Steven Romick Keynote Speech
Morningstar Investment Conference – April 26, 2023

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

Annualized Total Returns

Trailing Performance (%)										Market Cycle Performance		
As of Date: 3/31/2023	Inception*	20 Years	15 Years	10 Years	5 Years	3 Years	1 Year	YTD	QTD	3/25/00-10/9/07	10/10/07-1/3/22	1/4/22-3/31/23
FPA Crescent Fund (FPACX)	9.65	8.65	7.12	7.13	6.83	15.98	-0.91	5.76	5.76	14.70	7.65	-3.55
MSCI ACWI NR**	-	-	-	8.06	6.93	15.36	-7.44	7.31	7.31	-	6.33	-10.35
S&P 500	9.78	10.37	10.06	12.24	11.19	18.60	-7.73	7.50	7.50	2.00	10.43	-10.25
60% MSCI ACWI NR**/ 40% Bloomberg US Agg	-	-	-	5.57	4.81	8.02	-6.14	5.57	5.57	-	5.74	-9.16
60% S&P500/ 40% Bloomberg US Agg	7.93	7.72	7.39	8.03	7.34	9.90	-6.25	5.67	5.67	3.97	8.14	-9.04
CPI	2.51	2.51	2.34	2.65	3.87	5.35	4.99	0.94	0.94	2.75	2.12	5.98

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 lower or higher than the performance data quoted, may be obtained at www.fpa.com or by calling toll-free, 1-800-982-4372. The FPA Crescent Fund – Institutional Class ("Fund" or "FPACX") total expense ratio as of its most recent prospectus is 1.17%, and net expense ratio is 1.14% (both including dividend and interest expense on short sales).

Calculated using Morningstar direct. Periods greater than one year are annualized. Fund performance is shown net of all fees and expenses. Fund performance is calculated on a total return basis which includes reinvestment of all distributions. 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. An investor cannot invest directly in an index. The Fund does not include outperformance of any index or benchmark in its investment objectives.

* 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 MSCI ACWI NR USD Index ("MSCI ACWI") was not considered a relevant illustrative index prior to 2011 because the Fund was not classified as a global mandate until this point in time. **Market Cycle performance for MSCI ACWI is being shown for illustrative purposes only** to illustrate how global equities have performed during those market cycles.

Market Cycle Performance reflects the two most recent completed market cycles (peak to peak) defined as a period that contains a decline of at least 20% from the previous market peak over at least a two-month period and a rebound to establish a new peak above the previous one by S&P 500 Index. It also includes the current cycle, which is ongoing and thus presented through the most recent quarter-end. Once the current cycle closes, the results presented may differ materially and may reflect a different time period than shown here.

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 Fund, excluding management fees, 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 April 30, 2023. 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 Fund through April 30, 2023. These agreements may only be terminated earlier by the Fund's Board of Trustees (the "Board") or upon termination of the Advisory Agreement. Effective September 4, 2020, the Fund's management fee of 1% includes both an advisory fee of 0.93% and a class-specific administrative fee of 0.07%.

Effective September 4, 2020, the current single class of shares of the Fund was renamed the Institutional Class shares. All data herein is representative of the Institutional Share Class. ***Please see important disclosures at the end of the speech transcript.***

The Evolution of a Value Investor

I picked up an ornate bottle not long ago, and out popped a genie who offered me one wish. "Why only one?" I asked, thinking three was customary. She argued that inflation had devalued wishes to just one in 2023. Putting selfishness aside, I asked for peace in the Middle East. The genie responded, "That's too difficult, given that conflict has gripped the region for millennia." I pivoted and asked for help finding an exceptional active portfolio manager. She said, "I'll get to work on the Middle East."

Thank you, Morningstar, for following the FPA Crescent Fund since 1997 and inviting me to speak today. I would like to additionally acknowledge Director of Research Russ Kinnel and his colleague Dan Culloton, who until recently had been the long-time lead analyst on our fund and firm. They and the research team have generously expressed the Fund's strengths and reasonably pointed out its (or our) weaknesses along the way.

I frankly can't believe I'm standing in front of you. I have been fortunate both personally and professionally. I turned sixty yesterday, and I'm happily married with four daughters who still like to spend time with me. And, I've been privileged to have shepherded the FPA Crescent Fund for half my life – though not entirely on my own.

