. When we made our first investment in the company in March 2016, backing out its net cash position at the time, it was trading at approximately 18 times forward unlevered after-tax core Google earnings, which excludes losses from its other bets.

Over the last three years, core Google revenue has grown over 80%, earnings have increased nearly 70%, R&D is up over 60% and capex is up nearly 120%. Over that time, despite a significant increase in investment into its various businesses, it has generated over $70 billion in free cash flow or north of 17% of the enterprise value at the time of our initial purchase.

Since that time, the stock is up 55% and as you can deduce, the entire return stems from organic growth, free cash flow generation and reinvestment within various businesses with potentially very high future returns on investment. The investment return was not driven by multiple expansion. In fact, Alphabet's multiple has de-rated. This partly explains why we continue to have such a large position in the company.

Conversely, there is Whirlpool, a company in which we made our first investment in October 2015 at $155. We traded the position well, selling out in late 2017 into early 2018, earning an approximate 11.5% IRR. However, today the stock trades at around $136.

This company has been a perpetual disappointment, unable to deliver on its projections. When we first bought the stock, it was trading at approximately 13.5 times 2016 earnings of $11.50 although management in early 2016 had forecasted $14.00-$14.75 in EPS. Management had laid out a plan to grow earnings at a 10-15% rate for several years to come, such that EPS was expected to be over $20 by 2020. In mid-2018 management cut earnings guidance yet again and it should report less than $15 of EPS for 2018. The stock below was down over 10% over the past three years.

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Clearly the market has lost confidence in management and/or the long-term earnings power of the business. This is what you might call a classic value trap. Luckily we got out in time and made a respectable return, but this is a cautionary tale of what can go wrong when a stock seduces an investor by a seemingly cheap multiple for above-average projected growth.

I use these two examples because this gets to the heart of being a value investor and why when constructing a portfolio, it is important to have a reasonable level of diversification since there will usually be investments that disappoint.

Many people say value investing just does not work any more. However, to say that, one must first define value.

[Please reference slide 11] We define value as the relationship of business quality relative to the price you pay for it. Business quality means the ability to generate sustainable above-average earnings growth over the long term. In this example, Alphabet was the better value. In order to see that, you would have had to have the correct long-term view. That is because when we bought Alphabet on an unlevered after-tax basis, it was trading at an approximately 30% higher multiple on 2016 earnings estimates

compared to Whirlpool. But looking out just a couple of years to 2018's earnings, we can see that we purchased Alphabet's core Google business at an unlevered after-tax multiple that was actually lower than Whirlpool's. Therefore, when people say value investing does not work any more, our response is: it sure does.

However, we have found trying to find value by leading our quest looking for low-multiple stocks is not a good approach. Instead, we focus on finding quality businesses within growing industries. From there, we estimate its long-term earnings growth and as a result, we can have a view as to what an appropriate multiple is for the company and what a good purchase price is.

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We believe we will be able to continue finding value by taking a long-term view and hopefully being right on those views a lot more than we are wrong. Moreover, by using this approach to construct a reasonably diversified portfolio, we are confident this will generate long-term growth of capital with returns exceeding the index over full market cycles.

[Please reference slide 10] Now here is the portfolio sector breakdown as of December 31. Combining these seven sectors—which make up 81% of the S&P 500 or 92.9% of US Value's disclosed portfolio—relative to the S&P 500, the portfolio is overweight communications services, consumer discretionary and industrials, and has a generally in-line weighting in information technology and financials. The Fund is underweight healthcare and materials.

To reiterate, the four sectors the Fund currently does not have any direct exposure to are consumer staples, energy, real estate and utilities. Collectively, these four sectors make up 19% of the index.

[Please reference slide 11] Regarding the portfolio's holdings, we would like to point out a few highlights. We believe our companies operate within secularly growing industries. We believe our companies have a strong position within their respective industry due to various competitive advantages. A majority of these companies are among the leaders in their respective industry.

[Please reference slide 12] We put together this slide to highlight the differentiation of US Value's portfolio compared to the index. Here we show you a few of our largest technology investments compared to the S&P 500's largest consumer staples products companies—a sector we have no disclosed exposure to—looking at metrics such as ROE which show you that all these businesses are quality in nature, but that doesn't tell you how the businesses will perform going forward.

