



FPA Flexible Fixed Income Fund Second Quarter 2020 Commentary

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Average Annual Total Returns (%)

As of June 30, 2020	Since Inception 12/31/18	1 Year	YTD	QTD
FPA Flexible Fixed Income Fund	3.79	3.02	1.87	3.30
BBgBarc US Universal Bond Index	9.72	7.88	5.17	3.81
CPI + 200 bps	3.24	2.74	0.52	0.21

Periods greater than one year are annualized. FPA Flexible Fixed Income Fund (“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 1.01% (as of most recent prospectus). The Advisor has contractually agreed to reimburse the Fund for Total Annual Fund Operating Expenses (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) in excess of 0.39% of the average net assets of the Fund through December 31, 2020, in excess of 0.49% of net assets of the Fund for the year ended December 31, 2021, and in excess of 0.59% of net assets of the Fund for the year ended December 31, 2022. During the term of the current expense limit agreement, beginning January 1, 2020 and ending December 31, 2022, any expenses reimbursed to the Fund by FPA during any of the previous 36 months may be recouped by FPA, provided the Fund’s Total Annual Fund Operating Expenses do not exceed the then-applicable expense limit. Beginning January 1, 2023, any expenses reimbursed to the Fund by FPA during any of the previous 36 months may be recouped by FPA, provided the Fund’s Total Annual Fund Operating Expenses do not exceed 0.64% of average net assets of the Fund for any subsequent calendar year, regardless of whether there is a then-effective higher expense limit. This agreement may only be terminated earlier by the Fund’s Board of Trustees (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, 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. The Fund’s net expense ratio as of its most recent prospectus is 0.39%.

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

Please see important disclosures at the end of this update.

Introduction

Dear Fellow Shareholders,

FPA Flexible Fixed Income Fund (the "Fund") returned 3.30% in the second quarter of 2020 and 1.87% year-to-date.

As of June 30, 2020, the portfolio had a yield-to-worst¹ of 2.64% and an effective duration of 1.38 years. During the quarter, lower yields across much of the Treasury yield curve contributed to higher bond prices. However, by far the biggest driver of the increase in bond prices (and decline in bond yields) during the quarter was the reduction in credit spreads, both in investment grade and high-yield bonds. This decline in spreads comes after the enormous increase in spreads that occurred in March as COVID-19 embroiled financial markets and the world economy. Yet, despite the market now pricing bonds at spreads and yields that in many cases are similar to pre-COVID-19 levels, there is still significant uncertainty about the timing and efficacy of any treatment or vaccine – and therefore, about the short- and long-term impact the virus will have on society, the economy, businesses, consumers and asset prices. This uncertainty, coupled with elevated bond prices, creates a challenging investing environment as there is generally insufficient absolute return to compensate for possible negative outcomes. Nevertheless, we found some opportunities to invest in credit (investments rated BBB or lower) with the remaining investment activity focused on short duration, high quality bonds (rated A- or higher). The Fund's credit exposure increased from 13.3% of net assets as of March 31, 2020 to 14.9% as of June 30, 2020. Meanwhile, cash and equivalents increased from 10.0% of the portfolio as of March 31, 2020 to 11.0% as of June 30, 2020.

Portfolio Attribution²

The largest contributors to performance during the second quarter were asset-backed securities (ABS) backed by auto loans or leases followed by corporate high yield bonds and leveraged loans, and then ABS backed by equipment. Fixed income spreads increased significantly across the ratings spectrum and prices declined towards the end of the first quarter of 2020 owing to market concerns about the impact of COVID-19. During the second quarter, driven in part by fiscal and monetary stimulus, spreads have compressed significantly leading to rising prices and contributing to positive total returns.

At the sector level, there were no meaningful detractors from performance though a couple of the corporate holdings³ individually detracted from performance due to COVID-19 related price declines.

Portfolio Activity

The table below shows the portfolio's exposures as of June 30, 2020 compared to March 31, 2020:

¹ Yield to Worst ("YTW") is presented gross of fees and reflects the lowest possible yield on a callable bond without the issuer defaulting. It does not represent the yield an investor should expect to receive. As of June 30, 2020, the Fund's subsidized/unsubsidized 30-day SEC standardized yield ("SEC Yield") was 2.58%/2.23% respectively. The SEC Yield calculation is an annualized measure of the Fund's dividend and interest payments for the last 30 days, less the Fund expenses. Subsidized yield reflects fee waivers and/or expense reimbursements during the period. Without waivers and/or reimbursements, yields would be reduced. Unsubsidized yield does not adjust for any fee waivers and/or expense reimbursements in effect. The SEC Yield calculation shows investors what they would earn in yield over the course of a 12-month period if the fund continued earning the same rate for the rest of the year.

² This information is not a recommendation for a specific security or sector and these securities/sectors may not be in the Fund at the time you receive this report. The information provided does not reflect all positions or sectors purchased, sold or recommended by FPA during the quarter. The portfolio holdings as of the most recent quarter-end may be obtained at www.fpa.com.

³ Corporate investments include bank debt, corporate bonds and common stock.

