

## 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.**

## Portfolio Manager

**Abhijeet Patwardhan**

Portfolio Manager  
Joined FPA in 2010

## Fund Facts

|                                  |                        |
|----------------------------------|------------------------|
| Ticker Symbol                    | FPNIX                  |
| Share Class                      | No load, no 12b-1 fees |
| NAV                              | \$9.48                 |
| Initial Minimum Investment       | \$1,500                |
| Fund Assets                      | \$9.5 Billion          |
| Fund Inception <sup>1</sup>      | July 11, 1984          |
| Total Expense Ratio <sup>^</sup> | 0.58%                  |
| Net Expense Ratio <sup>^</sup>   | 0.45%                  |
| Dividend Frequency               | Monthly                |

<sup>1</sup> Reflects the date when the Fund was first available for purchase under FPA management.

## Risk Profile

| 10/1/2012-9/30/2022             | Fund  | Bloomberg US Agg Bond |
|---------------------------------|-------|-----------------------|
| Standard Deviation (volatility) | 1.3%  | 3.9%                  |
| Sharpe Ratio                    | 0.5   | 0.1                   |
| Maximum Drawdown                | -3.9% | -16.1%                |

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 taking the average return earned in excess of the risk free rate and dividing by the standard deviation of the fund's excess returns. *Maximum Drawdown* is the peak-to-trough decline of an investment during a specific record period.

## Performance

### Historical (%)<sup>2</sup>

| Fund/Index              | 30 Years | 20 Years | 15 Years | 10 Years | 5 Years | 3 Years | 1 Year | YTD    | QTD   |
|-------------------------|----------|----------|----------|----------|---------|---------|--------|--------|-------|
| FPA New Income          | 4.20     | 2.63     | 1.96     | 1.31     | 1.21    | 0.00    | -3.87  | -3.68  | -0.96 |
| Bloomberg US Agg Bond   | 4.49     | 3.08     | 2.74     | 0.89     | -0.27   | -3.26   | -14.60 | -14.61 | -4.75 |
| CPI + 100               | 3.54     | 3.54     | 3.41     | 3.56     | 4.83    | 6.02    | 9.30   | 6.73   | 0.74  |
| Bloomberg US Agg 1-3 Yr | NA       | 2.04     | 1.67     | 0.78     | 0.64    | -0.52   | -5.11  | -4.58  | -1.50 |

### Annual (%)

| Fund/Index              | 2021  | 2020 | 2019 | 2018 | 2017 | 2016  | 2015  | 2014  | 2013  | 2012 | 2011 | 2010 | 2009  | 2008  |
|-------------------------|-------|------|------|------|------|-------|-------|-------|-------|------|------|------|-------|-------|
| FPA New Income          | 0.82  | 2.51 | 3.81 | 2.30 | 2.67 | 2.53  | 0.15  | 1.32  | 0.67  | 2.18 | 2.23 | 3.18 | 2.89  | 4.31  |
| Bloomberg US Agg Bond   | -1.54 | 7.51 | 8.72 | 0.01 | 3.54 | 2.65  | 0.55  | 5.97  | -2.02 | 4.21 | 7.84 | 6.54 | 5.93  | 5.24  |
| CPI + 100               | 8.17  | 2.29 | 3.29 | 2.94 | 3.15 | 3.07  | 1.65  | 1.66  | 2.53  | 2.78 | 4.09 | 2.46 | 3.84  | 0.98  |
| Bloomberg US Agg 1-3 Yr | -0.49 | 3.08 | 4.04 | 1.60 | 0.86 | 1.31  | 0.66  | 0.82  | 0.64  | 1.33 | 1.73 | 2.62 | 5.00  | 4.62  |
| Fund/Index              | 2007  | 2006 | 2005 | 2004 | 2003 | 2002  | 2001  | 2000  | 1999  | 1998 | 1997 | 1996 | 1995  | 1994  |
| FPA New Income          | 6.02  | 4.79 | 1.57 | 2.60 | 8.32 | 4.52  | 12.33 | 9.32  | 3.39  | 3.86 | 8.31 | 7.12 | 14.36 | 1.46  |
| Bloomberg US Agg Bond   | 6.97  | 4.33 | 2.43 | 4.34 | 4.10 | 10.26 | 8.44  | 11.63 | -0.82 | 8.69 | 9.65 | 3.63 | 18.47 | -2.92 |
| CPI + 100               | 5.15  | 3.55 | 4.37 | 4.38 | 3.06 | 3.51  | 2.62  | 4.47  | 3.71  | 2.63 | 2.72 | 4.41 | 3.56  | 3.63  |
| Bloomberg US Agg 1-3 Yr | 6.73  | 4.34 | 1.82 | 1.44 | 2.42 | 6.29  | 8.77  | 8.15  | 3.32  | 6.83 | 6.68 | 5.19 | 11.00 | 0.62  |

<sup>2</sup> Fund performance is net of all fees and expenses and includes the reinvestment of distributions. Periods over one year are annualized. 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.

<sup>^</sup> 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).*

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

Not authorized for distribution unless preceded or accompanied by a current prospectus. 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, risks, and other matters of interest to a prospective investor. Please read the Prospectus carefully before investing.

The Net Asset Value (NAV) is the market value of one share of the Fund. The NAV is calculated by subtracting the Fund's liabilities from the value of the Fund's total assets and dividing by the number of the Fund's outstanding shares.