While who I am today as an investor bears a passing resemblance to the person I was in 1985, I have learned many lessons along the way and have the bumps, bruises, and, more recently, gray hair to show for it. I want to share some of what I've discovered and how it has informed my evolution as an investor in the hopes that you can avoid some of my painful missteps.

As portfolio managers, we have beaten the odds. Crescent has survived multiple market cycles when only 31% of U.S. domestic equity funds last even twenty years, let alone thirty.[1] And only a few dozen domestic equity managers have guided the same fund consistently for thirty years out of almost 2,000.[2]

We are all investors but with unique financial needs, goals, and varied psychologies that lead us down different investing paths. While there isn't one right way, there are plenty of wrong ways: like betting too aggressively such that you could lose it all, over-trading, buying into the latest fad regardless of valuation, or selling into the inevitable downdrafts, also regardless of valuation.

Some of us are bold, and some of us are old. However, there are few, both bold *and* old. The bold investor often ends up underperforming or, worse, going broke.

We have successfully delivered on Crescent's charter to provide equity-like rates of return while protecting capital relatively well in the teeth of two complete market cycles, which included the internet bubble, 9/11,
the Great Financial Crisis, Covid, inflation, and other crises and distractions.[3] In part, I believe Crescent has endured multiple market cycles by first considering what can go wrong. We have generally stood on the right corner at the intersection of return and risk, allowing the Fund to deliver a return about equal to the stock market with only about

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[1] S&P U.S. Scorecard Year-End 2022.

[2] Source: Morningstar Direct through April 14, 2023.

[3] The two market cycles references are 3/25/2000-10/9/20072007; 10/10/2007-1/3/2022. Market Cycle Performance is defined as a period that contains a decline of at least 20% from the previous market peak over at least a two-month period and a rebound to establish a new peak above the previous one by S&P 500 Index.

65% of our capital typically at risk.[4] And, on average, Crescent has declined about 50% less than the S&P 500 during 20% plus market drawdowns and has been 27% less volatile since its inception.[5]

Unlike the broader market and the balanced fund benchmark, Crescent has made its investors' money every rolling five years.[6] The S&P 500 has declined more than 20% and fully recovered three times since 1993. When that occurred, it took the S&P as long as 6.1 years and an average of 3.7 years to get back to even. The 60/40 balanced benchmark did better, with a max and average recovery time of 3.5 and 2.3 years, respectively. Crescent took just 1.8 years at its longest to get back to its high-water mark and 1.4 years on average.[7] While our peers may share a similar destination, our investor's journey may be more pleasant, which is important because, as Morningstar studies have shown, investors can better stick with less volatile funds over the long term. [8] Historically, Crescent has had less amplitude, as we have sacrificed higher highs to avoid lower lows, pulling ahead of our peers as they pull back more. However, this is not Crescent's overarching focus but merely a significant by-product of our philosophy and process.

Meeting a mandate as we have over thirty years is rare. Some strategies work exceptionally well in some environments but get eviscerated in others, and none that I've seen work well in all environments, including ours. The longer the track record, the more likely skill has played a more prominent role than luck. We want to be more like a planet in our solar system than a bright comet just passing through.

Morningstar honored us with a nomination for its Domestic Stock Fund Manager of the Decade Award in 2009. The best-performing manager that decade did so with such volatility that its average shareholder lost money, which was the fault of the investor, not the manager. Unfortunately, its investors, on average, did not have the fortitude to ride through the periods when his portfolio was dramatically selling off. That fund admirably compounded at 18% for the ten years, but its average shareholder lost 11%, a twenty-nine-point annualized delta![9] Crescent's returns that decade were lower, though it delivered a less stressful journey that helped many of our shareholders remain invested. And Crescent, thankfully, is still here while that fund is not.

Thinking about Crescent's anniversary and this speech has pushed me to consider why Crescent has prevailed. I attribute it to continuous learning, avoiding major mistakes, and a bit of luck.

Continuous learning has allowed me to evolve as an investor. I have the same thirty trillion or so cells that I started with in 1985 when I started my career, but my investment DNA has mutated. I like to think I'm a good listener and open to change, though my wife might argue otherwise.