Sector	% Portfolio 6/30/2020	% Portfolio 3/31/2020
ABS	58.70	50.70
Mortgage Backed (CMO) ⁴	5.30	7.20
Stripped Mortgage-backed	1.30	0.40
Corporate	10.90	11.70
CMBS ⁴	12.60	12.80
Mortgage Pass-through	0.20	7.20
U.S. Treasury	0.0	0.0
Cash and equivalents	11.0	10.0
Total	100.0	100.0
Yield-to-worst	2.64%	4.20%
Effective Duration (years)	1.38	1.52
Average Life (years)	2.06	2.10

Though a decline in credit spreads has generally made credit markets expensive relative to the fundamental credit risk, during the second quarter we identified several investment opportunities in credit. Approximately a fifth of the capital deployed during the quarter, or approximately 7% of the June 30, 2020 net assets of the portfolio, was invested in credit investments with approximately 60% of those investments in corporate high yield bonds and bank debt and approximately 40% in structured product, including collateralized loan obligations (CLOs), equipment ABS and bonds backed by non-performing residential mortgages. Consistent with what we have seen in past market crises, new bonds created during this current pandemic-related crisis have been among the most attractive investments we have seen due not only to better pricing but also, importantly, better structural protections for investors. Consequently, about half of the capital we deployed in credit this quarter was in newly issued bonds. As of June 30, 2020, credit represented 14.9% of the portfolio versus 13.3% at March 31, 2020.

The rest of our investments in the quarter included high quality bonds within equipment ABS, CLOs, non-agency commercial mortgage backed securities (CMBS), auto loan or lease ABS, insurance premium finance ABS and GNMA project loan interest only bonds. Notably, we were able to buy high quality bonds at meaningful discounts that offer the potential for a more attractive total return depending on how quickly those investments move towards par. Approximately 12% of this quarter's investments or 3.5% of the June 30, 2020 portfolio were in high quality bonds of this nature.

With Treasury yields decreasing further during the quarter, we sold nearly all of our remaining agency mortgage pools since the lower yields on those investments relative to their duration made them unattractive to own. The agency mortgage pool sales during the second quarter follow the agency mortgage pools sales that occurred in the first quarter of this year and which were sold for similar reasons. As a result of these sales, the Fund's agency mortgage pool exposure has decreased from approximately 7% of the portfolio (on a net asset basis) at the end of 2019 to 0.2% of the portfolio as of June 30, 2020. We also sold a few high yield bonds and bank debt investments either because prices increased such that the return profile no longer adequately compensated for the credit risk or to manage individual position exposures. As cash is the residual of our investment process, investment activity net of maturities and contributions of capital into the Fund left cash and equivalents at 11.0% of the Fund as of June 30, 2020.

⁴ Collateralized mortgage obligations ("CMO") are mortgage-backed bonds that separate mortgage pools into different maturity classes. Commercial mortgage-backed securities ("CMBS") are securities backed by commercial mortgages rather than residential mortgages.

Past performance is no guarantee, nor is it indicative, of future results.

Market Commentary

Yields across the fixed income market declined significantly during the second quarter in both investment grade and high-yield bonds. The following chart shows the Treasury yield curve as of December 31, 2019, March 31, 2020 and June 30, 2020. After collapsing during the first quarter, Treasury yields declined further during the second quarter, notably decreasing by 10 to 12 bps for two-year to five-year maturities, as shown in the chart below.

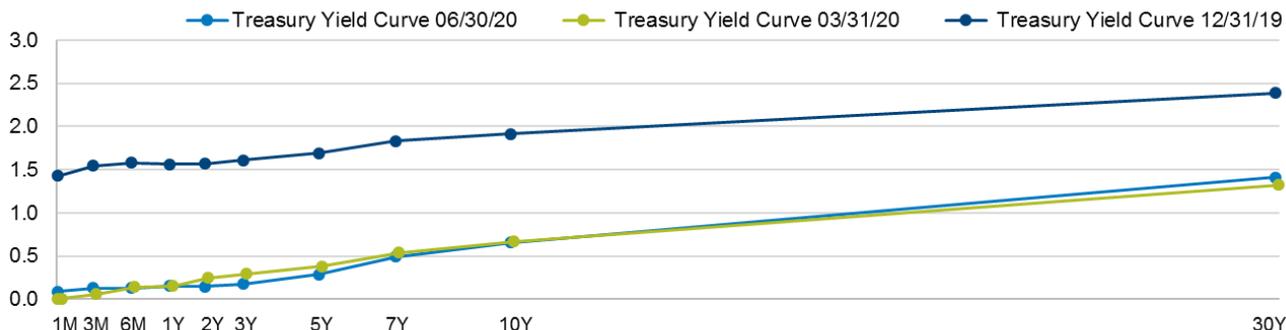
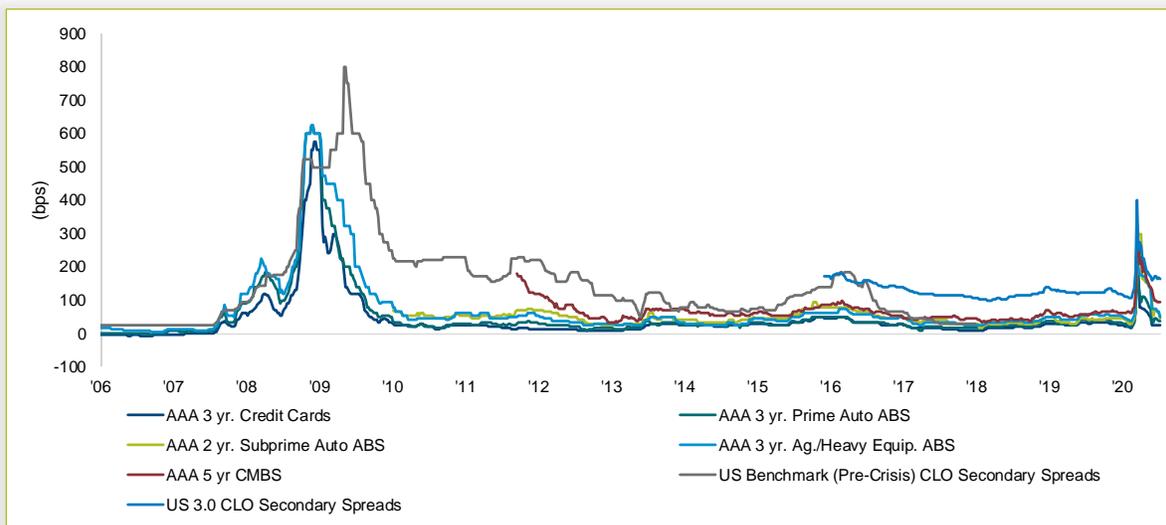


Chart data as of the dates shown. Source: Bloomberg.

