

Prospectus

FPA New Income, Inc. (FPNIX) seeks current income and long-term total return. Capital preservation is also a consideration. The Fund's investment adviser, First Pacific Advisors, LLC, invests the Fund's assets primarily in fixed-income securities, with emphasis on obligations issued or guaranteed by the United States Government and its agencies and instrumentalities.

THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED OR DISAPPROVED THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.



Distributor:

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SUMMARY SECTION

Investment Objective. The Fund's primary investment objective is current income and long-term total return. Capital preservation is also a consideration.

Fees and Expenses of the Fund. This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. You, your spouse and the following related people (and their spouses) can combine investments to reduce your sales charge: grandparents, parents, siblings, children or grandchildren, aunts or uncles, nieces or nephews; or by the individual, his or her spouse and a trustee or other fiduciary purchasing securities for related trusts, estates or fiduciary accounts, including employee benefit plans. More information about these and other ways of reducing your sales charge is available in the prospectus section, "Reducing Your Sales Charge," page 13 of the Fund's prospectus and pages 27 through 30 of the Fund's Statement of Additional Information.

Shareholder Fees

(fees paid directly from your investment)

Maximum Sales Charge (Load) Imposed on Purchases (as a percentage of offering price)	3.50%
Maximum Deferred Sales Charge (Load) (as a percentage of original sales price or redemption proceeds, as applicable)	1.00%
Redemption Fee (as a percentage of amount redeemed)	2.00%(1)
Exchange Fee	\$5.00

Annual Fund Operating Expenses

(expenses that are deducted from Fund assets)

Management Fees	0.50%
Distribution (12b-1) Fees	None
Other Expenses	<u>0.10%</u>
Total Annual Fund Operating Expenses	0.60%

(1) No redemption fee applies to a redemption if the sales charge was paid at the time of initial purchase. A redemption fee of 2% applies to redemptions within 90 days of purchase for certain purchases made by persons eligible to purchase shares without an initial sales charge. In addition, an account management fee may be charged by unaffiliated investment advisers or broker-dealers to certain accounts entitled to purchase shares without sales charge. Redemptions by wire are subject to a \$3.50 charge per wire. Your broker-dealer may charge you a fee for redemptions.

Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

One year	\$ 409
Three years	\$ 535
Five years	\$ 673
Ten years	\$1,074

Portfolio Turnover. The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund’s performance. During the most recent fiscal year, the Fund’s portfolio turnover rate was 64% of the average value of its whole portfolio.

Principal Investment Strategies. The Fund’s investment adviser, First Pacific Advisors, LLC, purchases primarily fixed-income securities, with an emphasis on obligations issued or guaranteed by the United States Government and its agencies and instrumentalities. The Fund can also invest in corporate debt securities, preferred stocks and convertible securities.

At least 65% of the Fund’s total assets are invested in a diversified portfolio of income producing securities. The Adviser generally invests a significant portion (50% or more) of the Fund’s total assets in debt obligations issued or guaranteed by the United States Government and its agencies and instrumentalities, including mortgage-backed securities. The Fund also invests in highly-rated (as rated by a Nationally Recognized Statistical Rating Organization) non-convertible debt securities, commercial paper and repurchase agreements. In addition, the Fund may invest, within specified limits, in non-convertible debt securities of lesser quality, convertible debt securities, preferred stocks, interest-only and principal-only stripped mortgage securities, Z-Bonds and inverse floaters.

The Fund invests primarily in fixed-income securities, including convertible securities. The market price of fixed-income securities held by the Fund generally can be expected to vary inversely to changes in prevailing interest rates. Investments in fixed-income securities with longer maturities generally produce higher yields but are subject to greater market fluctuation. The modified duration, which is likely to vary substantially from time to time, of the debt securities owned by the Fund was 1.25 years on September 30, 2009 and 1.81 years on December 31, 2009.

The Fund’s current operating policy is to invest at least 75% of its total assets, calculated at market value at the time of investment, in the following types of securities:

- (1) securities issued or guaranteed by the United States Government, its agencies or instrumentalities;
- (2) marketable, non-convertible debt securities rated at the time of purchase within the two highest grades as determined by either Moody’s Investors Service, Inc. (“Moody’s”) (Aaa and Aa) or by Standard & Poor’s Corporation (“S&P”) (AAA and AA);
- (3) commercial paper of U.S. issuers which at the time of investment is (a) rated in the highest category by Moody’s (Prime-1) or S&P (A-1) or (b) issued by a company which, at the date of investment, has any outstanding debt securities rated at least Aa by Moody’s or AA by S&P; and
- (4) repurchase agreements with a member bank of the Federal Reserve System or a U.S. securities dealer. A repurchase agreement is a short-term investment. The Fund acquires a debt security that the seller agrees to repurchase at a future time and set price. If the seller declares bankruptcy or defaults, the Fund may incur delays and expenses liquidating the security. Such security may also decline in value and fail to provide income.