Baupost Group's Seth Klarman is editing the soon-to-be-released 7th Edition of Graham and Dodd's Security Analysis, and he asked me to write an introduction to a chapter. In it, I talk about my evolution as a value investor. I had remained

[4] Since inception of the FPA Crescent Fund ("Fund") on June 2, 1993.

[5] Source: Morningstar Direct as of March 31, 2023. Since inception of the Fund, time periods where S&P 500 drawdowns were greater than 20% were calculated from that index's peak and trough dates, (i.e., 3/24/2000-10/9/2002, 10/10/2007-3/9/2009, 2/19/2020-3/23/2020, and 1/4/2022-10/12/2022).

[6] Source: Morningstar Direct through March 31, 2023. The Fund does not have a benchmark.

[7] Source: FPA, Morningstar Direct as of March 31, 2023.

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[8] Source: *Are You Leaving Money on the Table From Your Funds' Returns?* Morningstar, Amy C. Arnott. July 13, 2022.

[9] https://www.gurufocus.com/news/80345/wsj-best-stock-fund-of-the-decade-cgm-focus. https://www.reuters.com/article/us-funds-natixis-fr-heebner/venerable-boston-mutual-fund-shuts-doors-after-48-years-idUSKCN0VW2R7.

anchored for longer than I should have to a narrow focus on the importance of balance sheets, book value, and current cash flow or earnings. My continuing education in the real world fostered a more nuanced understanding of value. As my career progressed, it became clear that many of the better businesses in the world hardly ever trade at a discount to book value, and most rarely sold at a low multiple of current cash flow. And today, when considering similar companies, I rarely regret paying an extra multiple or two of earnings to partner with capable and shareholder-centric management teams.

While I had focused on the price paid compared to balance sheet metrics as the essential arbiter of downside protection, I've since come to appreciate the substance of a business – such as its competitive position, profit margins, and growth rate – has greater importance. I also came to realize two other essential factors: 1) an assessment of a business's value that includes both its current and estimated future earnings could also provide a valuable margin of safety for the investor, and 2) a seemingly inexpensive business with significant current earnings and apparent balance sheet protection could nonetheless prove to be an unattractive investment if a competitor disrupts its business model.

Many investors think value investing is owning the shares of established but dull businesses, often those in cyclical industries experiencing little growth. Conversely, they consider growth stocks businesses that can grow vigorously for years while experiencing limited economic cyclicality. But I've come to appreciate that there is no bright line dividing growth and value. One can find value in rapidly growing businesses and growth in what appear to be more traditional value investments.

I have made my share of commission and omission mistakes – like every investor. Errors in judgment are unavoidable. Fortunately, I have avoided major, life-altering investment mistakes for our investors and myself.

As a parent, I try to instill life lessons in my children, and I have learned to keep them short because going on too long sounds like the muted trombone sounds of the adults speaking in the old Peanuts cartoons. I would tell my girls when they were in secondary school that underage drinking is dumb, but recoverable, like stubbing your toe. However, drinking and driving is dangerous and could be akin to having your toes severed. The first might get you into trouble, but the second could irretrievably change your life. I attribute our long tenure in managing the Fund to stubbing our toes rather than losing them – making the small mistakes rather than those more existential.

Crescent's returns have benefited from what we have kept out of the portfolio as much as it has profited by owning securities that have performed well. The price we have paid to avoid significant mistakes – keeping all our toes – has sometimes been to lag until a market correction.

One stark example is not getting seduced by sizable returns in tech stocks in the late 1990s. We didn't own that hot sector, so from the beginning of 1998 through the end of 1999, when the market peaked, Crescent underperformed the S&P 500 by 59 percentage points. [10] As a result, the Fund experienced massive redemptions – 90% from peak to trough. Assets dropped from more than 300 million dollars to just over 30 million. [11] I sometimes felt that the only reason there was any money left in the Fund was that shareholders either forgot they had money with me or felt sorry for me. I looked, and I must confess, felt, at times, quite out of touch. Morningstar wrote of Crescent in April 1999, "This dramatic underperformance has upped the fund's once stellar risk scores and left it with a mediocre three-year performance record. The fund still has a lot to recommend it, though." [12] In the next three years, Crescent outperformed