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As you look at consensus estimates for revenue and EPS growth, you can see a stark contrast between the two groups, whereby these large tech companies are generally growing at well above average rates while these consumer staple stocks are growing at average or below average rates.

When looking at valuation, you can see that Alphabet and Facebook trade at a bit of a premium compared to the big three consumer staples companies but are growing much faster. Apple trades at a meaningful valuation discount despite similar expected growth to the likes of P&G, Coca-Cola and PepsiCo.

The bottom line is we believe most consumer staples stocks at current prices offer return-free risk, while we think our three largest tech investments will generate above-average earnings growth translating into above-average investment returns over the long run.

[Please reference slide 13] Lastly, on the left-hand side is US Value's performance net of fees. As we already discussed, during the first nine quarters of management, we constructed US Value's portfolio very differently compared to the last five quarters. Additionally, we further changed our portfolio's composition throughout 2018, which now has a more in-line weighting of technology-related investments in the Fund.

In 2018, our gross performance was in line with the S&P 500's median stock price performance. Throughout the year, we were overweight three of the largest detractors to the index—Alphabet, Facebook and Apple. This hurt the Fund disproportionally more than the S&P 500. At the same time, we were underweight Amazon and Microsoft during the first half of the year when those two stocks had their best performance, and were subsequently overweight them prior to the market's decline in Q4. As a result, Amazon was actually a detractor to the Fund in 2018 while it was a large positive contributor to the S&P 500. Microsoft benefited the Fund's performance but not nearly to the same degree as it did for the index.

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In closing, we believe we have a portfolio construction process that positions us better than ever before to achieve our investment objective of long-term growth of capital and, at the same time, hit our goal of outperforming the index over full market cycles. We have witnessed a lot of change in the economy and political landscape over the past few years. At the same time, we have learned a lot over the first few years managing this fund, and we look forward to delivering value for fellow shareholders over the coming years.

Again, if you were unable to participate in the live webcast and/or do not get your questions answered, please feel free to reach out to Kristina Surkova in Client Service to arrange a call with me. Thank you for your confidence and continuing support; we truly appreciate it. Now back to you, Kristina.

Kristina: Thank you, Greg. We will pause briefly to check for any questions.

Moderator: At this time, we would like to take any questions you might have for us today. To ask a question, simply click on the Q&A button in the lower left-hand corner of your screen, type your question in the open area and click Submit.

Kristina: Thank you, everyone. There are no questions at this time. Thank you for listening to FPA US Value's Second Half 2018 webcast. We will now turn it over to the system moderator for closing comments and disclosure.

Moderator: Thank you for your participation in today's webcast. We invite you, your colleagues and shareholders to listen to the playback of this recording and view the presentation slides that will be available on our website within a few days at FPA.com. We urge you to visit the website for additional information on the Fund such as complete portfolio holdings, historical returns and after-tax returns.

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Following today's webcast, you will have the opportunity to provide your feedback and submit any comments or suggestions. We encourage you to complete this portion of the webcast. We know your time is valuable and we do appreciate and review all of your comments.

Please visit FPA.com for future webcast information including replays. We will post the date and time of the prospective calls towards the end of each quarter and expect the calls to be held three to four weeks following each quarter end.

If you did not receive an invitation via email for today's webcast and would like to receive them in the future, please email us at crm@fpa.com.

We hope that our quarterly commentaries, webcasts and special commentaries will continue to keep you appropriately informed on the strategy.

We do want to make sure you understand that the views expressed on this call are as of today 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.

Past performance is not a guarantee of future results. Any statistics have been obtained from sources believed to be reliable, but the accuracy and completeness cannot be guaranteed.

You may request a prospectus directly from the Fund's distributor, UMB Distribution Services, LLC, or from our website, FPA.com. Please read the prospectus carefully before investing. FPA funds are offered by UMB Distribution Services, LLC.

This concludes today's call. Thank you and enjoy the rest of your day.

Thanks to all our participants for joining us today. We hope you found this webcast presentation informative. This concludes our webcast.

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