

FPA Funds

Important Tax Information

We are pleased to enclose your 2019 Form 1099-DIV with respect to your investment in one or more of the FPA Funds. This insert provides you with important tax information relating to the distributions you received or re-invested during the calendar year 2019. Because tax laws vary among states, you should consult your personal tax adviser about the specific rules in the state(s) in which you pay income taxes and how the enclosed information relates to the preparation of your tax return(s).

This letter is for informational purposes only and has not been furnished to the Internal Revenue Service. Please retain this information for preparation of your tax return(s).

Distributions of Ordinary Dividends

As a result of the Jobs and Growth Tax Relief Reconciliation Act of 2003 a portion of the total ordinary dividends (box 1a on Form 1099-DIV) paid by your fund during 2019 may be designated as qualified dividends (box 1b on Form 1099-DIV). Qualified dividends are dividends received by your fund (and paid to shareholders) from domestic corporations or qualified foreign corporations that the fund has also met the required holding period (the fund must hold the security for greater than 60 days during the 121 day period beginning 60 days before the ex-dividend date). In order for the individual to report the amount of qualified dividends in box 1b as qualified dividend income, the shareholder must also satisfy the holding period requirement mentioned above with respect to his/her mutual fund shares. If the holding period requirement is not satisfied, the qualified dividends will be taxed as ordinary dividend income.

Distributions from Capital Gains

The amount of total long-term capital gain distributions are shown in Box 2a of Form 1099-DIV.

If applicable, amounts taxed at 28% (gain on collectibles) are shown in Box 2d and amounts taxed at 25% (unrecaptured Section 1250 gain) are shown in Box 2b of Form 1099-DIV.

Foreign Taxes

You are allowed to claim a tax credit or an itemized deduction on your federal income tax return for your share of foreign taxes paid by a mutual fund during 2019. In most cases, you will receive more benefit by claiming a tax credit.

The amount reported in Box 7 of Form 1099-DIV represents the amount of creditable foreign taxes paid by the mutual fund. The information below will assist you in calculating the information necessary to claim either a credit or itemized deduction

To calculate your total foreign source income passed through from the mutual fund, multiply your total ordinary dividends (Box 1a of Form 1099-DIV) by the foreign source income factor shown in the Total Foreign Source Income Factor column below for the appropriate fund (s).

Fund	Total Foreign Source Income Factor
FPA Capital Fund, Inc.	-
FPA Crescent Fund	-
FPA Flexible Fixed Income Fund	-
FPA International Value Fund	5.28%
FPA Paramount Fund, Inc.	24.78%
FPA New Income, Inc.	-
FPA U.S. Value Fund, Inc.	-
FPA Source Capital, Inc.	-

In order to claim a foreign tax credit, shareholders must also satisfy certain holding period requirements with respect to his/her mutual fund shares. If the holding period requirements are not satisfied, the foreign taxes will qualify as itemized deductions. Please consult your tax adviser to determine whether the foreign taxes passed through to you by the fund are either creditable or qualify as an itemized deduction, and whether to make the election to exempt you from the foreign tax credit limitation and the filing requirement of Form 1116.

Note: if claiming a tax credit on your tax return for the foreign taxes paid by the fund, the credit may be limited due to changes for the Job and Growth Tax Relief Reconciliation Act of 2003. Please review the instructions to Form 1116 and consult with your tax adviser.

Income Derived from U.S. Government Obligations

Total ordinary dividends, reported in Box 1a on Form 1099-DIV, may be income derived from obligations (direct and indirect) of the United States Government. Such income may be exempt from state or local taxation. The appropriate percentage of the total ordinary dividends for each type of U.S. Government obligation follows below. To determine the amount of income from each category, multiply the total ordinary dividends (Box 1a on Form 1099-DIV) by the percentage noted.

Fund	(a) Income from U.S. Treasury Securities
FPA Capital Fund, Inc.	29.66%
FPA Crescent Fund	5.86%
FPA Flexible Fixed Income Fund	13.28%
FPA International Value Fund	-
FPA Paramount Fund, Inc.	-
FPA New Income, Inc.	8.54%
FPA U.S. Value Fund, Inc.	-
FPA Source Capital, Inc.	1.89%

(a) Treasury Obligations include bills, notes and bonds.

Please note: If you are a resident of California, Connecticut, or New York, you are subject to state tax on all ordinary dividends reported on your federal Form 1099-DIV, including the portion of income derived from direct or indirect U.S. Government Obligations from the funds listed above.

Additional Information

Corporate Dividend Received Deduction

The following percentages of the ordinary dividends received during 2019 qualify for the 70% corporate dividend received deduction. To determine the amount of dividends that qualify, corporate shareholders should multiply the total ordinary dividends received during 2019 by the percentages noted below for each fund in which you are invested.

Fund	Percentage
FPA Capital Fund, Inc.	100%
FPA Crescent Fund	41.96%
FPA Flexible Fixed Income Fund	-
FPA International Value Fund	-
FPA Paramount Fund, Inc.	4.72%
FPA New Income, Inc.	-
FPA U.S. Value Fund, Inc.	-
FPA Source Capital, Inc.	100%