[10] Source: Morningstar Direct.
[11] Source: FPA.
[12] Source: Morningstar Analyst Report, Amy Granzin, April 7, 1999.

by 84 percentage points, which allowed it to end up ahead of the S&P by 44 percentage points over the five years through 2002, which included 1998 to 2000's terrible start. [13]

I have mentioned that skill has helped drive our success, but that does not mean luck has not also played a role. When I started my initial firm, I was fortunate to get to know Bob Rodriguez – FPA's retired managing partner and the only person to have received Morningstar's manager of the year award in two disciplines – stocks and bonds, the latter of which he won twice. When I went looking for a firm to call home, Bob offered me a place to hang my hat, and his confidence and support allowed me to get through that terrible late 1990s period of underperformance. First Pacific Advisors, populated with thoughtful, kind professionals, has had my back ever since. It is my good fortune that I ended up here. I was similarly privileged to have two competent individuals join my team, and they ultimately agreed to partner with me in managing the capital entrusted to us. Brian Selmo and Mark Landecker found me, challenged me, and helped me grow and evolve as an investor. We have different but complementary skills and biases and are open-minded and candid with each other. We do not always agree, thankfully, for if we did, that echo chamber would likely have translated into returns that would have been less robust. When disagreements occur, intellectual honesty and collegial delivery have promoted our success. I stand here today on Brian and Mark's shoulders. If not for them, Crescent might not exist or be smaller, and I would guess that our clients would not have compounded as well as they have. We have a nice rhythm in working together, and I look forward to more years of making good music.

Together, we established and prosecuted a mandate allowing us to make the best investment decisions possible, not the least bad ones. Crescent operates with a comprehensive charter that enables it to invest across the capital structure – in common and preferred stock, convertible bonds, high yield and distressed debt, private credit, and more, including the occasional derivative. And we can do this here in the United States or abroad. This breadth – which has expanded over time – has been a foundational element that has allowed us to accomplish our goals. If you try to fit yourself into a box, you will be constrained to make the best possible decision as defined by the surrounding walls. Sometimes the menu of options available within that box may not offer asymmetric risk/reward. At worst, there are times when the odds are stacked against you due to prevailing valuations, almost like trying to play blackjack when you know you will be going up against a dealer sitting with two face cards every hand. Instead, we embraced a strategy that allows us to search across industries, geographies, and the capital stack for opportunities where we believe the odds are in our favor before we place our bet. If we can't find such a game, we wait until the cards are more to our liking.

Protecting capital is who my partners and I are at a cellular level. We look to mitigate the potential loss by anchoring to security valuations that afford a margin of safety and having a healthy allocation to cash that, by default, increased due to a lack of attractive opportunities. We need to ensure that we see a return *of* our capital before getting a return *on* it. While suitable for us, I don't want to suggest this is a universal truth, and it's less a philosophical construct than it is who we are.

We have gotten more right than wrong in making our capital allocation decisions, which is why I am fortunate to be up here talking to you today. Some of the big decisions we have made that have helped are:

- As I mentioned earlier, we didn't own inappropriately valued tech growth companies in the late 90s, which allowed the Fund to make money when in 2000, those stocks declined precipitously. Getting more fully invested in inexpensive small-cap stocks and high-yielding corporate bonds at that time drove positive returns in the face of a negative tape.

[13] Source: Morningstar Direct.

- Due to questionable assets and excessive leverage, we eliminated banks from the portfolio before 2007. And an absence of attractive opportunities led us to build cash to its highest level in Crescent's history. Not owning some of the worst-performing assets and holding cash helped us to protect our investor's capital in the subsequent Great Financial Crisis.

- In the depth of that 2008/09 downturn, we leaned into the market weakness and increased Crescent's exposure, particularly to high yield and distressed debt. With many corporate bonds yielding more than twenty and even thirty percent, the Fund's exposure jumped from the mid-single digits to over thirty percent in just a few months.