Yet lower Treasury yields were a minor contributor to the overall decline in bond yields. As we noted during our first quarter commentary, at the same time that COVID-19 spread throughout the world, concerns over its economic impact spread throughout financial markets. We also noted that fixed income bond spreads increased to levels not seen since the Great Financial Crisis. The market's reaction was much more than the one or two standard deviation events that mark more typical selloffs. Despite lower Treasury yields, the sharp increase in spreads in the first quarter led to significantly higher bond yields and meaningfully lower bond prices, even in investment grade bonds.

Since April, with a boost from monetary and fiscal stimulus, spreads have retraced their ascent and, in many instances, ended the quarter near their pre-COVID-19 levels. The chart below shows the rise and subsequent fall in spreads for a variety of investment-grade structured product bonds. This chart is particularly relevant to us because much of the Fund is invested in bonds similar to those measured below.

ABS Spreads



Spread to worst (bps)	12/26/2019	2020 Peak Spread	7/2/2020
AAA 3 yr Credit Cards	26	200	25
AAA 3 yr. Prime Auto ABS	33	200	40
AAA 2 yr Subprime Auto ABS	44	250	65
AAA 3 yr. Ag/Heavy Equipment ABS	53	300	65
AAA 5 yr CMBS	62	300	95
US 3.0 CLO Secondary Spreads AAA	120	400	165

Chart data from January 5, 2006 through July 16, 2020. Source: JP Morgan.

For reference, here is similar data for the 1- to 3-year AAA investment grade corporate bonds:

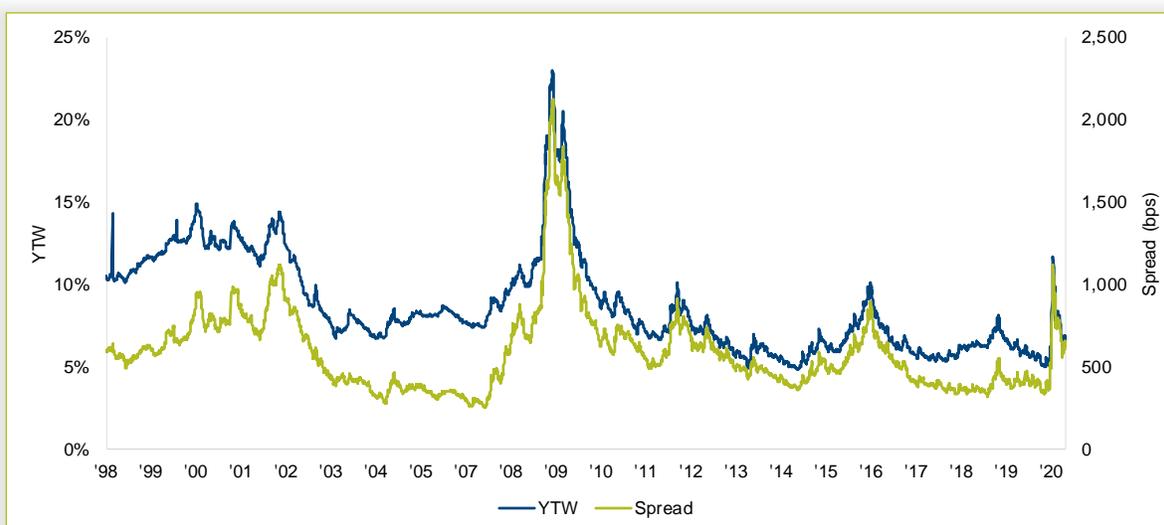
	12/31/2019	2020 Peak	7/2/2020
Spread (bps)	5	34	4
YTW	1.67%	0.85%	0.29%

Source: Bloomberg Barclays.

Short maturity investment grade corporate bonds now trade at yields that are lower than at the start of the year, even though COVID-19-driven uncertainty about the economy makes these investments fundamentally riskier today than they were six months ago.

In similar fashion, during the first quarter, high-yield bond spreads and yields vaulted past historical peaks, reaching levels not seen since 2008. As shown in the following chart, once the pandemic panic subsided (but not the risk) and stimulus programs were announced, spreads and yields declined in short order.

