

Introduction

The FPA New Income Fund (the “Fund”) is one of the longest standing fixed income strategies in the U.S. We have a defined investment philosophy and process and have executed against it since 1984. At various times during this period, both aggressiveness and caution have been demonstrated in the selection of investments. Only when we feel that we were being more than adequately compensated for the potential risk of loss do we become aggressive.

Investment Objective and Strategy

The objective of the FPA New Income Fund is long-term total return, which includes income and capital appreciation. Capital preservation is also a consideration. Specifically, the Fund seeks:

- Short-term: positive absolute returns in a 12-month period
- Long-term: positive real returns (outperform inflation plus 100 basis points) over five-year period and competitive returns versus bond market universe

To achieve these goals, we employ a total return strategy utilizing fixed income investments that focus on income, price appreciation and/or capital preservation. Market opportunity will dictate emphasis across these three areas.

We are proud to have produced positive returns in 97% of rolling 12-month periods since inception, with competitive, and less volatile, returns versus the bond market universe.¹

Detailed below is the philosophy and process employed to affect this strategy.

Philosophy

We do not like to lose money!

As such, we adhere to the following principles:

- Absolute value: We are absolute value investors and each investment must meet our strict fundamental research and return criteria, not just offer opportunity relative to other alternatives.
- Long-term focus: Our investment time horizon spans multiple years. We expect to hold our investments to maturity unless fundamental valuation parameters change. We are not speculators and adhere to a strict investment discipline.
- Alignment of interest: We invest alongside you as partners in our process. We have significant amounts of our own capital invested in this Fund.
- Strict risk versus reward parameters: We like to invest when there is a target rich environment. Risk of loss is a critical element in our thinking and, thus, each investment must compensate for its unique risks, combined with a margin of safety.
- Independent decision making: We do not follow the crowd. As we are independent in our decision making, we are often viewed as contrarian in our strategy and execution.
- Flexible mandate: We do not bind ourselves to any one benchmark or index. We believe this flexibility provides a competitive advantage over those who do not have this capability. This has been a critical element in achieving our goals.

¹ Source: Morningstar Direct. Performance is based on monthly data for FPA New Income Fund - Institutional (“Fund”) for the time period 8/1/1984-6/30/2024. Inception date of the Fund is July 11, 1984. Volatility is represented by standard deviation. Standard deviation for the period 8/1/1994-6/30/2024 was 3.03% for the Fund versus 4.43% for the Bloomberg US Aggregate Bond Index. **Past results are no guarantee, nor are they indicative, of future results.**

Process

Our process requires discipline, patience, intellectual rigor, and a long-term view. We seek to invest in the bond market, in general, and individual investments, in particular, that we believe adequately compensate us for the potential risk of loss, both temporary short-term mark-to-market loss and permanent impairment of capital. Our investment flexibility allows us to invest only where we see value.

First, we seek investments at prices that offer some protection against short-term, interest-rate driven market-to-market risk. Second, we research the fundamentals of these investments to understand whether the price compensates for the possibility of a permanent impairment of capital.

Portfolio Construction

The Fund's guidelines require a minimum of 75% of net assets to be invested in "High Quality" investments and allows, but does not require, a maximum of 25% in "Credit" investments.² The mix between High Quality and Credit investments is derived from our investment process. In an environment where opportunities are plentiful, we expect to have more exposure to Credit investments. When we have concerns about the attractiveness of investments in this area, our exposure to Credit investments will be (and often has been) less.

The portfolio's duration, sector allocation, and yield are the results of this cumulative decision-making process.

Portfolio Review

We periodically review each investment in the portfolio for its sensitivity to potential changes in interest rates, performance relative to our expectations and prospective returns in comparison to the fundamentals of the investment. We may exit investments that we believe no longer compensate us for the risks involved.

Through this process, the nature and portfolio mix (quality) changes.

Conclusion

It is through a dedicated adherence to our investment philosophy and process that we expect to achieve our goal of positive absolute investment returns over rolling 12-month periods, along with a better risk adjusted return, i.e., less volatility, relative to various measures of investment performance.

We have often used the phrase "WINNING BY NOT LOSING" because it succinctly summarizes our philosophy, and if there is one takeaway that our shareholders should obtain from this Policy Statement, it would be our strict adherence to this mantra.

² 'High Quality' is defined as investments rated A- or higher, Treasuries, and cash and equivalents. 'Credit' is defined as investments rated BBB+ or lower, including non-rated investments.