- In 2011, we increased the Fund's exposure to higher-quality companies and expanded our stakes in more foreign-domiciled businesses that helped Crescent relative to more traditional Value funds. I evolved and embraced the idea of buying great businesses at reasonable prices, not just good ones at great prices. Continuing to invest with a margin of safety did not change, but it came from a different place, more from a business's quality than its balance sheet. Had I remained tethered to value precepts that had previously guided me, I would not have been comfortable buying Microsoft, Google (now Alphabet), and high-quality, growing companies that had fallen from favor in the last decade or so. Many of these have become significant contributors to Crescent's performance. Some clients questioned our path as it diverged from how other tried and true value investors operated and how we operated. They reasonably asked if we were no longer value investors, if we had we become benchmark huggers, and if we had strayed from our process. Our response was and always has been that being a value investor means insisting on a margin of safety when committing capital. That does not mean just buying stocks with low price-to-earnings or price-to-book ratios. Often those were the businesses disintermediated by new or better competition. For validation, you don't have to look much further when you walk out of McCormick and see what was once known as the Sears Tower.

- In 2020, we misread Covid's near-term market and economic impact, which caused the portfolio to participate more in the market's decline than our investors and we had become accustomed to. However, that drop was temporary, and the quality of the businesses we owned at that time shined through as none of them had to lever their balance sheets excessively or resort to dilutive equity raises to get through that time. We again leaned into the fear that caused excessive selling and became buyers. That wasn't easy. It was a scary time with people discussing financial ruin and death in the same conversation. Amid the tumult, Mark was the clearest thinker on our team and helped ensure that Crescent was one of only two funds in our category to get more invested. [14] The portfolio bounced back strongly as a result.

- And lastly, in 2022, we steered clear of long-duration bonds, which allowed the Fund to avoid impairment when interest rates increased off their one-thousand-year lows. We have looked (and even felt) dumb not maximizing return on our cash in the period leading up to this, but we did so because we thought it stupid to reach for yield in fixed income when rates were as low as they were. Owning interest rate derivatives that increased in value along with rates was an additional benefit – and not holding exceptionally overvalued cash-burning growth stocks that saw substantial price declines allowed for one of our best years relative to our benchmarks.[15]

[14] Source: Morningstar Direct. Funds within the Morningstar Allocation – 50% to 70% Equity Category with a minimum of $500m in AUM.

[15] Note, the Fund does not include outperformance of any index or benchmark in its investment objectives. Past results are no guarantee of future results.

These six significant decisions over thirty years have helped drive our success – or, to invert that assertion, have helped us avoid failure. Most decisions aren't big ones. In the humdrum of the quotidian, many small decisions help us build a robust portfolio that we try to keep out of trouble while we keep our ears to the ground for the tremors of what could be a larger idea. You can get by with just one thoughtful move every five years. We don't feel an urgency to come up with something noteworthy each year, let alone every month, and certainly not daily.

Thinking about how things might play out over five to seven years simplifies our lives and keeps me out of trouble by removing the need for frequent decision-making. I can get to know businesses better which gives me greater comfort in buying into price weakness. Less trading improves my after-tax returns. The absence of frenetic decision-making and trading improves my happiness quotient by allowing me to be more reflective and relaxed daily.

As I enter my seventh decade, I still find myself learning and don't plan for that to change. Of the many lessons I've learned, four stand out, which I hope will help make you a better investor.

1. Determine what strategy works best for you and stick with it. Whether you invest your capital or allocate it to others, you must execute a replicable process. You should find a style that synchs with your personality so that when tested during stress, you are not getting pushback from the person in the mirror. There isn't one right way, but there's probably one way for you. The way I invest works for me because a need to protect capital is ingrained in my psyche. And I'm okay with lagging in hot markets, believing that I will keep up with the market over complete cycles but will do so with less risk. Chances are you will likely stick with a less volatile strategy than one with more ups and downs.

   I prefer to buy securities at a discount to what I believe is their intrinsic value. I may use different tools or frameworks to calculate that value, such as replacement cost, comparable private market transactions, or discounted cash flows. Find that consistent, disciplined approach that keeps you out of trouble. Knowing what is in and out of bounds for you will help keep you focused and help you steer clear of the FOMO that might otherwise drive you to participate in the latest and greatest, but ultimately fleeting. I have seen my share, from e-Toys to the Rainforest Café, crypto this or that, meme stocks, NFTs, and so many more. Liking Krispy Kreme donuts didn't mean I should buy its shares. Because my kids loved their Crocs didn't mean I should invest in the company. That would be more faith-based investing. I'll take fundamentals over blind belief any day.

