

Portfolio construction

- Broad market capitalization
 - The Strategy will invest in companies with market caps of \$2 billion or more, at time of purchase
 - Allows us to invest wherever the best opportunities arise

- U.S. companies
 - At least 80% of the portfolio will be invested in U.S. companies¹

- Opportunistic foreign investments
 - Up to 20% of the portfolio may be invested in non-U.S. companies whose largest market is outside the U.S.

- Appropriate diversification
 - Typically 20 to 30 companies
 - Individual positions will not exceed 5% of total assets at time of purchase
 - Approximate average position size of 3% to 4%

- Normally fully invested
 - Focus on owning high-quality companies we believe should increase in value over time
 - Cash will usually not exceed 10% of the portfolio

Includes 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.

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:

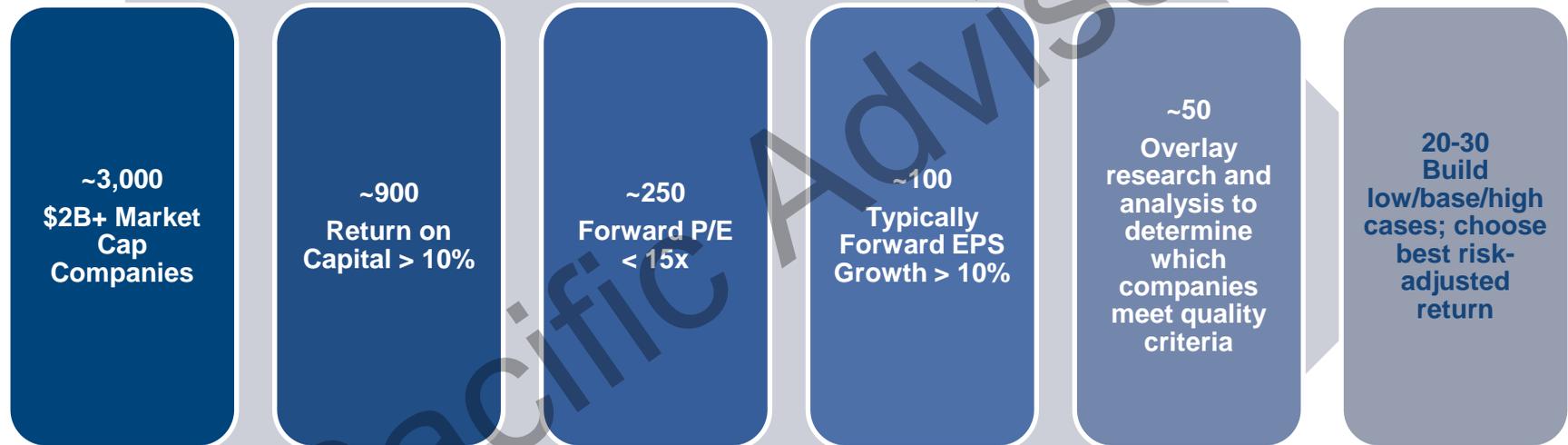
- Business model execution and issues
- Competitive framework of industry
- Threat of new entrants and substitute products
- Bargaining power of customers and suppliers
- Management incentives