Up to 25% of the Fund's total assets, calculated at market value at the time of investment, may be invested in: (a) non-convertible debt securities which are not rated in the highest two grades by Moody's or S&P; (b) convertible debt securities; and (c) preferred stocks in an amount not exceeding 5% of the Fund's total assets. Such debt securities may include so-called junk bonds. Up to 30% of the Fund's total assets may be invested, or committed for investment, in securities offered on a delayed delivery basis. Up to 15% of the Fund's total assets may be invested in interest-only and principal-only classes of stripped mortgage securities, collateralized mortgage obligations structured as accrual certificates, also known as Z-Bonds, and inverse floaters. The prices of these securities are likely to be volatile in the event of changes in interest rates or in mortgage prepayment rates, or expectations related thereto.

The Fund may invest up to 25% of its total assets in securities of foreign issuers. Such investments involve additional risks and opportunities compared with securities of United States issuers.

Principal Investment Risks.

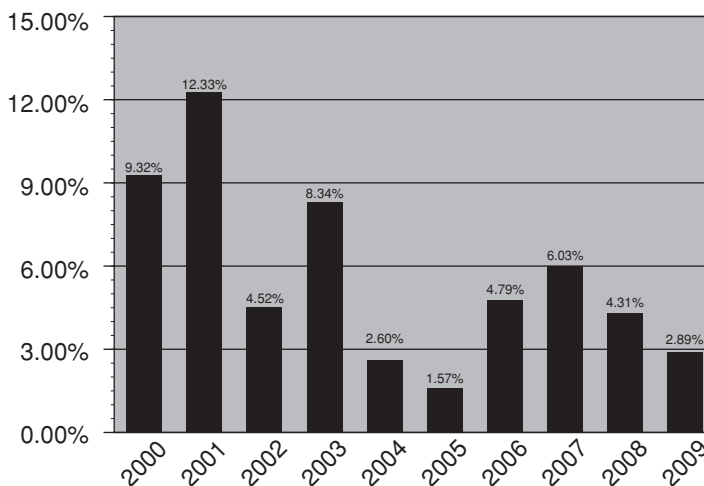
- If interest rates rise, the market price of fixed-income securities held by the Fund will fall.
- Investments in fixed-income securities with longer maturities generally produce higher yields but are subject to greater market fluctuation.
- To the extent that convertible debt securities or other debt securities acquired by the Fund are rated lower than investment grade or are not rated, there is greater risk as to the timely repayment of principal and interest.
- The prices of derivatives are likely to be more volatile in reaction to actual or expected changes in interest rates or in mortgage prepayment rates.
- Investing outside the U.S. can also involve additional risks, such as currency fluctuations, foreign government actions or political, social and economic instability. Compared to U.S. issuers, there may be less publicly available information about foreign companies, which generally are subject to less stringent accounting, auditing and financial reporting standards. In the event of default on any foreign debt obligation, it may be more difficult for the Fund to obtain or enforce a judgment against the issuer.

Because of these and other risks, you could lose money by investing in the Fund.

Updated Performance Information. To obtain updated monthly performance information, please visit the Fund's website at www.fpafunds.com or call (800) 982-4372.

Performance Information. The bar chart and Average Annual Total Returns table below provide an indication of the risks of investing in the Fund by showing changes in the Fund's performance from year to year and by showing how the Fund's average annual returns for 1, 5 and 10 calendar years compare with those of a broad-based securities market index and an index of similar funds. The bar chart shows performance without a sales charge (load). If it did, returns would be lower than those shown. Performance in the Average Annual Total Returns table reflects the impact of the maximum sales charge of 3.50%. The chart and table reflect the reinvestment of dividends and distributions. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future.

The Barclays Capital Government/Credit Index is considered a measure of bond performance and is included as a broad-based comparison to the Fund's portfolio. The Barclays Capital Government/Credit Index is an unmanaged fixed income market value-weighted index that combines the Barclays Capital U.S. Government and Credit Indices, including U.S. government and agency securities. All issues are investment grade (Baa) or higher, with maturities of at least one year. The Lipper Corporate Debt Funds A-Rated Average provides an additional comparison of how the Fund performed in relation to other mutual funds with similar objectives. Funds in this Average invest primarily in corporate debt issues rated "A" or better or government issues. Index returns reflect the reinvestment of all dividends and/or distributions.



The Fund's highest/lowest *quarterly* results during this time period were:

Highest	5.68 %	(Quarter ended 3/31/01)
Lowest	(3.00)%	(Quarter ended 9/30/02)

Average Annual Total Returns (for the periods ended December 31, 2009)	One Year	Five Years	Ten Years
Before Taxes	(0.71)%	3.17%	5.25%
After Taxes on Distributions(1)	(1.82)%	1.63%	3.39%
After Taxes on Distributions and Sale of Fund Shares(1)	(1.24)%	1.79%	3.37%
Barclays Capital Government/Credit Index (reflects no deductions for fees, expenses or taxes)	4.52%	4.71%	6.34%
Lipper Corporate Debt Funds A-Rated Average (reflects no deductions for sales charges or taxes)	15.18%	3.47%	5.45%

(1) After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend upon an investor's tax situation and may differ from those shown. After-tax returns presented here are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or IRAs.