   Doing your homework to gain the conviction that you will eventually be proven right can comfort you when you feel so wrong. I remember going to a Laker game back in 1999. There were four of us in the car driving from the Westside of LA to get to Staples Center downtown. I am talking about Los Angeles, where a 16-mile ride can take an hour and a half. The long ride consisted of the other three talking about how much money they were making in dotcom this or that. I just sat quietly in the back seat with nothing worthwhile to contribute. My portfolio was flattish, while theirs was up huge. Nothing I was going to say was going to dampen their euphoria. It took the market bubble popping.

2. Do nothing most of the time because there is nothing to do most of the time! Great opportunities only happen some of the time. High-yield bonds, for example, have only traded six hundred basis points better than Treasuries – a healthy spread that has generally allowed for an equity rate of return but with lower risk -- less than a third of the time since Crescent's inception. Doing more can cost you more, particularly if you are a taxable investor. If you bought a great business well and its price quintupled, you should think twice before selling. After its price rise, that company might be valued at thirty times next year's earnings, but after you sell and pay your taxes, you would

have a third less to reinvest if you're a California resident, as I am. That would be the same as you had sold that business at twenty times earnings, a valuation you might otherwise find reasonable. As Charlie Munger has said, "The first rule of compounding: Never interrupt it unnecessarily."

3. Don't run with the crowd. It's better to operate with a variant view. Most people feel insecure investing in what may not be currently working, especially if it means running in the opposite direction of the herd. But if they have done their due diligence, then that's what they should do. Many studies support this, and Crescent's results versus its peers reflect it. If you actively seek diverse well-reasoned views that challenge your thinking, you will avoid the confirmation bias of living in an echo chamber. This will allow you to buy into weakness and sell into strength. Or, as I said, do nothing. Do it yourself or have a time-tested manager whose sensibilities dovetail with yours do it for you. If you're allocating to a third party, avoid the closet indexer and invest with a manager who is comfortable when looking wrong over the short or intermediate term to be right over a more extended period.

4. And lastly – the theme of this talk – look at each new day with fresh eyes, learning and expanding your circle of competence. Develop new tools and use old ones differently that you can apply in different environments to take advantage of the opportunities and avoid the pitfalls unique to that time.

I will learn from different mistakes and lessons in the coming decades, but if you remember these, I'm confident you will have a head start from where I began thirty years ago. You don't need to make the same mistakes I have made. Before the invention of safety razors, it was best to learn to shave using someone else's face. I offer you my experience and nicked cheeks so that you may avoid some of my mistakes. Hopefully, this helps you make more money over time while sleeping better at night. Both have been important to me.

I won't tell you I'm always having fun, but it is always exciting and challenging. I wouldn't trade these last three decades for anything. I love what I do, and can't wait to ride my bike to the office. Talk to companies. Read, read, and read some more. Sift through the noise to find the symphony within. And, if done well, that should manifest itself in the form of strong risk-adjusted returns.

A mentor of mine once said you could choose to move forward or backward. There's no such thing as standing still because those around you are moving forward, which would leave you behind. The world will move forward with or without you.

In closing, thank you to my colleagues and investors for sticking by me for the last three decades and moving forward with me in the years ahead.

Steven Romick

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This speech is for informational and discussion purposes only and does not constitute, and should not be construed as, an offer or solicitation for the purchase or sale with respect to any securities, products or services discussed, and neither does it provide investment advice. Any such offer or solicitation shall only be made pursuant to the Fund's Prospectus, which supersedes the information contained herein in its entirety. This speech does not constitute an investment management agreement or offering circular.