Important Disclosures

You should consider the FPA New Income Fund's ("Fund") investment objectives, risks, and charges and expenses carefully before you invest. The Prospectus details the Fund's objective and policies, charges, and other matters of interest to a prospective investor. Please read the Prospectus carefully before investing. The Prospectus may be obtained by visiting the website at fpa.com, by email at crm@fpa.com, toll-free by calling 1-800-982-4372 or by contacting the Fund in writing.

Trailing Performance (%)

As of June 30, 2024	30 Years	20 Years	15 Years	10 Years	5 Years	3 Years	1 Year	YTD	QTD
FPA New Income Fund	4.15	2.54	2.10	2.09	2.12	2.04	7.09	1.84	0.97

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 higher or lower than the performance data quoted, may be obtained at fpa.com or by calling toll-free, 1-800-982-4372. As of its most recent prospectus, the Fund's total expense ratio is 0.59% and net expense ratio is 0.45%.

Periods greater than one year are annualized. FPA New Income Fund ("Fund") performance is calculated on a total return basis which includes reinvestment of all distributions and is net of all fees and expenses. 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. Comparison to any index is for illustrative purposes only. The Fund does not include outperformance of any index or benchmark in its investment objectives. An investor cannot invest directly in an index.

The Total Annual Fund Operating Expenses before reimbursement is 0.59% (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 July 27, 2024, and in excess of 0.454% of the average net assets of the Fund from July 28, 2024 through April 30, 2025. This agreement may only be terminated earlier by the Fund's Board of Directors (the "Board") or upon termination of the Advisory Agreement.

Effective July 28, 2023, FPA New Income, Inc. was reorganized into the FPA Funds Trust and its new name is FPA New Income Fund. On January 10, 2024, the FPA Funds Trust was renamed to Investment Managers Series Trust III.

This document was last updated in July 2024. The views expressed herein and any forward-looking statements are as of the date of the publication and are those of the portfolio management team. Future events or results may vary significantly from those expressed and are subject to change at any time in response to changing circumstances and industry developments. This information and data has been prepared from sources believed reliable, but the accuracy and completeness of the information cannot be guaranteed and is not a complete summary or statement of all available data.

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, the portfolio managers, or the distributor. It should not be assumed that future investments will be profitable or will equal the performance of the security/sector examples discussed. The portfolio holdings for the Fund as of the most recent quarter-end may be obtained at fpa.com.

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.

Interest rate risk is the risk that 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 principal 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 of its value. The return of principal in a bond investment is not guaranteed. Bonds have issuer, interest rate, inflation and credit risks. Lower rated bonds, callable bonds and other types of debt obligations involve greater risks. Mortgage-backed securities and asset-backed securities are subject to prepayment risk and the risk of default on the underlying mortgages or other assets.

Collateralized debt obligations ("CDOs"), which include collateralized loan obligations ("CLOs"), collateralized bond obligations ("CBOs"), and other similarly structured securities, carry additional risks in addition to interest rate risk and default risk. This includes, but is not limited to: (i) distributions from the underlying collateral may not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; and (iii) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results. Investments in CDOs are also more difficult to value than other investments.

The ratings agencies that provide ratings are Standard and Poor's, Moody's, Fitch, Kroll and DBRS. Credit ratings range from AAA (highest) to D (lowest). Bonds rated BBB or above are considered investment grade. Credit ratings BB and below are lower-rated securities (junk bonds). High-yielding, non-investment grade bonds (junk bonds) involve higher risks than investment grade bonds. Bonds with credit ratings of CCC or below have high default risk.

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.

Bloomberg U.S. Aggregate Bond Index measures the performance of the U.S. 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 U.S. dollars and must be fixed rate, nonconvertible, and taxable.

The **Consumer Price Index (CPI)** is an unmanaged index representing the rate of the inflation of U.S. consumer prices as determined by the U.S. Department of Labor Statistics. The CPI is presented to illustrate the Fund's purchasing power against changes in the prices of goods as opposed to an index, which may be used to compare performance. There can be no guarantee that the CPI will reflect the exact level of inflation at any given time.

Indices are unmanaged, do not reflect any commissions or fees which would be incurred by an investor purchasing the underlying securities. Investors cannot invest directly in an index. The Fund does not include outperformance of any index in its investment objectives.

As with any investment, there is always the potential for gain, as well as the possibility of loss. Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. There is no assurance that the Fund's investment objective will be achieved or that the strategies employed will be successful.

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