Investment Adviser. First Pacific Advisors, LLC (“Adviser”) is the Fund’s investment adviser.

Portfolio Manager. Thomas H. Atteberry has been the Chief Executive Officer of the Fund since January 2010 and the portfolio manager of the Fund since November 2004. He served as Vice President of the Fund from November 2004 to January 2010. Since October 2006, Mr. Atteberry has also been a Partner of the Adviser.

Purchase and Sale of Fund Shares. Investors may purchase or redeem Fund shares on any business day by written request, check, wire, ACH (Automated Clearing House), telephone, or through dealers as further described in the Fund’s prospectus. You may conduct transactions by mail (FPA Funds, c/o Boston Financial Data Services, Inc., P.O. Box 8115, Boston, MA 02266-8115, or 30 Dan Road, Canton, MA 02021-2809), by wire, or by telephone at (800) 638-3060. Purchases and redemptions by telephone are only permitted if you previously established this option in your account. You can use the Account Information Form for initial purchases.

The minimum initial investment is \$1,500, and each subsequent investment must be at least \$100. If you are eligible, you can establish an IRA (individual retirement account) and/or other retirement plan with a \$100 minimum initial investment and an expressed intention to increase the investment to \$1,500 within 12 months. Each subsequent investment in an IRA must be at least \$100. All purchases made by check should be in U.S. dollars and made payable to the FPA Funds or State Street Bank and Trust Company. Third party, starter or counter checks will not be accepted. A charge may be imposed if a check does not clear.

Subsequent investments and redemptions can be made directly to Boston Financial Data Services, Inc.

Tax Information. The Fund’s distributions are taxable, and will be taxed as investment income and/or capital gains, unless you are investing through a tax-deferred arrangement, such as an IRA or 401(k) plan.

Payments to Broker-Dealers and Other Financial Intermediaries. Brokers, dealers, banks, trust companies and other financial representatives may receive compensation from the Fund or its service providers for providing a variety of services, which may include record keeping, transaction processing for shareholders’ accounts and certain shareholder services not currently offered to shareholders that deal directly with the Fund. These payments may influence the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary’s web site for more information.

INVESTMENT OBJECTIVE, PRINCIPAL INVESTMENT STRATEGIES, AND PRINCIPAL RISKS

Investment Objective. The Fund's primary investment objective is current income and long-term total return. Capital preservation is also a consideration.

Principal Investment Strategies. At least 65% of the Fund's total assets are invested in income producing securities. The Fund generally invests a significant portion (50% or more) of its total assets in debt obligations issued or guaranteed by the United States Government and its agencies and instrumentalities, including mortgage-backed securities.

The Fund invests primarily in fixed-income securities, including convertible securities. The market price of fixed-income securities held by the Fund generally can be expected to vary inversely to changes in prevailing interest rates. Investments in fixed-income securities with longer maturities generally produce higher yields but are subject to greater market fluctuation. The modified duration, which is likely to vary substantially from time to time, of the debt securities owned by the Fund was 1.25 years on September 30, 2009 and 1.81 years on December 31, 2009.

The Fund's current operating policy is to invest at least 75% of its total assets, calculated at market value at the time of investment, in the following types of securities:

- (1) securities issued or guaranteed by the United States Government, its agencies or instrumentalities;
- (2) marketable, non-convertible debt securities rated at the time of purchase within the two highest grades as determined by either Moody's Investors Service, Inc. ("Moody's") (Aaa and Aa) or by Standard & Poor's Corporation ("S&P") (AAA and AA);
- (3) commercial paper of U.S. issuers which at the time of investment is (a) rated in the highest category by Moody's (Prime-1) or S&P (A-1) or (b) issued by a company which, at the date of investment, has any outstanding debt securities rated at least Aa by Moody's or AA by S&P; and
- (4) repurchase agreements with a member bank of the Federal Reserve System or a U.S. securities dealer. A repurchase agreement is a short-term investment. The Fund acquires a debt security that the seller agrees to repurchase at a future time and set price. If the seller declares bankruptcy or defaults, the Fund may incur delays and expenses liquidating the security. Such security may also decline in value and fail to provide income.

Up to 25% of the Fund's total assets, calculated at market value at the time of investment, may be invested in: (a) non-convertible debt securities which are not rated in the highest two grades by Moody's or S&P; (b) convertible debt securities; and (c) preferred stocks in an amount not exceeding 5% of the Fund's total assets. Such debt securities may include so-called junk bonds. Up to 30% of the Fund's total assets may be invested, or committed for investment, in securities offered on a delayed delivery basis. Up to 15% of the Fund's total assets may be invested in interest-only and principal-only classes of stripped mortgage securities, collateralized mortgage obligations structured as accrual certificates, also known as Z-Bonds, and inverse floaters. The prices of these securities are likely to be volatile in the event of changes in interest rates or in mortgage prepayment rates, or expectations related thereto.