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



Sell discipline

Reasons to sell

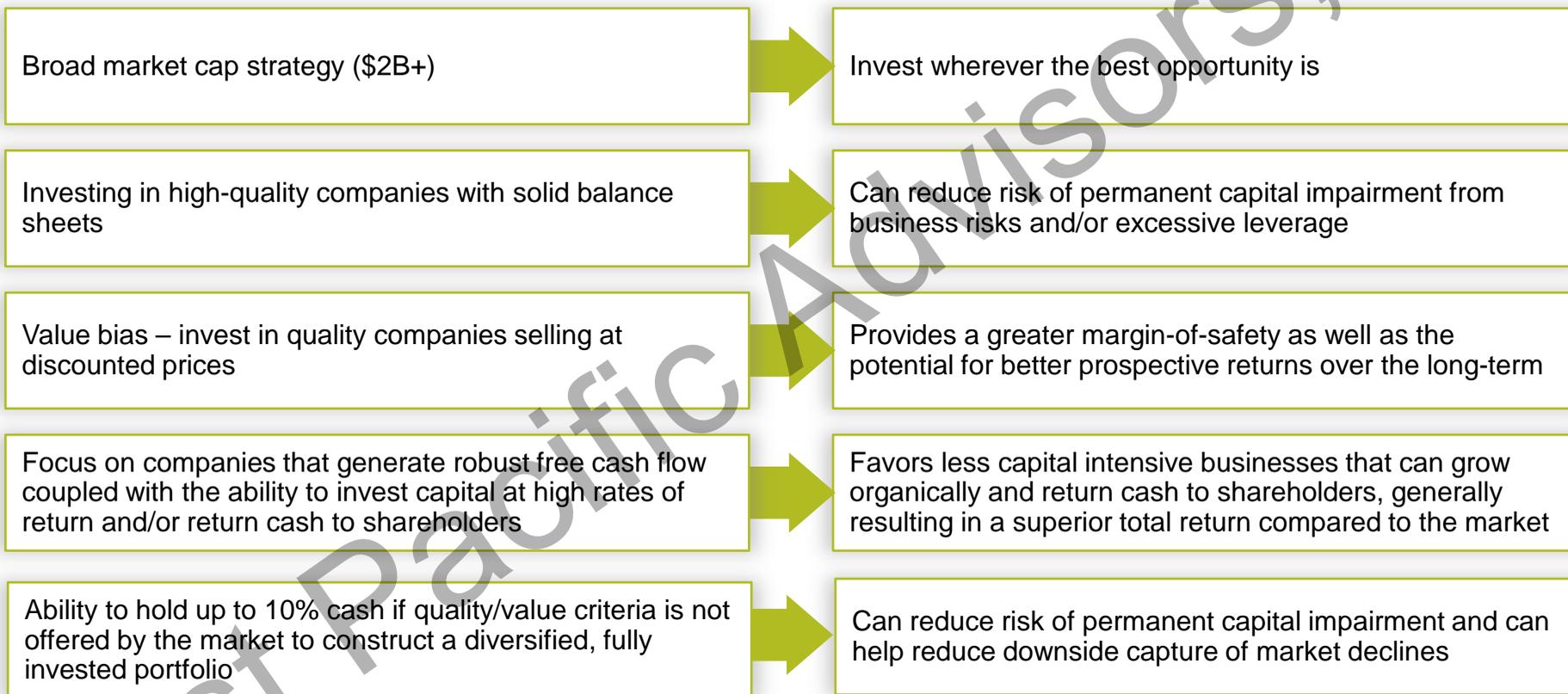
- The market has recognized the company's quality with a valuation re-rating such that estimated future returns from that new price are projected to be below average
- An investment thesis is proven wrong
 - Will not rationalize holding an investment even if the price/valuation has declined
- A superior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

First Pacific Advisors, LLC

Risk management

Risk control tools

Beneficial result



From time to time, the Fund may buy and sell the same security within a short period of time. The frequency of trading within the Fund impacts portfolio turnover rates. A high rate of portfolio turnover (100% or more) could produce higher trading costs and taxable distributions, which would detract from the Fund's performance. The U.S. Value Fund, formerly known as the Perennial Fund, had a turnover rate of 117% from June 15, 2015 - October 15, 2015 due to the Fund's transition during that time period.

Performance

Return (%)*

As of Date: 12/31/15	Q4 2015	Since 9/1/15	1 Year	5 Years	10 Years
FPA U.S. Value Fund	6.14	-0.25	-3.68	10.10	7.33
S&P 500	7.04	4.39	1.38	12.57	7.31
Morningstar Large Blend Average	5.56	2.30	-1.07	10.75	6.44

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 via <http://fpafunds.com/us-value> or by calling toll-free, 1-800-982-4372.

**Performance shown is net of fees. 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.*

A redemption fee of 2% will be imposed on redemptions within 90 days. Expense ratio: 0.85% (per most recent prospectus)

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.

Calculated using Morningstar Direct. Periods greater than one year are annualized.

FPA U.S. Value Fund portfolio as of December 31, 2015

	FPA U.S. Value Fund	S&P 500
12-Month Forward P/E	12.7x	16.6x
Price/Book	2.6x	2.8x
Return on Equity	17.5%	17.7%
EPS Growth Historical (2-year, \$weighted median)	8.5%	7.5%
EPS Growth Forecast (2-year, median)	12.4%	11.4%
Debt/Equity	0.1x	0.1x
Weighted Average Market Cap (billions)	\$44.3	\$140.4

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. References to specific securities or sectors should not be construed as recommendations by the Fund, its Advisor or Distributor.