Bloomberg Barclays U.S. High Yield Bond Index

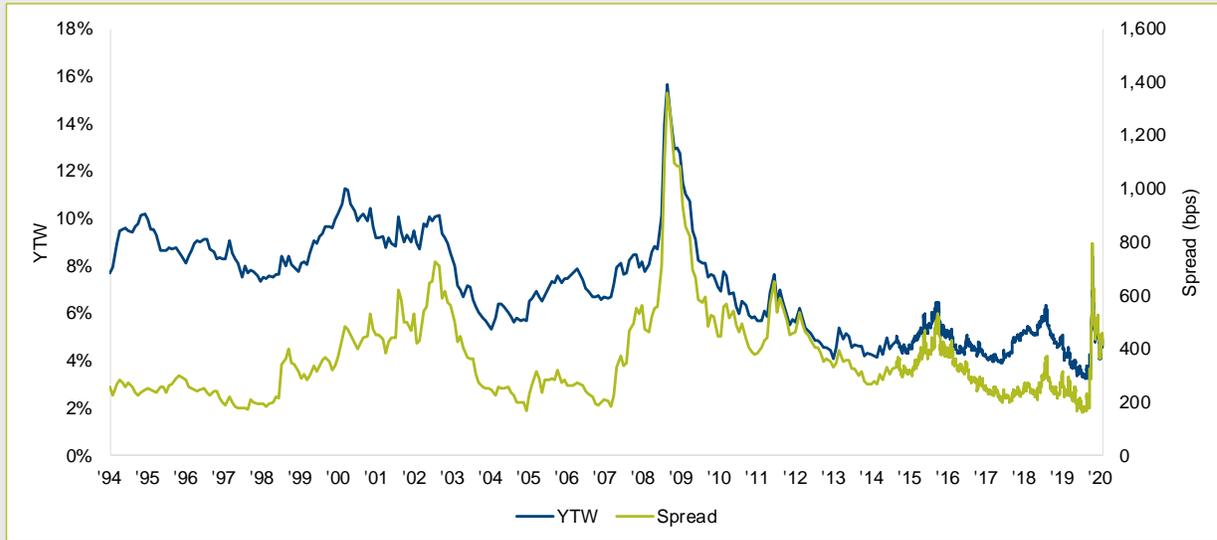


	12/31/2019	2020 Peak	7/2/2020
Spread (bps)	357	1,123	628
YTW	5.19%	11.69%	6.62%

Chart data from November 25, 1998 through July 2, 2020. Source: Bloomberg Barclays.

The overall high-yield market was also adversely impacted this year by a historic collapse in energy prices and legitimate concern about the survival of the lowest-rated companies. To get a better view of the core of the high yield market, we observe the BB-rated component of the high-yield market excluding energy. The story here is unchanged: There was a dramatic rise in spreads and yield, followed quickly by a significant decline in both.

Bloomberg Barclays U.S. High Yield BB Bond Index excl. Energy



	12/31/2019	2020 Peak	7/2/2020
Spread (bps)	177	794	429
YTW	3.41%	8.44%	4.63%

Chart data from January 31, 1994 through July 2, 2020. Source: Bloomberg Barclays.

Finally, for completeness, below are data for the leveraged loan market which followed a similar path as the high-yield bond market.

Credit Suisse Leveraged Loan Index



	12/31/2019	2020 Peak	7/2/2020
Discount Margin to Maturity (bps)	471	1,047	619
YTM	6.43%	11.10%	6.52%

Chart data from June 30, 2008 through July 23, 2020. Source: Bloomberg Barclays.

In short, investment-grade bond spreads (structured product and corporate) are at or near their pre-COVID-19 levels, and yields are lower than they were prior to March 2020. In high-yield and leveraged loans, spreads and yields are still higher than they were at the beginning of the year, but not by much. Importantly, yields on high-yield bonds are only 120-140 bps higher than they were before COVID-19 infected millions of people, killed hundreds of thousands and upended society and the economy.

A key component of investing is conviction – how strongly one believes in the outcome necessary for an investment’s success. Prices and prospective returns should compensate adequately for a lack of conviction. Treasuries deserve a high price because, ostensibly, there is 100% certainty of repayment. A defaulted, deeply out-of-the-money bond should trade at a very low price since there is very little confidence in receiving any payments.

So much of the future depends on the timing and effectiveness of a treatment and/or vaccine for COVID-19. At one extreme, there could be a highly effective treatment and/or vaccine that is quickly disseminated worldwide, resulting in a brisk recovery and return to normalcy, both socially and economically – this is the V-shaped or U-shaped outcome that we all hope for as humans and investors.

At the other extreme, none of the dozens of vaccines in development work and no effective treatment materializes. There is also a third scenario, where it takes a long time to develop an effective treatment and/or vaccine, causing certain behaviors to become rooted as part of a new way of life. These scenarios are possible. Are they probable? If they happen, does social distancing become the norm, or do we all accept the risk of illness and return to our prior ways of interacting? Will parts of the economy be permanently shut down? Which businesses can adapt and survive and which will fail? How do consumers fare and respond? How do governments fare and respond? Rather than a recession, these scenarios could look more like a depression where the length and severity are unknown.

The market today, as measured by yield, seems to have very high conviction in the short-term recovery. We don’t see how this level of conviction is possible. In fact, we can only be certain of the uncertainty.

Though spreads in high yield bonds may appear attractive relative to history, with so much uncertainty and an inability to assign probabilities to outcomes with any conviction, it is important to invest on the basis of absolute, not relative return. We are confident that businesses will fail and consumers will not be able to repay debt. The question is how many and which ones. When that debt is not repaid, it will be little consolation that the debt was purchased at an attractive spread relative to a de minimus risk-free rate. For an investor, the best protection from permanent impairment of capital is absolute yields that compensate for the impairment risk by providing enough income in dollars to offset potential losses that are also measured in dollars, not spread. Viewed through this lens, when investing in debt that has a risk of nonpayment, one should be discerning, not only with respect to that repayment risk but also with respect to price. These days, insufficient yields relative to the risk of nonpayment create a difficult investing environment.

