FPA New Income, Inc.

Unless otherwise indicated, FPA New Income, Inc. ("Fund") performance in the Morningstar Analyst Report is as of September 30, 2022.

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

Average Annual Total Returns (%)

As of Date: 9/30/22	QTD	YTD	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	30 Years	ITD (Since 7/11/84)
FPA New Income, Inc. (“Fund”)	-0.96	-3.68	-3.87	0.00	1.21	1.31	1.96	2.63	4.20	6.22
Bloomberg U.S. Agg Bond Index	-4.75	-14.61	-14.60	-3.26	-0.27	0.89	2.74	3.08	4.49	6.37
CPI + 100	0.74	6.73	9.30	6.02	4.83	3.56	3.41	3.54	3.54	3.82
Bloomberg U.S. Agg 1-3 Year Bond Index	-1.50	-4.58	-5.11	-0.52	0.64	0.78	1.67	2.04	NA	NA

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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, which may be higher or lower than the performance data quoted, may be obtained at www.fpa.com or by calling toll-free, 1-800-982-4372.

Periods greater than one year are annualized. FPA New Income, Inc. (“Fund”) performance is calculated on a total return basis which includes reinvestment of all distributions and is net of all fees and expenses. Fund returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares, which would lower these figures. Comparison to any index is for illustrative purposes only. The Fund does not include outperformance of any index or benchmark in its investment objectives. An investor cannot invest directly in an index.

The Total Annual Fund Operating Expenses before reimbursement is 0.58% (as of the most recent prospectus). First Pacific Advisors, LP (The “Adviser” or “FPA”), the Fund’s investment adviser, has contractually agreed to reimburse the Fund for Total Annual Fund Operating Expenses in excess of 0.45% of the average net assets of the Fund (excluding interest, taxes, brokerage fees and commissions payable by the Fund in connection with the purchase or sale of portfolio securities, and extraordinary expenses, including litigation expenses not incurred in the Fund’s ordinary course of business) through March 31, 2023. This agreement may only be terminated earlier by the Fund’s Board of Directors (the “Board”) or upon termination of the Advisory Agreement. Note, for the period March 31, 2021 through March 31, 2022, the net expense ratio was 0.47% of the average net assets of the Fund (excluding interest, taxes, brokerage fees and commissions payable by the Fund in connection with the purchase or sale of portfolio securities, and extraordinary expenses, including litigation expenses not incurred in the Fund’s ordinary course of business).

Please see important disclosures on the next page.

Important Disclosures

The data herein is provided 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 with respect to 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. 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.

The opinions expressed in the Morningstar Analyst Report are those of Morningstar and are as of the date written and are subject to change without notice. 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.

Thomas Atteberry and Abhijeet Patwardhan have been portfolio managers in this strategy since November 2004 and November 2015, respectively, and manage the strategy in a manner that is substantially similar to the prior portfolio manager, Robert Rodriguez. Mr. Rodriguez ceased serving as the strategy's portfolio manager effective December 2009. *Note: Effective July 1, 2022, Thomas Atteberry stepped down from his role as Partner to FPA and co-portfolio manager to FPA's fixed income strategies and transitioned to a Senior Advisory role.*

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 managers, 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.

The statements made herein may be forward-looking and/or based on current expectations, projections, and/or information currently available. Actual results may differ from those anticipated. The portfolio managers, FPA, and/or Morningstar cannot assure future results and disclaims any obligation to update or alter any statistical data and/or references thereto, as well as any forward-looking statements, whether as a result of new information, future events, or otherwise. Such statements may or may not be accurate over the long-term.

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, which are subject to interest rate, currency exchange rate, economic and political risks; this may be enhanced when investing in emerging markets. 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 the risk that 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 principal 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 of 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.

Collateralized debt obligations ("CDOs"), which include collateralized loan obligations ("CLOs"), collateralized bond obligations ("CBOs"), and other similarly structured securities, carry additional risks in addition to interest rate risk and default risk. This includes, but is not limited to: (i) distributions from the underlying collateral may not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; and (iii) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results. Investments in CDOs are also more difficult to value than other investments.

The ratings agencies that provide ratings are Standard and Poor's, Moody's, and Fitch. Credit ratings range from AAA (highest) to D (lowest). Bonds rated BBB or above are considered investment grade. Credit ratings BB and below are lower-rated securities (junk bonds). High-yielding, non-investment grade bonds (junk bonds) involve higher risks than investment grade bonds. Bonds with credit ratings of CCC or below have high default risk.

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 management team considers the true business value or because the portfolio management team 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.

Index Definitions

Comparison to any index is for illustrative purposes only and should not be relied upon as a fully accurate measure of comparison. 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 will hold positions that are not within the Fund's investment strategy. Indices are unmanaged, do not reflect any commissions or fees which would be incurred by an investor purchasing the underlying securities. The Fund does not include outperformance of any index or benchmark in its investment objectives. Investors cannot invest directly in an index.

Bloomberg Barclays U.S. Aggregate Bond Index (BBgBarc US Agg Bond) provides a measure of the performance of the U.S. investment grade bonds market, which includes investment grade U.S. Government bonds, investment grade corporate bonds, mortgage pass-through securities and asset-backed securities that are publicly offered for sale in the United States. The securities in the Index must have at least 1 year remaining in maturity. In addition, the securities must be denominated in U.S. dollars and must be fixed rate, nonconvertible, and taxable.

