Citywire Pro Buyer: Funny, frank and still in fashion: FPA star Steven Romick on value investing in 2026

FPA FUNDS

June 23, 2026

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Average Annual Total Returns (%)

											Market Cycle		
As of June 30, 2026	**Since Inception***	**30 Yr**	**20 Yr**	**15 Yr**	**10 Yr**	**5 Yr**	**3 Yr**	**1 Yr**	**YTD**	**QTD**	**3/25/00-10/9/07**	**10/10/07-1/3/22**	**1/4/22-6/30/26**
FPA Crescent (FPACX)	10.24	9.64	8.45	9.15	10.41	9.43	14.81	14.75	5.47	7.13	14.70	7.65	10.07
MSCI ACWI**	-	-	-	10.26	12.78	10.98	19.70	23.67	11.25	14.93	-	6.33	10.90
S&P 500	10.92	10.36	11.39	14.36	15.51	13.41	20.61	22.32	10.21	15.20	2.00	10.43	12.09
60% MSCI ACWI / 40% BBG U.S. Agg	-	-	-	7.24	8.38	6.67	13.38	15.53	7.07	9.15	-	5.74	6.69
60% S&P 500 / 40% BBG U.S. Agg	8.55	8.20	8.39	9.62	9.98	8.10	13.92	14.76	6.45	9.31	3.97	8.14	7.42

Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. This information in the article may include 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 at fpa.com or by calling toll-free, 1-800-982-4372. Fund performance is shown net of all fees and expenses and includes the reinvestment of distributions. Periods over one year are annualized. Fund returns shown assume reinvestment of distributions and do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares, which would lower these figures.

You should consider the Fund's investment objectives, risks, and charges and expenses carefully before you invest. The prospectus and summary prospectus detail these and other matters of interest to a prospective investor. The prospectus is available at fpa.com/resources, by email at crm@fpa.com, or toll-free by calling 1-800-982-4372. Please read the prospectus carefully before investing.

The Fund commenced operations on June 2, 1993. The performance shown for periods prior to March 1, 1996 reflects the historical performance of a predecessor fund. FPA assumed control of the predecessor fund on March 1, 1996. The Fund's objectives, policies, guidelines and restrictions are, in all material respects, equivalent to those of the predecessor fund.

The FPA Crescent Fund - Institutional Class (FPACX) ("Fund") total expense ratio as of its most recent prospectus is 1.09%, the Fund's net expense ratio is 1.05% (including dividend and interest expense on short sales). The Net Expense Ratio includes a contractual fee waiver, which is in place through January 8, 2028.

First Pacific Advisors, LP (the "Adviser" or "FPA"), the Fund's investment adviser, has contractually agreed to reimburse the Fund for operating expenses in excess of 0.05% of the average net assets of the Institutional Class shares of the Fund, and in excess of 0.15% of the average net assets of the Investor Class shares of the Fund, excluding Management Fees (advisory fees and administrative service fees), short sale dividend expenses and interest expenses on cash deposits relating to short sales, brokerage fees and commissions, redemption liquidity service expenses, interest, taxes, fees and expenses of other funds in which the Fund invests, and extraordinary expenses, including litigation expenses not incurred in the Fund's ordinary course of business, through January 8, 2028. The Adviser has also contractually agreed to reimburse the Fund for redemption liquidity service expenses in excess of 0.0044% of the average net assets of the Institutional Class and Investor Class shares of the Fund through January 8, 2028. These agreements may only be terminated earlier by the Fund's Board of Trustees (the "Board") or upon termination of the investment advisory agreement.

Investments carry risks and investors may lose principal value. Capital markets are volatile and can decline significantly in response to adverse issuer, industry, political, regulatory, market, economic, or other developments. Focus on a particular style or on small, medium, or large-sized companies may enhance that risk. Foreign securities, including American Depository Receipts (ADRs) and other depository receipts, are subject to interest rate, currency exchange rate, economic and political risks, greater volatility and differences in tax and accounting methods; these risks may be enhanced when investing in emerging markets. Short-selling involves increased risks and transaction costs. You risk paying more for a security than you received from its sale.