The Fund may invest up to 25% of its total assets in securities of foreign issuers. Such investments involve additional risks and opportunities compared with securities of United States issuers.

The foregoing limitations may be changed by the Board of Directors.

A Convertible Security is a bond, debenture, or note that may be exchanged for particular common stocks in the future at a predetermined price or formula. A Convertible Security entitles the holder to receive interest paid or accrued on the debt security until the Convertible Security matures or is redeemed. Prior to redemption, Convertible Securities provide benefits similar to non-convertible debt securities in that they generally provide a stable income stream with higher yields than those of comparable common stocks. Convertible Securities entail less risk than the corporation's common stocks. The extent to which the risk is reduced, however, largely depends on whether the Convertible Security can sell near its value as a fixed-income security.

Convertible Securities are generally not investment grade. This means that S&P and Moody's do not rate Convertible Securities within their four highest categories. The risks against repayment of the principal and interest increase when debt securities are rated lower than investment grade or are not rated. The Fund may purchase Convertible Securities and other debt securities rated BB or lower by S&P or Ba or lower by Moody's, with a D rating by S&P as the lowest rating. The Fund can also hold nonrated securities. The rating agencies give these ratings when the issuer's continuing ability to make principal and interest payments is speculative. Debt securities rated BB or lower by S&P or Ba or lower by Moody's are, thus, commonly referred to as junk bonds. The Adviser decides to purchase and sell these securities based on their investment potential and not on the ratings assigned by credit agencies.

The Fund may sometimes invest in debt securities even though the issuing companies are financially troubled. These securities are called Deep Discount Securities and are deeply discounted from their face value. Deep Discount Securities may be rated C, Cl or D by S&P or C by Moody's or may be unrated. The Fund will invest in Deep Discount Securities when the Adviser believes that the issuers' financial conditions are likely to improve. A debt instrument purchased at a deep discount, but prior to default, may pay a very high effective yield. If the issuer's financial condition improves, the underlying value of the securities may increase and result in a capital gain. If the issuer cannot meet its debt obligations, however, the Deep Discount Securities may stop generating income and lose its value or become worthless. The Adviser will balance the benefits of Deep Discount Securities with their risks. A diversified portfolio may reduce the overall impact of a Deep Discount Security in default or reduced in value, but the risk cannot be eliminated.

Both interest-only Stripped Mortgage Securities and inverse floaters are highly sensitive to changes in interest and prepayment rates. As a result, such securities are extremely volatile. The Adviser, however, believes that the volatility of the individual security value is tempered when the securities are combined. Together, interest-only Stripped Mortgage Securities and inverse floaters could produce higher yields than more traditional securities while maintaining a relatively low degree of volatility. This is because factors affecting the value of these securities may or generally balance each other out. The value of inverse floaters fall as interest rates rise, but the value of interest-only Stripped Mortgage-Backed Securities rise and vice versa. The viability of this technique, of course, depends on the Adviser's ability to forecast interest rates and to allocate the investments accordingly.

Adjustable Rate Mortgages (ARMs) contain maximum and minimum rates beyond which the mortgage interest rate may not vary over the lifetime of the security. Some ARMs restrict the maximum amount of adjustment for the mortgage interest rate during any single adjustment period. Alternatively, certain ARMs also limit any changes in the required monthly payment. If a monthly payment is not sufficient to pay the interest accruing on an ARM, excess interest is added to the principal balance of the mortgage loan. The insufficient amount is, then, repaid through future monthly payments. The adjustable interest rate feature of the mortgages underlying ARMs generally buffers the ARMs' market value against sharp responses to normal interest rate fluctuations. Since the interest rates on the mortgages are reset periodically, the securities' yields will gradually align themselves to reflect the changes in market rates.

Non-Principal Investment Risks. In addition to the Principal Investment Risks listed above in the Summary Section, your investment in the Fund is subject to a number of other risks related to its principal investment strategies, including:

- the price of debt securities held by the Fund can be affected by changing interest rates, effective maturities and credit ratings;
- because investment in lower-rated or unrated securities involves greater investment risk, achievement of the Fund's investment objective is more dependent on the Adviser's credit analysis than with respect to the Fund's investments in higher-rated securities. The Adviser does not employ a rating valuation for unrated securities. Decisions to purchase and sell these securities are based on the Adviser's evaluation of their investment potential and not on the ratings assigned by credit agencies. Lower-rated securities may be more susceptible to real or perceived adverse economic and competitive industry conditions than investment grade securities. A projection of an economic downturn, for example, could cause a decline in the prices of lower-rated securities because the advent of a recession could lessen the ability of a highly leveraged company to make principal and interest payments on its debt securities. New laws and proposed new laws could negatively impact the market for high-yield bonds. In addition, the secondary trading market for lower-rated securities may be less liquid than the market for higher-rated securities;
- the Adviser's emphasis on a value-oriented investment approach could result in a portfolio that does not reflect the national economy, differs significantly from broad market indices and consists of securities considered by the average investor to be unpopular or unfamiliar;
- although the Fund may not invest more than 5% of its total assets in the securities of any one issuer (except the U.S. Government) at the time of purchase, changes in market prices and the assets of the Fund may from time to time cause more than 5% or even 10% of the Fund's total assets to be invested in securities of a single company. Such relative concentration is likely to increase the volatility of the Fund's net asset value per share;
- Fund shares could decline in value in response to certain events, such as changes in markets or economies;
- factors that affect mortgage-backed securities' value include: (1) the types and amounts of insurance carried by the mortgagor, (2) the amount of time the mortgage loan has been outstanding, and (3) the loan-to-value ratio of each mortgage and the amount of overcollateralization of a mortgage pool;

