

Highlights

Primary investment objective is to seek to provide long-term total return, which includes income and capital appreciation, while considering capital preservation.

Short-term: seeks positive absolute returns in a 12-month period.

Long-term: seeks positive real returns (outperform inflation plus 100 basis points) over five-year period and competitive returns versus bond market universe.

- **Bottom-up, benchmark indifferent.**
- **Invest a minimum of 75% of net assets in securities rated A- and above (high quality segment).**
- **Opportunistic allocation (up to 25% of net assets) to credit sensitive securities rated BBB+ and below (credit sensitive segment).**
- **Cash allocation is a residual of investment opportunities.**

Investment Team

Thomas H. Atteberry, CFA
Portfolio Manager
Joined FPA in 1997

Abhijeet Patwardhan
Portfolio Manager
Joined FPA in 2010

Fund Facts

Ticker Symbol	FPNIX
Share Class	No load, no 12b-1 fees
NAV	\$9.98
Initial Minimum Investment	\$1,500
Fund Assets	\$5.6 billion
Fund Inception ¹	July 11, 1984
Expense Ratio (as of most recent prospectus)	0.49%
Dividend Frequency	Quarterly

¹ Reflects the date when the Fund was first available for purchase under FPA management.

Risk Profile

7/1/2008-6/30/2018	FPA New Income	BBgBarc US Agg Bond
Standard Deviation (volatility)	0.8%	3.3%
Sharpe Ratio	2.3	1.0
Maximum Drawdown	-0.9%	-3.7%

Source: Morningstar Direct

Standard Deviation measures a fund's total range of total returns and identifies the spread of a fund's short-term fluctuations.

Sharpe Ratio is a risk adjusted measure calculated by using standard deviation and excess return to reward per unit of risk.

Maximum Drawdown is the peak-to-trough decline of an investment during a specific record period.

Performance

Historical (%)²

Fund/Index	30 Years	20 Years	15 Years	10 Years	5 Years	3 Years	1 Year	YTD	QTD
FPA New Income, Inc.	5.91	3.81	2.84	2.12	1.60	1.83	2.52	1.06	0.66
BBgBarc US Agg Bond	6.13	4.70	3.77	3.72	2.27	1.72	-0.40	-1.62	-0.16
CPI + 100	3.57	3.21	3.15	2.46	2.56	2.87	3.93	1.67	0.81
BBgBarc US Agg 1-3 Yr	NA	3.30	2.30	1.73	0.87	0.73	0.22	0.08	0.28

Annual (%)

Fund/Index	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
FPA New Income, Inc.	2.67	2.53	0.15	1.32	0.67	2.18	2.23	3.18	2.89	4.31	6.02	4.79	1.57
BBgBarc US Agg Bond	3.54	2.65	0.55	5.97	-2.02	4.21	7.84	6.54	5.93	5.24	6.97	4.33	2.43
CPI + 100	3.05	3.12	1.68	1.70	2.56	2.80	4.09	2.46	3.84	0.98	5.15	3.55	4.37
BBgBarc US Agg 1-3 Yr	0.86	1.31	0.66	0.82	0.64	1.33	1.73	2.62	5.00	4.62	6.73	4.34	1.82
Fund/Index	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
FPA New Income, Inc.	2.60	8.32	4.52	12.33	9.32	3.39	3.86	8.31	7.12	14.36	1.46	10.17	11.12
BBgBarc US Agg Bond	4.34	4.10	10.26	8.44	11.63	-0.82	8.69	9.65	3.63	18.47	-2.92	9.75	7.40
CPI + 100	4.38	3.06	3.51	2.62	4.47	3.71	2.63	2.72	4.41	3.56	3.63	3.84	4.00
BBgBarc US Agg 1-3 Yr	1.44	2.42	6.29	8.77	8.15	3.32	6.83	6.68	5.19	11.00	0.62	NA	NA

² Periods over one year are annualized.

The Advisor has contractually agreed to reimburse the Fund for Total Annual Fund Operating Expenses in excess of 0.49% through January 31, 2019. This agreement may only be terminated earlier by the Fund's Board of Directors (the "Board") or upon termination of the Advisory Agreement.

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 by calling toll-free, 1-800-982-4372.

Not authorized for distribution unless preceded or accompanies by a current prospectus.

The Bloomberg Barclays Capital U.S. Aggregate Bond Index is an unmanaged index that is generally considered to be representative of U.S. bond market activity. The CPI +100 Basis Points benchmark is created by adding 1% to the annual percentage change in the Consumer Price Index ("CPI"). This index reflects non-seasonally adjusted returns. The Consumer Price Index is an unmanaged index representing the rate of the inflation of the U.S. consumer prices as determined by the U.S. Department of Labor Statistics. There can be no guarantee that the CPI of other indexes will reflect the exact level of inflation at any given time. Comparison to the indices are for illustrative purposes only. The Fund does not include outperformance of any index or benchmark in its investment objectives.