The disconnect between the uncertainty in the world and bond prices exists not only in high-yield and other lower-rated investments, but also in the investment-grade universe. This chart shows yield and spread on the Bloomberg Barclays Aggregate Bond Index (“Index”). Yes, spreads are higher than they were prior to COVID-19 but the yield for the Index is at an all-time low.

Bloomberg Barclays U.S. Aggregate Bond Index

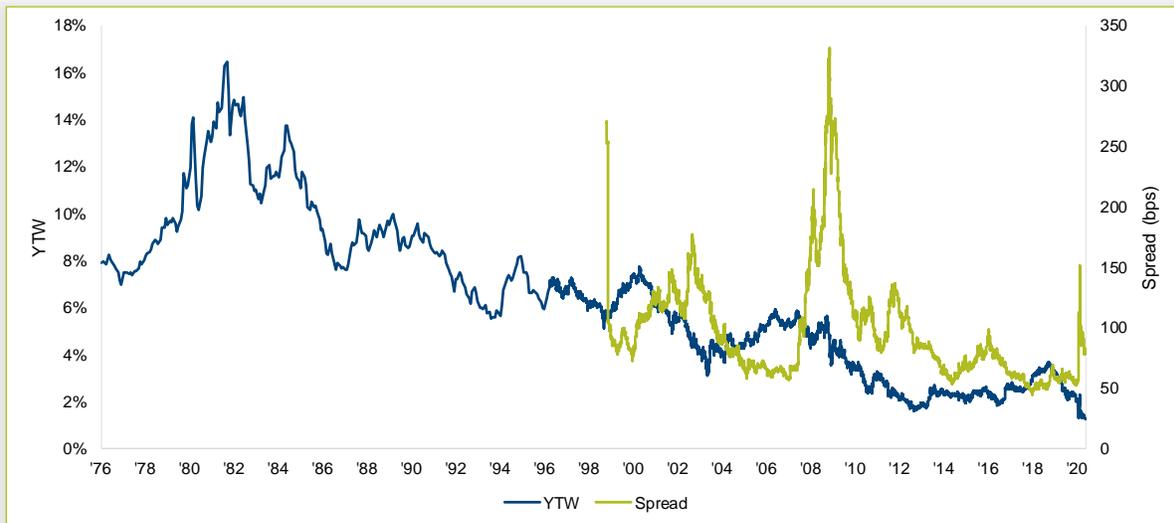


Chart data from January 31, 1976 through July 2, 2020. Source: Bloomberg Barclays. Spread data for the Bloomberg Barclays U.S. Aggregate Bond Index is not available prior to November 25, 1998.

In this part of the bond market, the uncertainty lies less with debt repayment (though that uncertainty exists even in investment-grade bonds) and more with the reaction of interest rates and spreads to future states of the world. Does a V-shaped recovery lead to a sharp increase in interest rates? Does a depression-like scenario lead to lower or negative rates, or does it lead to higher rates as a result of fiscal instability? These are all questions related to duration risk. The chart below shows that the compensation for duration in investment-grade bonds (as represented by the Index) is at an all-time low as measured by the ratio of yield to duration.

Bloomberg Barclays U.S. Aggregate Bond Index



Chart data from January 31, 1989 through July 2, 2020. Source: Bloomberg Barclays.

We know that the shape of the yield curve offers limited analytical value given that the Federal Reserve Bank is exerting such a heavy influence on that shape. If the Federal Reserve institutes a formal yield curve control program, investors will not be able to use the yield curve as a market-based tool for assessing future inflation and the direction of interest rates. If one believes the Fed is transparent and credible, there is an argument to be made for owning long duration bonds. However, history shows that the Fed's word is its bond -- until it's not. In early 2013, the market was conditioned to expect low interest rates. Then the Fed

wavered on that commitment. Treasury rates subsequently rose significantly in a short period of time, an event that has since become known as the Taper Tantrum.

Unless one has conviction that rates are going to decline, perhaps into negative territory, the upside return potential in long duration bonds from lower interest rates seems to be dwarfed by the downside return in the event that rates rise. Moreover, with low rates and a relatively flat yield curve, the opportunity cost of owning short duration bonds versus long duration bonds is small. Taken together, these dynamics make long duration bonds an unappealing proposition in our view.

Our mandate centers around a return of our investors' capital and a return on that capital. To that end, we are focusing on investments where we have a high degree of certainty of repayment despite the uncertain future or where the expected return compensates for the potential negative outcomes. In high quality bonds, we are also focusing on investments where we are adequately compensated for duration risk. Thus, rather than target a particular duration at all times, we will adjust duration based on the market environment, owning more duration when it is cheaper (i.e., yields are higher) and less duration when it is more expensive (i.e., yields are lower). In today's extremely low yield environment, shorter duration is consistent with this approach.

An investor can take two very distinct approaches to today's market. Federal Reserve and Treasury support have had an outsized influence on the market. Thus, one approach is to embrace the "bailout investment management strategy," which entails buying everything supported by the Federal Reserve and Treasury. The other is to invest using a disciplined, rigorous approach that seeks not only value but also a margin of safety to protect against negative outcomes. We find the first approach fraught with uncertainty and unpredictability. The latter approach strikes us as less risky, more consistent, and something that can be executed with higher conviction.

Macroeconomic Commentary

The Treasury Department, in conjunction with the Federal Reserve Bank, used funds from Congress to create three programs to shore up struggling medium and large U.S. domiciled non-financial businesses.⁵ Two of these programs are designed as new lending programs and one is focused on purchasing existing bonds and exchange-traded funds (ETF's). Our opinion is that these programs, along with the Federal Reserve's unlimited Quantitative Easing (QE) plan, are designed to postpone potential solvency issues if the economy remains weak.