- mortgage-backed securities reflect an interest in monthly payments made by the borrowers who take out the underlying mortgage loans. Even though the underlying mortgage loans are for specified periods of time, the borrowers can often pay them off sooner. The mortgage-backed security, thus, will be prepaid. Given the higher cost of delaying payment, a borrower is more likely to prepay a mortgage with a higher interest rate. The likelihood of prepayment will have several consequences. Some higher yielding securities might be converted to cash in times of declining interest rates, so the Fund would be forced to accept lower interest rates when that cash is used to purchase additional securities. The increase in prepayment also limits market price appreciation of mortgage-backed securities when interest rates decline. In addition, a mortgage-backed security may be subject to redemption at the option of the issuer;
- during periods of extreme fluctuations in interest rates, the resulting fluctuations of ARM rates could affect the ARMs' market value. Most ARMs generally have annual reset limits or "caps" of 100 to 200 basis points. Fluctuations in interest rates above these levels, thus, could cause the mortgage-backed securities to "cap out" and to behave more like long-term, fixed-rate debt securities. During periods of declining interest rates, of course, the coupon rates may readjust downward and result in lower yields. Because of this feature, the value of ARMs will likely not rise during periods of declining interest rates to the same extent as fixed-rate instruments;
- special tax considerations are associated with investing in high yield bonds structured as zero coupon or pay-in-kind securities. The Fund does not receive any cash interest on such bonds until the bond matures, but the interest on these securities is accrued as income. Similarly, the inflation accretion income recorded on inflation-indexed notes is not received until maturity. The Internal Revenue Code requires the Fund to distribute such income to its shareholders. Thus, the Fund may have to dispose of securities when it might not want to in order to provide the cash necessary to make distributions to those shareholders who do not reinvest dividends; and
- the prices of securities held by the Fund can be affected by events specifically involving the issuers of these securities.

Portfolio Holdings. A description of the Fund's policies and procedures with respect to the disclosure of the Fund's portfolio securities is available in the Fund's Statement of Additional Information ("SAI"). For instructions on how to obtain an SAI, please refer to the back cover of this Prospectus.

MANAGEMENT AND ORGANIZATION

Investment Adviser

First Pacific Advisors, LLC is the Fund's current investment adviser. First Pacific Advisors, LLC was formed in July 2004, by the principals and key investment professionals of the Fund's previous adviser, First Pacific Advisors, Inc. Together with its predecessor organizations, First Pacific Advisors, LLC has been in the investment advisory business since 1954, and has served as the Fund's investment adviser since July 11, 1984. The Adviser manages assets of approximately \$12 billion for six investment companies, including one closed-end investment company, and more than 35 institutional accounts. First Pacific Advisors, LLC is headquartered at 11400 West Olympic Boulevard, Suite 1200, Los Angeles, California 90064. The Adviser selects investments for the Fund, provides administrative services and

manages the Fund's business. The total management fee paid by the Fund, as a percentage of average net assets, for the previous fiscal year was 0.50%. A discussion regarding the basis for the Board of Directors' approval of the investment advisory agreement is available in the Fund's SAI and in the Fund's annual report dated September 30, 2009.

Portfolio Manager

Thomas H. Atteberry, Chief Executive Officer (since January 2010) and Portfolio Manager of the Fund (since November 2004), and Partner of the Adviser (since October 2006) is primarily responsible for the day-to-day management of the Fund's portfolio. Mr. Atteberry was Vice President of the Fund from November 2004 to January 2010. Mr. Atteberry is assisted in the management of the Fund by Julian W. H. Mann, Vice President of the Adviser and Steven T. Romick, a Managing Partner of the Adviser.

The SAI provides additional information about the Portfolio Manager's compensation, other accounts managed by the Portfolio Manager and the Portfolio Manager's ownership of shares of the Fund.

PURCHASE, PRICING AND SALE OF SHARES

Purchase and Investment Minimums. You can purchase shares by contacting any investment dealer authorized to sell the Fund's shares. You can use the Account Information Form for initial purchases. The minimum initial investment is \$1,500, and each subsequent investment, which can be made directly to Boston Financial Data Services Inc., must be at least \$100. All purchases made by check should be in U.S. dollars and made payable to the FPA Funds or State Street Bank and Trust Company. Third party, starter or counter checks will not be accepted. A charge may be imposed if a check does not clear.