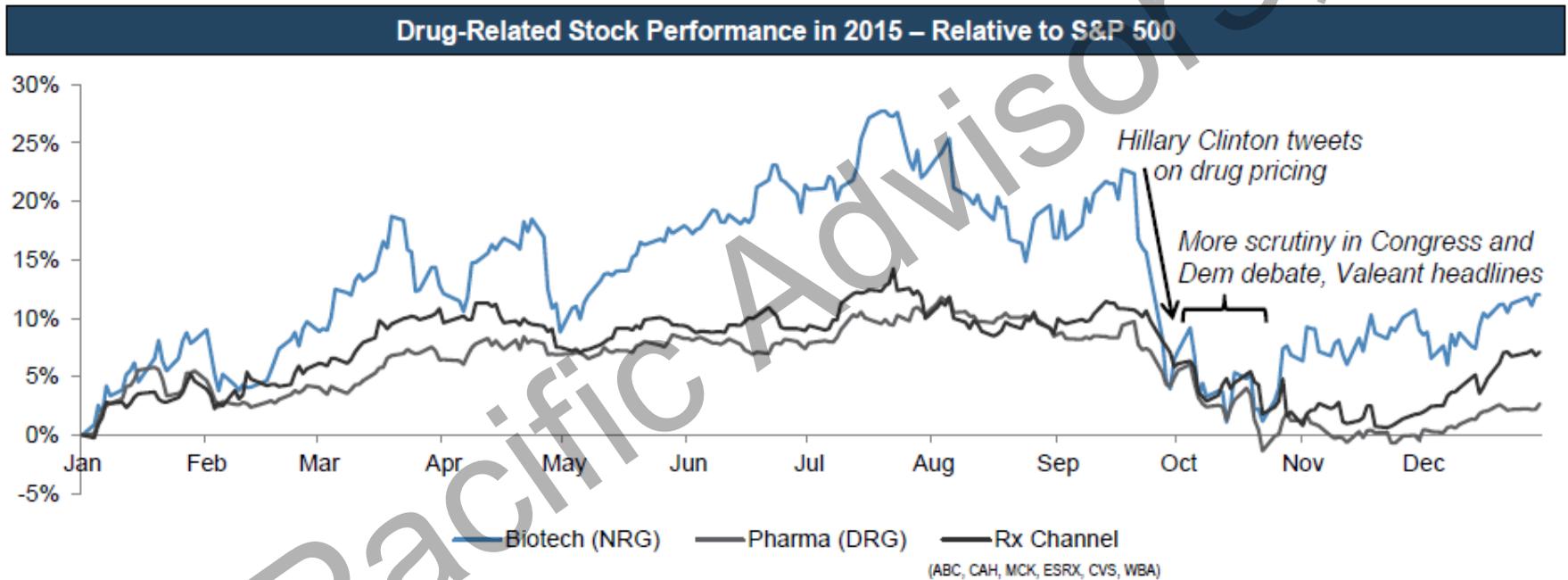
FPA U.S. Value Fund portfolio as of December 31, 2015

Sector	FPA U.S. Value Fund	S&P 500
Consumer Discretionary*	39.01%	12.89%
Health Care	25.30%	15.16%
Financials	11.35%	16.47%
Industrials	10.83%	10.05%
Consumer Staples	0.00%	10.06%
Energy	0.00%	6.50%
Information Technology	0.00%	20.69%
Materials	0.00%	2.76%
Telecommunication Services	0.00%	2.43%
Utilities	0.00%	2.99%
Total	86.49%	100.00%
Other	4.04%	
Cash and equivalents (net of liabilities)	9.47%	

*Houghton Mifflin Harcourt, included in the consumer discretionary sector, derives a majority of its revenue and profit from its Education segment, which primarily provides education solutions to educational institutions for the pre-K – 12 market.

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Healthcare exposure increased meaningfully in Q4 2015



Source: J.P. Morgan

Past performance is not indicative of future results.

FPA U.S. Value Fund portfolio as of December 31, 2015

Consumer Discretionary	39.01%
HOUGHTON MIFFLIN HARCOURT*	5.24%
CBS	5.04%
TWENTY FIRST CENTURY FOX	5.02%
TIME WARNER	5.02%
WHIRLPOOL	4.00%
DAIMLER	3.96%
BAYERISCHE MOTOREN WERKE	3.94%
DISCOVERY COMMUNICATIONS	3.01%
MADISON SQUARE GARDEN	2.55%
MSG NETWORKS	1.23%
Health Care	25.30%
MCKESSON	5.19%
ALLERGAN	4.52%
ANTHEM	3.48%
AMGEN	3.47%
CARDINAL HEALTH	2.99%
EXPRESS SCRIPTS HOLDING	2.97%
ABBVIE	2.68%
Financials	11.35%
AMERIPRISE FINANCIAL	5.01%
INVESCO	4.36%
AMERICAN EXPRESS	1.98%
Industrials	10.83%
SPIRIT AIRLINES	3.03%
DELTA AIR LINES	2.65%
INGERSOLL RAND	2.62%
FEDEX	2.53%
Other	4.04%
Cash and equivalents (net of liabilities)	9.47%
Total net assets	100.00%

Portfolio holdings highlights

- All companies operate within secularly growing industries
- All companies 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 leaders in their respective industries
 - 9 of these 24 companies are #1 players
 - 17 are in the top 3

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Question & Answer

First Pacific Advisors, LLC

Disclosure

These slides are intended as supplemental material to the 4th Quarter 2015 FPA U.S. Value Fund audio presentation that is posted on our website fpafunds.com. We do want to make sure you understand that the views expressed on these slides and in the accompanying audio presentation are as of today, January 27, 2016 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.

Past performance is not a guarantee of future results. 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. Performance has been calculated on a total return basis, which combines principal and dividend income changes for the periods shown. Principal changes are based on the difference between the beginning and closing net asset values for the period and assume reinvestment of all dividends and distributions paid. All applicable expenses such as advisory fees have been included in calculating performance. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the security examples discussed. Current month-end performance data may be obtained by calling toll-free, 1-800-982-4372.

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 email at crm@fpafunds.com, toll-free by calling 1-800-982-4372 or by contacting the Fund in writing.

Statistics have been obtained from sources believed to be reliable, but the accuracy and completeness cannot be guaranteed and is not a complete summary or statement of all available data. 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.

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. Certain funds 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.

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

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