Starting with corporate debt, at a minimum, these programs keep the current level of corporate debt in place. They also facilitate adding even more debt to already-strained balance sheets. These programs leave corporate America with little incentive to de-lever.

The ratio of non-financial corporate debt to GDP is at an all-time high. The following graph illustrates the growth experienced up to the end of 2019, and there has been further acceleration up to Q2 2020, of both outstanding debt and debt as a percentage of GDP.

⁵ The three programs referenced above are: the Primary and Secondary Market Corporate Credit Facilities (PMCCF and SMCCF) and the Term Asset-Backed Securities Loan Facility (TALF).

U.S. Non-Financial Corporate Debt Amount in Billions and Percentage of Nominal U.S. GDP

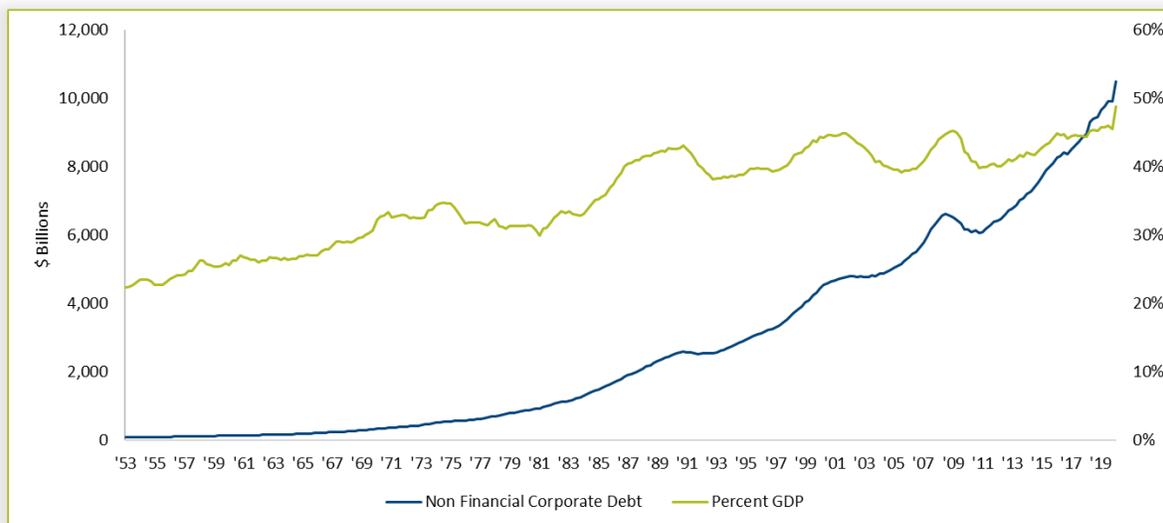


Chart data from January 1, 1953 through December 31, 2019. Source: FRED – Federal Reserve Economic Data, St. Louis Fed.

The 2020 year-to-date through June 30, 2020 gross issuance of high-yield bonds and levered loans totaled \$463 billion, and there was \$1.17 trillion issued in investment-grade corporate bonds, according to J.P. Morgan. These numbers are on a trajectory to be among the largest amounts of annual debt issuance in a decade. While the proceeds for a large percentage of these bonds are listed as for general corporate purposes, evidence strongly suggests that many companies will use the cash infusion to help them survive the precipitous economic downturn.

As we have written before, there was substantial growth in the BBB portion of the investment-grade corporate bond market during the most recent economic expansion. Monetary and regulatory policies put in place by the Federal Reserve, Congress and Treasury Department during and after the Great Financial Crises contributed to this growth by encouraging the assumption of debt to get the economy to grow out of a recession and to dampen its effects. The graph below illustrates the unintended consequence of that past policy effort. We are just four months into a new economic downturn, and this graph shows the spike in “fallen angels” – BBB-rated corporate debt that has been downgraded to junk status. It does not take much analysis to conclude that this percentage will likely rise over the next year.

Percentage of Fallen Angels in the BoA High Yield Master Index (Bonds Originally Issued as Investment Grade that are Now Junk)