Share Price. The Fund calculates its share price, also called net asset value, as of the close of trading on the New York Stock Exchange ("NYSE"), every day the NYSE is open, normally 4:00 p.m. New York time. The NYSE is closed not only on weekends but also on customary holidays, which currently are New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. The share price is rounded to the nearest cent per share and equals the market value of all portfolio securities plus other assets, less all liabilities, divided by the number of Fund shares outstanding. Orders received by dealers before the NYSE closes on any business day are priced based on the share price for that day. Orders received by certain retirement plans and certain other financial intermediaries before the NYSE closes and communicated to Boston Financial Data Services, Inc. by 9:30 a.m., Eastern time, on the following business day are priced at the share price for the prior business day. The share price for sales (redemptions) of Fund shares is the first share price determined after Boston Financial Data Services, Inc. receives a properly completed request, except that sale orders received by an authorized dealer, certain retirement plans and certain other financial intermediaries before the NYSE closes are priced at the closing price for that day if communicated to Boston Financial Data Services, Inc. within the times specified by the Fund.

Sales Charges. The offering price is the share price plus any applicable sales charge. A sales charge may apply to your purchase. As indicated in the table below, your sales charge can be reduced for larger purchases. You, your spouse and the following related people (and their spouses) can combine investments to reduce your sales charge: grandparents, parents, siblings, children or grandchildren, aunts

or uncles, nieces or nephews; or by the individual, his or her spouse and a trustee or other fiduciary purchasing securities for related trusts, estates or fiduciary accounts, including employee benefit plans.

<u>Size of Investment</u>	<u>Sales Charge(1)</u>	<u>Sales Charge(2)</u>	<u>Reallowed to Dealers(2)</u>
Less than \$50,000	3.63%	3.50%	3.25%
\$50,000 but less than \$100,000	3.09%	3.00%	2.75%
\$100,000 but less than \$250,000	2.56%	2.50%	2.25%
\$250,000 but less than \$500,000	1.78%	1.75%	1.50%
\$500,000 but less than \$1,000,000	1.01%	1.00%	1.00%
\$1,000,000 and over	0.00%(3)	0.00%(3)	0.00%(4)

- (1) As a percentage of net amount invested.
- (2) As a percentage of public offering price.
- (3) No sales charge is payable on investments of \$1 million or more. However, a contingent deferred sales charge of 1% on the lesser of the purchase or redemption price is imposed if, within one year of purchase for investments of \$1 million or more made without a sales load and on which FPA Fund Distributors, Inc. paid a dealer concession of 0.50%, a redemption (except by exchange) reduces the account to less than the original investment. Such contingent deferred sales charge is withheld from the redemption proceeds and paid to FPA Fund Distributors, Inc.
- (4) FPA Fund Distributors, Inc. will pay a dealer concession for orders of \$1 million or more equal to 0.50% of the purchase price.

Reducing Your Sales Charge

Investments in Other FPA Funds. To determine the sales charge, you can add the current value, at the offering price, of all presently held shares of the FPA Funds, which are:

- FPA Capital Fund, Inc. (currently closed to new investors)
- FPA Crescent Fund
- FPA New Income, Inc. (this Fund)
- FPA Paramount Fund, Inc.
- FPA Perennial Fund, Inc.

If your holdings of other FPA Funds qualify you for a reduced sales charge, you must provide information to verify your holdings.

Letter of Intent. A letter of intent will allow you to obtain a reduced sales charge by aggregating investments made during a 13-month period. The value of all presently held shares of the FPA Funds (see above list) can also be used to determine the applicable sales charge. The Account Information Form contains the Letter of Intent that must be signed at the time of initial purchase, or within 30 days. Each investment made under a Letter of Intent during the period receives the sales charge for the total investment goal. **If you do not reach your investment goal, you must pay the difference between the sales charges applicable to the amount purchased minus those actually paid.**

Purchases Subject to a 2% Redemption Fee. You and your spouse (and your immediate relatives) can purchase shares without a sales charge, if you fall into one of the following categories of companies affiliated with the Fund at the time of your original purchase and you represent that the shares you purchase are for investment and will not be resold except through redemption or repurchase by the Fund. Immediate relatives include grandparents, parents, siblings, children, grandchildren, aunts, uncles, nieces and nephews of a qualified investor, and the spouse of any immediate relative.

- (a) current and former directors, officers and employees of the Adviser (and its predecessor, First Pacific Advisors, Inc.) and its affiliates;
- (b) current and former directors, officers and employees of Old Mutual (US) Holdings Inc. (the parent of First Pacific Advisors, Inc.) and its affiliates;
- (c) current and former directors, officers and employees of Angeles Corporation (the former parent of First Pacific Advisors, Inc.) and its affiliates;
- (d) current and former directors of, and partners and employees of legal counsel to, the investment companies advised by the Adviser;
- (e) investment advisory clients of the Adviser and consultants to such clients and their directors, officers and employees;
- (f) employees (including registered representatives) of a dealer that has a selling group agreement with FPA Fund Distributors, Inc. and consents to the purchases;
- (g) any employee benefit plan maintained for the benefit of such qualified investors;
- (h) directors, officers and employees of a company whose employee benefit plan holds shares of one or more of the FPA Funds; and
- (i) directors, officers and employees of the Fund's custodian or transfer agent.