The Bloomberg 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 is created by adding 1% to the annual percentage change in the Consumer Price Index ("CPI"). The CPI is an unmanaged index representing the rate of inflation of U.S. consumer prices as determined by the U.S. Department of Labor Statistics. The CPI reflects non-seasonally adjusted returns. There can be no guarantee that the CPI will reflect the exact level of inflation at any given time. Bloomberg Aggregate 1-3 Year Index provides a measure of the performance of the US investment grade bonds market, which includes investment grade US 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 US dollars and must be fixed rate, nonconvertible, and taxable. An investor cannot invest directly in an index. Comparison to the indices are for illustrative purposes only. Index returns do not reflect transactions costs, investment management fees or other commissions, fees and expenses that would reduce performance for an investor. The Fund does not include outperformance of any index or benchmark in its investment objectives.

## Portfolio Information

|  | Fund      | Index <sup>3</sup> |
|--|-----------|--------------------|
| Effective Duration                         | 1.7 years | 6.2 years          |
| Effective Maturity                         | 2.4 years | 8.5 years          |
| Average Weighted Price (\$) <sup>4</sup>   | 95.4      | 87.7               |
| Yield-to-Worst <sup>5</sup>                | 5.70%     | 4.75%              |
| Subsidized 30-Day SEC Yield <sup>6</sup>   | 3.23%     | NA                 |
| Unsubsidized 30-Day SEC Yield <sup>6</sup> | 3.06%     | NA                 |
| Turnover <sup>7</sup>                      | 115%      | NA                 |
| Number of Issues                           | 343       | 12,667             |

## Effective Maturity

|             | Fund  | Index <sup>3</sup> |
|-------------|-------|--------------------|
| < 1 year    | 7.2%  | 0.0%               |
| 1-3 years   | 67.0% | 22.2%              |
| 3-5 years   | 23.8% | 16.2%              |
| 5-7 years   | 2.0%  | 15.2%              |
| 7-10 years  | 0.0%  | 28.7%              |
| 10-20 years | 0.0%  | 6.9%               |
| > 20 years  | 0.0%  | 10.8%              |

## Quality<sup>8</sup>

|              | Fund  | Index <sup>3</sup> |
|--------------|-------|--------------------|
| AAA          | 68.1% | 73.6%              |
| AA           | 8.2%  | 3.1%               |
| A            | 14.0% | 10.8%              |
| BBB          | 2.2%  | 12.5%              |
| BB and Below | 2.0%  | 0.0%               |
| Not Rated    | 5.5%  | 0.0%               |

## Morningstar Analyst Rating™



### Morningstar Pillars

|         |             |
|---------|-------------|
| Process | ● Above Avg |
| People  | ● Above Avg |
| Parent  | ● Above Avg |

Process and People Pillars, as of 7/11/2022. Parent Pillar as of 3/23/2021.

## Fund Risks

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. 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, collateralized mortgage obligations (CMO), collateralized debt obligations (CDO), which include collateralized loan (CLO) and collateralized bond obligations (CBO), and similarly structured securities are subject to interest rate, prepayment, and default risks on the underlying mortgages, loans, bonds 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 are 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.

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, FPA, the portfolio managers, or the distributor. The portfolio holdings as of the most recent quarter-end may be obtained at [www.fpa.com](http://www.fpa.com).

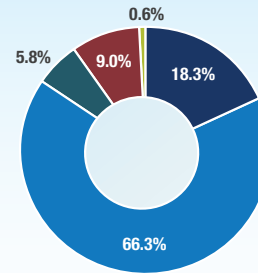
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## Sector Breakdown



| Portfolio Structure           | Percentage   | Effective Duration (Yrs.) |
|-------------------------------|--------------|---------------------------|
| <b>Mortgage Backed Total</b>  | <b>18.3%</b> | <b>1.5</b>                |
| Mortgage Backed (CMO)         | 5.2%         | 1.2                       |
| Mortgage Pass-Through         | 2.0%         | 2.1                       |
| Commercial Mortgaged-Backed   | 10.7%        | 1.5                       |
| Stripped Mortgage-Backed      | 0.4%         | 2.6                       |
| <b>Asset Backed</b>           | <b>66.3%</b> | <b>1.4</b>                |
| Auto                          | 20.9%        | 1.5                       |
| Credit Cards                  | 1.1%         | 2.5                       |
| CLO                           | 19.5%        | 0.3                       |
| Equipment                     | 11.5%        | 2.2                       |
| Other                         | 13.3%        | 2.3                       |
| <b>Corporate</b>              | <b>5.8%</b>  | <b>1.6</b>                |
| <b>U.S. Treasuries</b>        | <b>9.0%</b>  | <b>4.5</b>                |
| <b>Cash &amp; Equivalents</b> | <b>0.6%</b>  | <b>0.0</b>                |

<sup>3</sup> Bloomberg US Aggregate Bond Index.

<sup>4</sup> Excluding Interest Only/Principal Only.

<sup>5</sup> Yield-to-Worst 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.

<sup>6</sup> The SEC Yield calculation is an annualized measure of the Fund's dividend and interest payments for the last 30 days, less 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 is based on the price of the Fund at the beginning of the month.

<sup>7</sup> As of most recent Annual/Semi-Annual report.

<sup>8</sup> The Bloomberg 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.