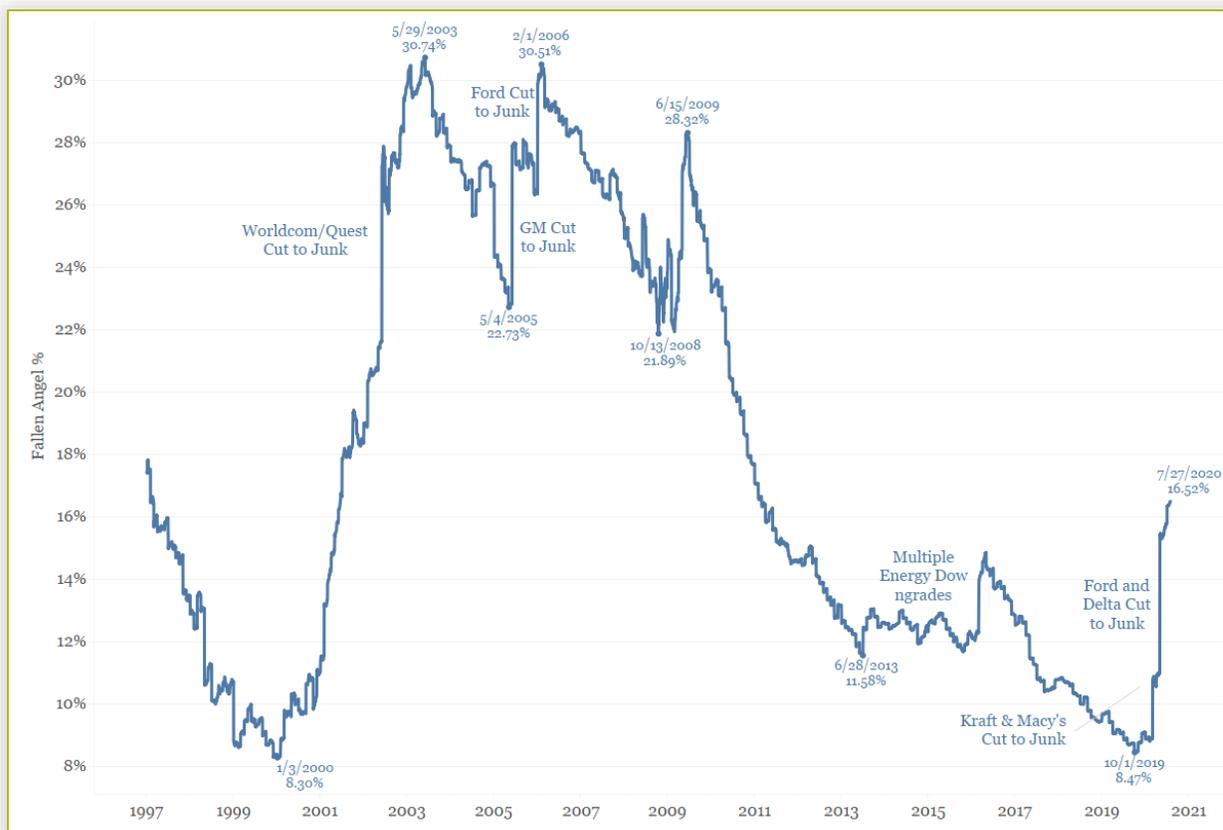


Chart data from January 1, 1997 through July 27, 2020. Source: Bianco Research LLC; BoA Merrill Lynch.

Looking at that graph, it is not hard to see why the Fed and Treasury recently expanded their assistance to the BBB and BB portions of the corporate bond market.

In addition to difficult balance sheet issues, corporations face a high likelihood of reduced profit margins and cash flow. Near term, the economy has an excess supply of goods and services that is more acute now than prior to the sharp downturn. This has resulted in inflation being lower than central bank targets. Now, with that excess supply and decreased demand, deflation or no inflation is a greater probability over the next six to 24 months. This environment constrains prices for goods and services and makes it harder for corporations to repay debt. Companies are also incurring increased operating costs to comply with health directives and the need to protect employees and customers from the threat of COVID-19. We could see dramatic increases in defaults and balance sheet restructurings, as well as a lower recovery rate to creditors than past credit downturns.

The next chart illustrates the acceleration in debt outstanding in the government, household and business segments of the economy. Note the acceleration in debt by at least one of these segments after each downturn (1990, 2002, and 2008).

Comparing Government, Household and Non-Financial Business Debt

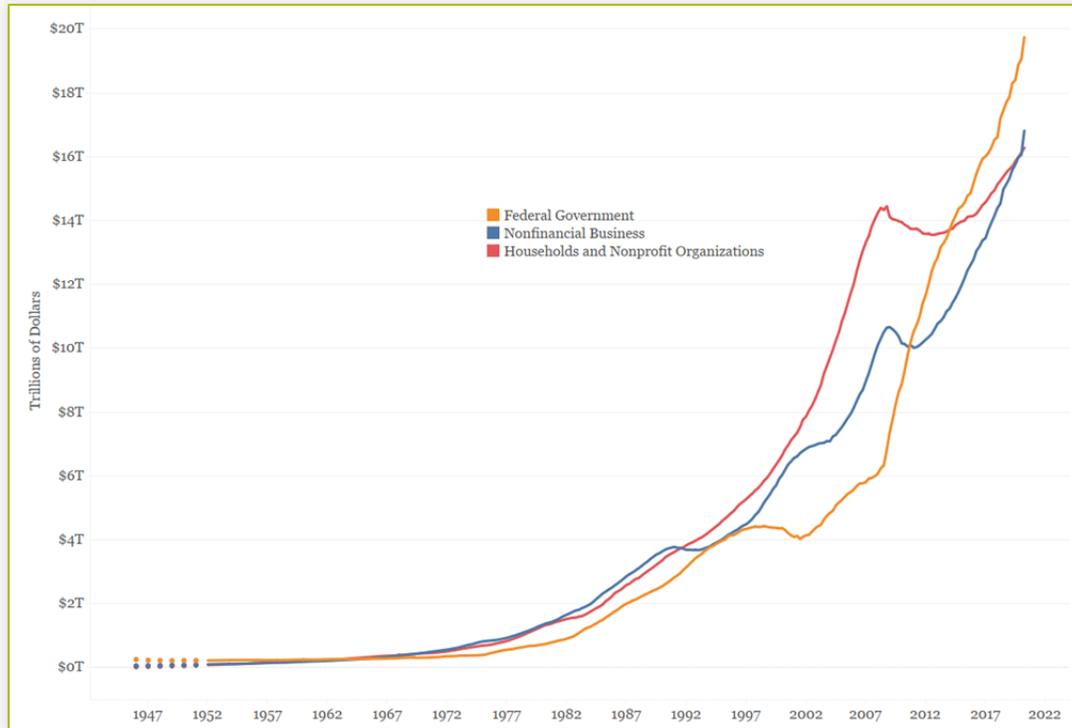


Chart data from January 1, 1947 through of March 31, 2020. Source: Bianco Research LLC; The Federal Reserve.