Bloomberg Barclays U.S. Aggregate 1-3 Year Index (BBgBarc US Aggregate 1-3Yr) provides a measure of the performance of the U.S. investment grade bonds market, which includes investment grade U.S. Government bonds, investment grade corporate bonds, mortgage pass-through securities and asset-backed securities that are publicly offered for sale in the United States. The securities in the Index must have a remaining maturity of 1 to 3 years. In addition, the securities must be denominated in U.S. dollars and must be fixed rate, nonconvertible, and taxable.

The **Consumer Price Index (CPI)** is an unmanaged index representing the rate of the inflation of U.S. consumer prices as determined by the U.S. Department of Labor Statistics. There can be no guarantee that the CPI will reflect the exact level of inflation at any given time.

CPI + 100 bps is the measure of the CPI plus an additional 100 basis points.

Additional Definitions **Basis Point** is equal to one hundredth of one percent, or 0.01%. 100 basis points = 1%.

Effective Duration (years) is the duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change.

Sharpe ratio is the average return earned in excess of the risk-free rate per unit of volatility or standard deviation.

Morningstar Analyst Ratings™

The **Morningstar Analyst Rating™** 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 they expected.

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

Through September 30, 2022 FPA New Income, Inc. was rated against the following numbers of funds in the Short-Term Bond Category over the following time periods: 544 funds in the last three years, 481 funds in the last five years, and 338 funds in the last ten years. **Past performance is no guarantee of future results**.

Morningstar Bond Category

Short-term bond portfolios invest primarily in corporate and other investment-grade U.S. fixed-income issues and typically have durations of 1.0 to 3.5 years. These portfolios are attractive to fairly conservative investors, because they are less sensitive to interest rates than portfolios with longer durations. Morningstar calculates monthly breakpoints using the effective duration of the Morningstar Core Bond Index in determining duration assignment. Short-term is defined as 25% to 75% of the three-year average effective duration of the MCBI.

As of September 30, 2022, Morningstar ranked FPA New Income, Inc. in the first quartile for the 1yr, first quartile for the 5yr, and first quartile for the 10 yr results in its short-term bond category. As of September 30, 2022 there were 582 funds included in one-year ranking, 481 funds in 5-year ranking, and 338 funds in 10-year ranking in the Morningstar short-term bond category.

Morningstar Quartile Rankings are based on Morningstar Percentile Ranking in Morningstar Category, where 1% - 25% = first quartile (1); 26% - 50% = second quartile (2); 51% - 75% = third quartile (3); and 76% - 100% = fourth quartile (4).

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

4 Short-Term Bond Funds That Have Stood the Test of Time

Explore what makes these funds unique.

Nov 28, 2022 | by Elizabeth Templeton

With only a few weeks left in an unprecedented year, markets continue to be volatile across asset classes, recession concerns loom, and inflation persists. In these conditions, investors often look to shorter-term bond funds, and many managers have gone back to the basics to preserve capital. For the year to date through October, the short-term bond Morningstar Category is down 5.9%, a sharp contrast to the double-digit losses of longer-duration intermediate-term strategies. The past few months have proved to be a flight to quality, and having a shorter-duration stance has helped some short-term bond funds hold up better than others.

In a category that offers a wide variety between aggressive and conservative strategies, let's explore some funds that have been our favorites over the long term to see how they've done and the characteristics that make them unique.

FPA New Income, which has a Morningstar Analyst Rating of Bronze and has been a Morningstar Medalist since 2011, has returned 1.4% over this period. Its shareholder-focused approach has helped this strategy compete with peers over its tenure as a medalist, and it boasts top-quartile returns on a risk-adjusted basis over this period, as measured by its Sharpe ratio. This approach and staying shorter in duration have also contributed to top-decile returns for the year to date: Its 3.6% loss ranks in the top decile and it has preserved capital significantly better than its benchmark and peers. This strategy's ability to successfully navigate volatile markets and perform well in periods of stress continues to make it a strong pick.

Baird Short-Term Bond earns a Gold rating and consistently offers sensible exposure to short-term bonds. The conservative tilt compared with riskier peers can cause this strategy to miss out on yield, but it has still delivered returns in line with competitors' since earning its medalist rating in 2016. For the year to date, the strategy has lost 4.5% and has held up better than three fourths of peers because of its duration-neutral style and overweight position in investment-grade credit. Long-term returns can look middling compared with more-aggressive peers, but this higher-quality posture generally will work in the strategy's favor when markets are stressful.

Bronze-rated Fidelity Short Term Bond is another conservative option. Taking less interest-rate and credit risk has caused this strategy to generate lower returns relative to more-adventurous peers in strong markets, but it has helped this strategy in more-challenging environments. Since earning its medalist rating in 2011, it has underperformed compared with riskier peers, but an increase to the U.S. Treasuries allocation and a shorter duration (1.7 years as of October 2022) than the peer median has led to smaller losses than peers through these rocky markets. It's down 4.3% for the year to date, which ranks in the top quartile.

For passive exposure, while Silver-rated Vanguard Short-Term Bond Index may be conservative for its category, it is still among the best thanks in part to its razor-thin fees. The portfolio's focus on high-quality credit and government bonds (74% of the portfolio as of October 2022) differentiates it from peers. This strategy shies away from credit risk but often has a longer duration than peers. Indeed, a duration of 2.6 years is on the higher end of the category and has contributed to losses of 6.1% for the year to date, which is slightly greater than the peer median loss. This fund should hold up well when credit spreads widen but may lag in rising-rate environments. In any environment, its ongoing fee advantage will help performance here.