



FPA New Income Removes Temporary Expense Waiver

October 2, 2020

On October 2, 2020, First Pacific Advisors, LP (“FPA”) removed the temporary expense waiver (the “Temporary Waiver”) for FPA New Income, Inc. (“Fund”) that was voluntarily implemented effective July 1, 2020 due to slightly elevated cash levels in the Fund. Cash and equivalents have declined to a level that FPA believes is more appropriate in the current market environment. Based on current market conditions, the portfolio managers believe that cash and equivalents can be maintained at an appropriate level for the near future.

The removal of the Temporary Waiver does not impact the Fund’s current expense waiver, which remains in effect. As described in the Fund’s current prospectus, FPA has contractually agreed to reimburse the Fund for Total Annual Fund Operating Expenses in excess of 0.50% 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 January 31, 2021. This agreement may only be terminated earlier by the Fund’s Board of Directors (the “Board”) or upon termination of the Advisory Agreement.

Please reference the press release dated July 13, 2020 for additional background information on the Temporary Waiver:

https://fpa.com/docs/default-source/FPA-News-Documents/fpa-new-income-to-close-to-new-investors_final.pdf?sfvrsn=4

About FPA

FPA, a Los Angeles-based institutional money management firm, employs a disciplined approach to value investing, prudently seeking above average long-term returns while maintaining a focus on capital preservation. As of June 30, 2020, FPA manages approximately \$23 billion across multiple strategies.

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You should consider the Fund’s investment objectives, risks, and charges and expenses carefully before you invest. You can obtain additional information by visiting the website at www.fpa.com, by email at crm@fpa.com, toll free by calling 1-800-279-1241 (option 1), or by contacting the Fund in writing.

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. It is important to remember that there are risks inherent in any investment and there is no assurance that any investment or asset class will provide positive performance over time. Value style investing presents the risk that the holdings or securities may never reach our estimate of intrinsic 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 style investing during given periods. Non-U.S. investing presents additional risks, such as the potential for adverse political, currency, economic, social or regulatory developments in a country, including lack of liquidity, excessive taxation, and differing legal and accounting standards. Non-U.S. securities, including American Depositary Receipts (ADRs) and other depository receipts, are also subject to interest rate and currency exchange rate risks.

Fixed income securities are subject to interest rate, inflation and credit risks. Lower rated bonds, convertible securities, and other types of debt obligations involve greater risks than higher rated bonds. 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.

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Past performance is no guarantee of future results.

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