The return of principal in a fixed income investment is not guaranteed. Fixed income investments have issuer, interest rate, inflation and credit risks. Lower rated or high yield securities can be more volatile and are subject to higher instances of default. Derivatives may magnify the Fund's gains or losses, causing it to make or lose substantially more than it invested. Private securities and limited partnerships may be illiquid and more difficult to sell. Value style investing presents the risk that 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. Please refer to the Fund's prospectus for a complete overview of the primary risks associated with the Fund.

Index and category comparisons are for illustrative purposes only. Indexes are unmanaged and index returns do not reflect any fees or expenses of investing that would reduce performance for an investor. An investor cannot invest directly in an index. The Fund's investment objective does not include the outperformance of any index.

The FPA Funds are distributed by Distribution Services, LLC. 190 Middle Street, Suite 301, Portland, ME 04101. Distribution Services, LLC and FPA are not affiliated.

Morningstar and Index 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 may 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 and do not reflect any commissions, transaction costs, or fees and expenses which would be incurred by an investor purchasing the underlying securities and which would reduce the performance in an actual account. You cannot invest directly in an index. The Fund does not include outperformance of any index in its investment objectives.

60% MSCI ACWI/40% Bloomberg U.S. Aggregate Index is a hypothetical combination of unmanaged indices comprised of 60% MSCI ACWI and 40% Bloomberg U.S. Aggregate Bond Index.

60% S&P 500/40% Bloomberg U.S. Aggregate Index is a hypothetical combination of unmanaged indices comprised of 60% S&P 500 Index and 40% Bloomberg U.S. Aggregate Bond Index.

Bloomberg U.S. Aggregate Bond Index provides a measure of the performance of the US investment grade bonds market, which includes investment grade U.S. 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 at least 1-year remaining in maturity. In addition, the securities must be denominated in US dollars and must be fixed rate, nonconvertible, and taxable.

Morningstar Global Moderate Allocation portfolios seek to provide both income and capital appreciation by investing in a mix of stocks, bonds, and cash. These portfolios typically have a moderate equity exposure, usually between 50% and 70%, with the remainder allocated to fixed income and cash. The Global component indicates that these funds may invest in a broad range of markets, including developed and emerging markets.

MSCI ACWI NR USD Index (MSCI ACWI) is an unmanaged free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. **Net Return (NR)** indicates that withholding taxes are applied to dividend reinvestments. MSCI uses the withholding tax rate applicable to non-resident institutional investors that do not benefit from double taxation treaties.

MSCI ACWI Growth NR USD Index captures large and mid-cap securities exhibiting overall growth style characteristics across developed and emerging markets. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend. **Net Return (NR)** indicates that withholding taxes are applied to dividend reinvestments. MSCI uses the withholding tax rate applicable to non-resident institutional investors that do not benefit from double taxation treaties.

Standard & Poor's 500 Stock Index (S&P 500) is a capitalization-weighted index which covers industrial, utility, transportation and financial service companies, and represents approximately 75% of the New York Stock Exchange (NYSE) capitalization and 30% of NYSE issues. The S&P 500 is considered a measure of large capitalization stock performance.

Morningstar Moderate Target Risk Index

Morningstar Global Moderate Allocation portfolios seek to provide both income and capital appreciation by investing in a mix of stocks, bonds, and cash. These portfolios typically have a moderate equity exposure, usually between 50% and 70%, with the remainder allocated to fixed income and cash. The Global component indicates that these funds may invest in a broad range of markets, including developed and emerging markets. As of June 30, 2026, there were 411 funds in the category.

Morningstar Target Risk Index seeks target level of equity exposure through a portfolio diversified across equities, bonds and inflation-hedged instruments. The Morningstar Moderate Target Risk Index seeks approximately 60% exposure to global equity markets. This Index does not incorporate Environmental, Social, or Governance (ESG) criteria.

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FUND MANAGER VIEWS | JUN 23, 2026

Funny, frank and still in fashion: FPA star Steve Romick on value investing in 2026

FPA Crescent manager Steve Romick reflects on what it means to be a value investor in 2026.

BY **ALEX STEGER**

In the first Citywire USA magazine, First Pacific Advisors managing partner Steven Romick was the first portfolio manager we profiled. Back in 2016, many in the market were fretting over lofty valuations for US stocks, especially technology names, and a seven-year run of growth outperforming value. Fast-forward a decade to 2026, the big-picture questions remain strikingly familiar.