The fiscal policies enacted this year will have a dramatic impact on the federal government deficit for the next several years. Previously, the Congressional Budget Office projected a U.S. federal deficit of \$1 trillion for fiscal year 2020. But with the recent addition of several new fiscal programs, that deficit could grow to be three times higher (or more) for many years. The budget deficit as a percentage of GDP could be as large as (if not larger than) it was during World War II. The federal government deficit as a percentage of GDP has never been that large during peacetime.

Gross Public Debt – Percent of GDP



Chart data from December 31, 1930 through December 31, 2019. Source: FRED – Federal Reserve Economic Data, St. Louis Fed. GDP = Gross Domestic Product; Gross Public Debt (or government debt) represents the total outstanding debt (bonds and other securities) of a country's central government. The Debt to GDP ratio compares what a country owes to what it produces and indicates a country's ability to pay back its debts. The data in the chart shows U.S. gross public debt as a percent of U.S. GDP.

A tremendous sum of money is being injected into the economy at artificially low interest cost, which has the potential to have adverse impacts on inflation and asset values over the next economic expansion – not unlike what happened in the last economic expansion. The graph below illustrates this growth through M2, which represents the total amount of cash, checking account deposits, and easily convertible near money (such as money market mutual funds) in the economy.



Source: Board of Governors of the Federal Reserve System (US). Shaded areas indicate U.S. Recessions. fred.stlouisfed.org. Chart data from November 3, 1980 through July 7, 2020.

In the last couple of months, the year-over-year growth in M2 has accelerated to over 21%, a big jump from approximately 6% before March 2020 and almost double the highest rate in the last 35 years. The increased corporate borrowing and QE program could be the near-term liquidity needed to help households and businesses weather the recession, and that excess money could recede once the economy returns to sounder footing without causing long-term problems for inflation. However, the smaller QE programs instituted after 2008 ended up distorting asset prices of all types and contributing to the increased leverage put on those assets. We are concerned that this larger QE program will have an even more dramatic impact on asset prices, leverage and/or inflation. Time will tell.

There are numerous inputs that influence the growth trajectory of an economy. We do not bring a particular edge to macro analysis, so we focus on individual security selection to accomplish the Fund's investment goals. That said, we should not ignore the fact that every economic downturn since 1990 led to economic policies encouraging more borrowing as the tool to restart economic growth. Central bank intervention makes receiving proper compensation for the risks we have outlined above that much more difficult. That is to say that the government, and its policies, will be a hindrance to our investment process. They may also be a hindrance to the long-term economic recovery and its ability to withstand what will be a more levered economy for years to come.

Thank you for your continued trust and support.

Respectfully submitted,

Thomas H. Atteberry
Portfolio Manager

Abhijeet Patwardhan
Portfolio Manager

July 2020

Important Disclosures

This Commentary is 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 of 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.

The views expressed herein, and any forward-looking statements, are as of the date of the publication and are those of the portfolio management team 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. 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 not construe the contents of this document as legal, tax, accounting, investment or other advice or recommendations.

Portfolio composition will change due to ongoing management of the Fund. References to individual securities or sectors 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 or sector 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 and/or FPA 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, 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. Foreign investments, especially those of companies in emerging markets, can be riskier, less liquid, harder to value, and more volatile than investments in the United States. 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.

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.

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 of 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.

Please refer to the **Fund's Prospectus** for a complete overview of the primary risks associated with the Fund.

Not authorized for distribution unless preceded or accompanied by a current prospectus. The prospectus can be accessed at: <https://fpa.com/request-funds-literature>.

Index / Benchmark 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, fees or expenses 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. An investor cannot invest directly in an index.

Bloomberg Barclays U.S. Universal Bond Index represents the union of the following Bloomberg Barclay's indices: U.S. Aggregate Index, the U.S. Corporate High-Yield Index, the 144A Index, the Eurodollar Index, the Emerging Markets Index, and the non-ERISA portion of the CMBS Index. Municipal debt, private placements, and non-dollar-denominated issues are excluded from the Universal Index. The only constituent of the index that includes floating-rate debt is the Emerging Markets Index.

Bloomberg Barclays U.S. High Yield Index measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds.

Bloomberg Barclays BB U.S. High Yield Index ex. Energy measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds rated BB excluding energy sector.

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. This index reflects non-seasonally adjusted returns.

The **CPI + 200 bps** is created by adding 2% to the annual percentage change in the CPI. This index reflects non-seasonally adjusted returns.

Basis Point (bps) is equal to one hundredth of one percent, or 0.01%. 100 basis points = 1%.

Corporate holdings include bank debt, corporate bonds and common stock.

A discount margin to maturity is the average expected return of a floating-rate security (typically a bond) that's earned in addition to the index underlying, or reference rate of, the security. The size of the discount margin depends on the price of the floating- or variable-rate security.

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.

Repo (Repurchase Agreement) is a form of short-term borrowing for dealers in government securities.

Weighted Average Life (years) is the average length of time that each dollar of unpaid principal on a loan, a mortgage or an amortizing bond remains outstanding.

Yield to Maturity is the rate of return anticipated on a bond if held until the end of its lifetime. YTM is considered a long-term bond yield expressed as an annual rate. The YTM calculation takes into account

the bond's current market price, par value, coupon interest rate and time to maturity. It is also assumed that all coupon payments are reinvested at the same rate as the bond's current yield.

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