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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, the Adviser, or the distributor. It should not be assumed that future investments will be profitable or will equal the performance of the security or sector examples discussed. The portfolio holdings as of the most recent quarter-end may be obtained at www.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, including American Depository Receipts (ADRs) and other depository receipts, which are subject to interest rate, currency exchange rate, economic and political risks; these risks may be heightened when investing in emerging markets. Foreign investments, especially those of companies in emerging markets, can be riskier, less liquid, harder to value, and more volatile than investments in the United States. Adverse political and economic developments or changes in the value of foreign

currency can make it more difficult for the Fund to value the securities. Differences in tax and accounting standards, difficulties in obtaining information about foreign companies, restrictions on receiving investment proceeds from a foreign country, confiscatory foreign tax laws, and potential difficulties in enforcing contractual obligations, can all add to the risk and volatility of foreign investments.

Small and mid-cap stocks involve greater risks and may fluctuate in price more than larger company stocks. Short-selling involves increased risks and transaction costs. You risk paying more for a security than you received from its sale.

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.

The return of principal in a bond investment is not guaranteed. Bonds have issuer, interest rate, inflation and credit 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. 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. High yield securities can be volatile and subject to much higher instances of default. Derivatives may increase volatility.

Please refer to the **Fund's Prospectus** for a complete overview of the primary risks associated with the Fund.

The FPA Funds are distributed by UMB Distribution Services, LLC, 235 W. Galena Street, Milwaukee, WI, 53212.

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.

S&P 500 Index includes a representative sample of 500 hundred companies in leading industries of the U.S. economy. The Index focuses on the large-cap segment of the market, with over 80% coverage of U.S. equities, but is also considered a proxy for the total market.

MSCI ACWI NR Index is a free float-adjusted market capitalization weighted index that is designed to represent performance of the full opportunity set of large- and mid-cap stocks across developed and emerging markets.

Bloomberg US 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.

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

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

Margin of safety - Buying with a "margin of safety" is when a security is purchased at a discount to the portfolio manager's estimate of its intrinsic value. Buying a security with a margin of safety is designed to protect against permanent capital loss in the case of an unexpected event or analytical mistake. A purchase made with a margin of safety does not guarantee the security will not decline in price.

Morningstar Nominations and Awards

FPA has received certain nominations or awards by third parties as reflected herein. Investors should review the criteria for each nomination or award as reflected on the third-party's webpage. Morningstar fund manager nominations and awards are presented to fund managers who have distinguished themselves and have achieved strong risk-adjusted historical performance through the careful execution of their investment strategy and responsible fund stewardship. The Morningstar Fund Manager of the Decade and Year nominations and awards should not be used as the sole basis in evaluating a fund. Morningstar Analyst Ratings involve unknown risks and uncertainties which may cause Morningstar's expectations not to occur or to differ significantly from what they expected.

The 2009 Morningstar Domestic Fund Manager of the Decade award is based on risk adjusted results over the past 10 years (2000-2009), and other considerations, including the risks assumed to achieve the results, the strength of the manager, strategy, the firm's stewardship, and asset size. Both individual fund managers and management teams are eligible, and being a previous winner of the Morningstar Fund Manager of the Year award isn't a prerequisite. Morningstar's fund analysts select the Fund Manager of the Decade award winners based on Morningstar's proprietary research and in-depth evaluation.

The nominee for the Fund Manager of the Year award is presented each year to recognize a manager's past achievements. The Fund Manager of the Year award winners are chosen based on research and in depth qualitative evaluation by Morningstar's Manager Research Group. Nominations are made by Morningstar manager research analysts, then narrowed to a list of finalists by each asset-class team. The entire analyst team meets to debate the merits of the finalists in each asset class. Voting commences immediately after each asset-class meeting, and nominees receiving the most votes are the winners. The award is presented to fund managers who have distinguished themselves over the past calendar year and have achieved strong risk adjusted historical performance through the careful execution of a solid investment strategy and responsible fund stewardship. Morningstar's Manager Research Group consists of various wholly owned subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC. For more information, please see https://go.morningstar.com/Morningstar-Awards.

The Morningstar Fund Manager of the Decade and Year nominations and awards should not be used as the sole basis in evaluating a fund. **Past performance is no guarantee of future results.** Past nominations and awards may not reflect the current status of any portfolio manager or individual.

Morningstar Allocation — 50% to 70% Equity Funds in allocation categories seek to provide both income and capital appreciation by investing in multiple asset classes, including stocks, bonds, and cash. These portfolios are dominated by domestic holdings and have equity exposures between 50% and 70%.

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