Because FPA Fund Distributors, Inc. anticipates that certain purchases will result in economies of scale in the sales effort and related expenses compared to sales made through normal distribution channels, upon satisfaction of certain conditions the following persons can purchase without a sales charge at the time of purchase:

- (a) trustees or other fiduciaries purchasing shares for employee benefit plans of employers with 20 or more employees;
- (b) trust companies, bank trust departments and registered investment advisers purchasing for accounts over which they exercise investment authority and which are held in a fiduciary, agency, advisory, custodial or similar capacity, provided that the amount collectively invested or to be invested by such accounts during the subsequent 13-month period in the Fund or other FPA Funds totals at least \$1,000,000;
- (c) tax-exempt organizations enumerated in Section 501(c) (3), (9), or (13) of the Internal Revenue Code;

- (d) accounts upon which an investment adviser, financial planner or broker-dealer charges an account management or consulting fee, provided it has entered into an agreement with FPA Fund Distributors, Inc. regarding those accounts or purchases Fund shares for such accounts or for its own accounts through an omnibus account maintained by a broker-dealer that has entered into such an agreement with the Fund or FPA Fund Distributors, Inc.; and
- (e) accounts that collectively invest in the Fund or other FPA Funds at least \$2,500,000 at time of purchase (including the value of all presently held shares of the FPA Funds).

If you qualify to purchase shares without a sales charge at the time of purchase, you must submit a special application form available from FPA Fund Distributors, Inc. with your initial purchase, and you must notify FPA Fund Distributors, Inc. of your eligibility when you place the order. If you place the order through a broker, the broker may charge you a service fee. No such fee is charged if you purchase directly from FPA Fund Distributors, Inc. or the Fund.

Purchases made under this section are subject to a 2% redemption fee if shares are redeemed within 90 days of purchase (except by exchange). The ability of the Fund to assess the redemption fee on the underlying shareholders of omnibus accounts maintained by brokers, retirement plan accounts and approved fee-based program accounts is severely limited in those instances in which the broker, retirement plan administrator or fee-based program sponsor maintains the underlying shareholder account and may be further limited by their systems limitations. Further, the Fund may not apply the redemption fee to certain types of redemptions that management believes are not part of a pattern of frequent trading to profit from short-term securities market fluctuations, such as redemptions of shares through automatic non-discretionary rebalancing programs or systematic withdrawal plans, redemptions requested for hardships such as the death or disability of the shareholder (or, if a trust, its beneficiary), redemptions requested for a QDIA (qualified default investment alternative) or redemptions initiated by the Fund. The fee does not apply to shares acquired through reinvested dividends or capital gains. The 2% redemption fee is applied to the lesser of the purchase or redemption price if the redemption reduces the account to less than the original investment. The redemption fee is withheld from the redemption proceeds and paid to the Fund in order to defray the costs associated with such redemption.

Selling (Redeeming) Your Shares – Redemption Payments May Be Made By Check, Wire or ACH

You can sell (redeem) for cash without charge (except a contingent deferred sales charge or redemption fee, if applicable, as described above) any or all of your Fund shares at any time by sending a written request to Boston Financial Data Services, Inc. Faxes are not acceptable. You can also place redemption requests through dealers, but they may charge a fee. If you are selling Fund shares from a retirement plan, you should consult the plan documentation concerning federal tax consequences and consult your plan custodian about procedures.

In the case of an exchange of shares subject to a 2% redemption fee within 90 days of purchase, the shares acquired by exchange are subject to a 2% redemption fee if redeemed (except by exchange) within 90 days of the exchange. In the case of an exchange of shares subject to a 1% contingent deferred sales charge within one year of purchase, the shares acquired by exchange are subject to a 1% contingent deferred sales charge if redeemed (except by exchange) within one year of the initial purchase.

A check will be mailed to you within seven days after Boston Financial Data Services, Inc. receives a properly completed request (as described below under “Written Requests”). If Fund shares sold were

recently purchased by check, payment of the redemption proceeds may take up to 15 days from the date of purchase in order to allow time for the check to clear.

Written Requests. Requests must be signed by the registered shareholder(s). If you hold a stock certificate, it must be included with your written request. A signature guarantee is required if the redemption is:

- Made payable to someone other than the registered shareholder or to somewhere other than the registered address; or
- By a shareholder that is a corporation, partnership, trust or fiduciary.

A signature guarantee must be a Stamp 2000 Medallion Signature Guarantee and can be obtained from a bank or trust company; a broker or dealer; a credit union; a national securities exchange, registered securities association or clearing agency; or a savings and loan association. Additional documents are required for sales by corporations, partnerships, trusts, fiduciaries, executors or administrators.

Telephone Transactions. You must elect the option on the Account Information Form to have the right to sell your shares by telephone. If you wish to make an election to have the right to sell your shares via telephone or to change such an election after opening an account, you will need to complete an Account Information Form with a signature guarantee. Sales via telephone are not available for shares in certificate form.