As he drove through upstate New York, Romick caught up with Citywire's Alex Steger to reflect on a decade of largely lower-for-longer rates, his personal evolution as an investor, and why he still hasn't lost his love of finding value in emotional markets.

Romick has managed the $12.5bn FPA Crescent fund since its inception in 1993. He has been joined on the fund since 2013 by Mark Landecker and Brian Selmo. The multi-asset fund, which can and often does have a high level of cash, aims to offer equity-like returns while taking less risk than the market. The transcript below has been edited for length and clarity.

Alex Steger: When we interviewed you back in 2016, people were concerned about lofty valuations for US stocks, particularly tech. Growth had outperformed value for at least seven years. A decade on, those conversations are still happening. Have you been surprised that things haven't changed more?

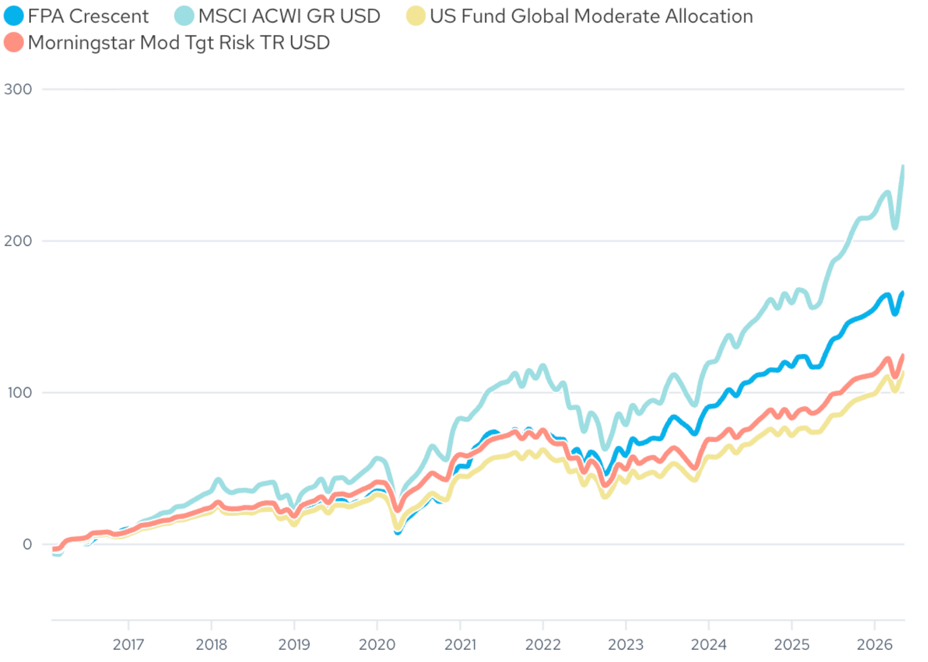
Steven Romick: No, and that's not being cavalier. There were two drivers to that growth outperformance. Interest rates remained exceptionally low; for much of that period post-2016, rates were low for most of those years. All else equal, low rates are a friend to growth stocks: The low discount rate yields a higher present value. The second factor is that many value investments are those companies that are more likely to be disintermediated. Technological innovation has hastened the decline of many traditional value stocks. There is not a bright line between value and growth and I think that's a really important framing.

AS: How has your thinking evolved over that time? Do you think that line between value and growth has shifted for you?

SR: You have to constantly evolve. If you're not moving forward, you're moving backward.

I actually wrote a chapter intro in the current edition of Security Analysis speaking to my evolution as a value investor. As recently as a couple of decades ago, I spent more time looking for downside protection, at what was on and off a company's balance sheet. However, the fastest pace of technological innovation in history is upon us and has created new companies that have disrupted, disintermediated and even destroyed certain businesses. But value investing is fundamentally ... investing with a margin of safety, buying an asset at enough of a discount that you can avoid a permanent impairment of capital on the downside while still retaining upside optionality.[1]

FPA Crescent is ahead of its peers and benchmark but lags runaway stocks



Source: Morningstar Direct / Data through May 11, 2026

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As a result, we have placed greater emphasis on owning quality, growing businesses that, for one reason or another, are relatively unloved at the time we're buying them. We bought Alphabet back in 2012 at low-teens earnings multiples when investors were concerned that a weak economy would impact its growth. We still own the stock 14 years later with a massive return on investment.

