

## Frequently Asked Questions

**What:** FPA New Income has been in Nontraditional Bond category since December 2012 and has transitioned back to Short-Term Bond category as of May 2018.

**Why:** Morningstar Short-Term Bond funds typically have durations (a measure of interest rate sensitivity) of 1.0 to 3.5 years and FPA New Income has been in that range for close to ten years. Based on market conditions, FPA New Income is expected to remain in the category's duration band for the foreseeable future.

**Q:** Is this the first time FPA New Income has changed Morningstar categories?

**A:** No. From 1984 until April 2011, FPA New Income was categorized as an Intermediate-Term Bond fund. The Fund moved to the Short-Term Bond category in May 2011 because the Fund's duration stayed below 3.5 years (the Short-Term Bond category's upper duration limit) for at least the preceding three years. In December 2012, it was re-categorized as a Nontraditional Bond fund.

**Q:** Is it appropriate to compare the performance of FPA New Income to the Short-Term Bond Category average?

**A:** Yes, because funds in the Short-Term Bond category have similar interest rate and credit risk exposure as FPA New Income. Additionally, this is the most similar peer group for comparison purposes as many Nontraditional Bond funds take significantly more credit risk than is allowed by the investment guidelines of FPA New Income.

**Q:** Is the category reassignment because of any change to FPA New Income's strategy?

**A:** No, there have not been any changes to FPA New Income's strategy or investment process.