Portfolio Information

	Fund	Index ³
Effective Duration	1.6 years	6.0 years
Effective Maturity	2.2 years	8.4 years
Average Weighted Price (\$) ⁴	99.2	99.9
Yield-to-Worst ⁵	3.42%	3.29%
SEC Yield ⁶	3.05%	na
Turnover ⁷	42%	na
Number of Issues	437	9,959

Effective Maturity

	Fund	Index ³
< 1 year	19.0%	0.0%
1-3 years	55.4%	21.7%
3-5 years	21.9%	17.9%
5-7 years	3.3%	15.9%
7-10 years	0.4%	28.5%
10-20 years	0.0%	3.8%
> 20 years	0.0%	12.2%

Quality⁸

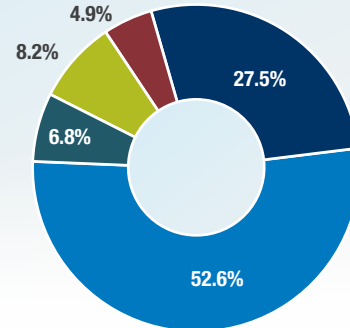
	Fund	Index ³
AAA	74.2%	72.0%
AA	11.3%	3.8%
A	6.3%	11.1%
BBB	0.3%	13.2%
BB and Below	4.0%	0.0%
NR	4.0%	0.0%



Morningstar Pillars

Process	Positive
Performance	Positive
People	Positive
Parent	Positive
Price	Positive

Sector Breakdown



Portfolio Structure	Percentage	Effective Duration (Years)
Mortgage Backed Total	27.5%	2.3
Mortgage Backed (CMO)	13.4%	2.4
Mortgage Pass-Through	5.2%	2.7
Commercial Mortgage-Backed	4.1%	1.4
Stripped Mortgage-Backed	4.8%	2.6
Asset Backed	52.6%	1.4
Auto	15.7%	1.6
Credit Cards	4.5%	1.5
CLO	12.8%	0.3
Equipment	12.2%	1.9
Other	7.4%	2.1
Corporate	6.8%	1.2
U.S. Treasuries	4.9%	3.4
Cash & Equivalents	8.2%	0.2

³ Barclays US Aggregate Bond Index.

⁴ Excluding IOs/POs.

⁵ Yield-to-Worst is the lowest possible yield on a callable bond.

⁶ As of June 30, 2018, the SEC yield was 3.05%. The SEC Yield calculation begins with the Fund's dividend payments for the last 30 days, subtracts fund expenses (but excluding any fee waivers) and uses this number to estimate your returns for a year. This calculation is based on the price of the fund at the beginning of the month. The income yield stated here reflects prospective data and thus assumes payments collected by the fund may fluctuate.

⁷ As of most recent report.

⁸ The Barclays Capital Family of Indices ratings rules use the median if more than two ratings are available. Lower of the two is used if only two ratings are available.

Fund Risks

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, which are subject to interest rate, currency exchange rate, economic and political risks. The securities of smaller, less well-known companies can be more volatile than those of larger companies.

The return of principal in a bond fund is not guaranteed. Bond funds have the same issuer, interest rate, inflation and credit risks that are associated with underlying bonds owned by the fund. Lower rated bonds, convertible securities and other types of debt obligations involve greater risks than higher rated bonds.

Interest rate risk is when interest rates go up, the value of fixed income securities, such as bonds, typically go down and investors may lose principal value. Credit risk is the risk of loss of principle due to the issuer's failure to repay a loan. Generally, the lower the quality rating of a security, the greater the risk that the issuer will fail to pay interest fully and return principal in a timely manner. If an issuer defaults the security may lose some or all its value.

Mortgage securities and collateralized mortgage obligations (CMOs) are subject to prepayment risk and the risk of default on the underlying mortgages or other assets; such derivatives may increase volatility. Convertible securities are generally not investment grade and are subject to greater credit risk than higher-rated investments. High yield securities can be volatile and subject to much higher instances of default.

The Morningstar Analyst RatingTM is not a credit or risk rating. It is a subjective evaluation performed by the manager research analysts of Morningstar. Morningstar evaluates funds based on five key pillars, which are process, performance, people, parent, and price. Analysts use this five pillar evaluation to determine how they believe funds are likely to perform relative to a benchmark, or in the case of exchange-traded funds and index mutual funds, a relevant peer group, over the long term on a risk-adjusted basis. They consider quantitative and qualitative factors in their research, and the weight of each pillar may vary. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. A Morningstar Analyst Rating of Gold, Silver, or Bronze reflects an analyst's conviction in a fund's prospects for outperformance. Analyst Ratings are continuously monitored and reevaluated at least every 14 months. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to <http://corporate1.morningstar.com/AnalystRating/>.

The Morningstar Analyst Rating should not be used as the sole basis in evaluating a fund. Morningstar Analyst Ratings involve unknown risks and uncertainties which may cause Morningstar's expectations not to occur or to differ significantly from what we expected.

©2018 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted by Morningstar to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

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