We bought Meta in the midst of the Cambridge Analytica scandal ... and we bought Netflix during Covid when people thought streaming would be dead because you couldn't produce television shows and movies.

AS: I have a copy of Security Analysis on my desk. I'll be honest, I use it to raise my laptop so I don't hunch over the screen.

SR: As a value investor, I appreciate its multiple uses.

AS: You said in 2016 that being a value investor is in your DNA, you're either born with it or you aren't. Do you still feel that's the case, it's just that you've evolved within that definition?

SR: It's in your DNA. It's not something one teaches. Despite the rise of ETFs, which have captured a tremendous amount of capital and compressed fees, there is no natural price discovery in those vehicles. A lot of our competitors, or former competitors, people we have great respect for, have retired from the business. That's left an opening for us. Which makes me somewhat sanguine about our future because as long as emotion exists, people are going to buy and sell, even if they're buying and selling an ETF.

If fear is running through the bloodstreams of people, and people are getting cold feet, they end up selling, and they sell things fairly indiscriminately. Just look at the ETFs that track US banks in the first quarter of 2023 after First Republic and Silicon Valley Bank. And all these banks started selling down, and good ones too. And these ETFs, where people panicked and thought it was more systemic, people started selling out.

And that kind of thing creates opportunity ... We are arbitrageurs of perception versus reality, what the world believes to be true versus what we believe to be true. And sometimes we are arbitrageurs of the calendar, where we are just more patient ... when there's a blip in a business and we're willing to buy and look to the other side.

AS: As someone who called the dot-com boom and bust, do you see parallels between the current AI boom and the tech bubble of 1999?

SR: I don't want to give myself too much credit for calling the tech bubble ... it was just much more obvious. There were a lot of businesses that weren't real businesses. And I'm sure that's to some degree true today at certain companies. It's always true. [But] I don't have the same view today that the entire sector is as absurdly priced as internet stocks were two and a half decades ago.

AS: What is your take on the private credit space today?

SR: We've done almost $500m in private credit loans, many of which have ended up in the FPA Crescent fund. I don't want to suggest that we are deep private credit investors, but we do stuff off the side of our desk when opportunities present themselves, because we're relatively good underwriters. But we've only done asset-based lending.

So, in private credit, you need to make a distinction ... And there's never been a sector, at least to my mind, that's ever grown like [private credit] that hasn't had growing pains. And right now, the growing pains are manifesting themselves more on the side of business-based loans, enterprise-value

[1] The statement reflects Mr. Romick's investment philosophy and views regarding risk mitigation and is not intended to imply that losses can be avoided or that any investment strategy can eliminate downside risk. Investments carry risks and investors may lose principal value.

cash-flow based loans. We don't make any of those loans.

I think there's more to be worried about in the enterprise-value, cash-flow based loans, but ... I don't believe there to be systemic issues that can arise from this, because it's not an issue across our financial system. Banks on average, have better balance sheets today than they had pre-financial crisis.

AS: We've seen modest inflows into Crescent recently. Does that suggest investors are getting nervous about the broader market?

SR: I wish I could tell you what investors are thinking ... Money often flows in on recent returns. Part of the reason for the inflows, hopefully, is because we continue to deliver on our mandate of equity-like returns with less risk, both over the long term and more recently, and we think we have the ingredients to continue to do so.

AS: What have been the most important decisions that you've made in the last 10 years?

SR: I want to give credit where credit is due to my partner, Mark Landecker, who, to some degree, has dragged me kicking and screaming to the world of owning higher quality businesses that were probably less commercial but more compounding in nature.

It speaks to the benefits of having a strong team with different points of view and being willing to entertain an opposing point of view in the interest of serving the greater good.

AS: Warren Buffett made a similar transition from a pure Ben Graham approach. Charlie Munger brought him closer to that growth-at-a-reasonable-price-type investing.

SR: It's analogous to that. The embarrassing thing is: Why did I need to wait so long when Buffett learned his lesson 40 years before me?

You're not always right. You've got to respect the fact that you can be wrong, that you will be wrong. And you will suffer relative to your peers at points in time even if you're good. And because you're good, you also outperform at times.

AS: If I call you in 2036 for our 20th anniversary magazine, will you still be doing this?

SR: Assuming I'm alive, yes.