When you obtain the right to sell your Fund shares by telephone, you may direct that a check for the proceeds payable to the shareholder of record be mailed to the address of record or you may designate a bank account to which the proceeds of such redemptions are sent. Telephone redemptions over \$5,000 that are sent to your bank are wired unless the designated bank cannot receive Federal Reserve wires, in which case the check (or redemption proceeds) is mailed. Telephone redemptions under \$5,000 that are sent to the designated bank are mailed unless you request otherwise. There is a \$3.50 charge per wire. No telephone redemptions to the address of record will be processed within 30 days of a change in the address of record.

Boston Financial Data Services, Inc. uses procedures it considers reasonable to confirm redemption instructions via telephone, including requiring account registration verification from the caller and recording telephone instructions. Neither Boston Financial Data Services, Inc. nor the Fund is liable for losses due to unauthorized or fraudulent instructions if there is a reasonable belief in the authenticity of received instructions and reasonable procedures are employed. During periods of significant economic or market changes, it may be difficult to sell your shares by telephone.

The Fund can change or discontinue telephone redemption privileges without notice.

Reinvesting in the Fund with Proceeds from Redemption of Shares. If you reinvest in the Fund within 30 days, you do not have to pay a sales charge. Your reinvestment is made at the first share price determined after Boston Financial Data Services, Inc. receives your order. You can only do this once for each Fund investment, and you must provide sufficient information to verify your reinvestment when you make your purchase. A sale and reinvestment is a taxable transaction, but losses on the sale are not deductible for federal income tax purposes.

Automatic Redemption (Sale) of Your Shares. If as a result of a redemption your account value is less than \$500, the Fund can direct Boston Financial Data Services, Inc. to sell your remaining Fund shares. In such case, you will be notified in writing that your account value is insufficient and be given up to 60 days to increase it to \$500.

EXCHANGE OF SHARES AND SHAREHOLDER SERVICES

Exchanging Your Fund Shares

Exchanging Your Shares for Shares of Other FPA Funds. You can exchange your shares of the Fund for shares of other FPA Funds, namely FPA Crescent Fund, FPA Paramount Fund, Inc. and FPA Perennial Fund, Inc. Shares of FPA Capital Fund, Inc. may only be acquired by existing shareholders of that Fund except directors, officers and employees of that Fund, the Adviser and affiliated companies, and their immediate relatives. There is no sales charge except on purchases of an FPA Fund by exchange from FPA Crescent Fund, unless (a) a sales charge equivalent to that applicable to the acquired shares was previously paid; (b) the shareholder is entitled to purchase shares at net asset value; or (c) the shares being exchanged were acquired by reinvestment. There is a \$5.00 service fee for each exchange.

You can increase an existing account or start a new account in the selected FPA Fund. Shares of the Fund acquired must be registered for sale in your state.

How to Exchange Your Shares. You can exercise your exchange privileges either by written instructions or telephone (telephone exchange privileges are available unless you specifically decline them on the Account Information Form). Exchanges are subject to the following restrictions:

- You are limited to four exchanges in one account during any calendar year; if we give you notice you have exceeded this limit, any further exchanges will not be honored;
- Shares must be owned 15 days before exchanging, and cannot be in certificate form unless you deliver the certificate when you request the exchange;
- An exchange requires the purchase of shares with a value of at least \$1,000; and
- Exchanges are subject to the same signature and signature guarantee requirements applicable to the redemption of shares.

Exchanges and purchases are at the share price next determined after receipt of a proper request (as described above under “Written Requests”) by Boston Financial Data Services, Inc.

For federal and state income tax purposes, an exchange is treated as a sale and could result in a capital gain or loss. If the shares exchanged have been held less than 91 days, the sales charge paid on them is not included in the tax basis of the exchanged shares, but is carried over and included in the tax basis of the shares acquired.

Discontinuation of the Exchange Programs. The Fund and FPA Fund Distributors, Inc. can change or discontinue the rights to exchange Fund shares into other FPA Funds upon 60 days’ notice.

For more information or for prospectuses for other FPA Funds, please contact a dealer or FPA Fund Distributors, Inc. You should read the prospectuses of these other Funds and consider differences in objectives and policies before making any exchange.

Other Shareholder Services

Investment Account. Each shareholder has an investment account in which Boston Financial Data Services, Inc. holds Fund shares. You will receive a statement showing account activity after each transaction. Unless you make a written request, stock certificates will not be issued. Stock certificates are only issued for full shares.

Pre-authorized Investment Plan. You may establish an account with a \$100 minimum initial investment and the establishment of automatic monthly investments of at least \$100. To make automatic monthly investments, you must complete the Account Information Form available from dealers or FPA Fund Distributors, Inc. Boston Financial Data Services, Inc. will withdraw funds from your bank account monthly for \$100 or more as specified through the Automated Clearing House.

Retirement Plans. If you are eligible, you can establish an IRA (individual retirement account) and/or other retirement plan with a \$100 minimum initial investment and an expressed intention to increase the investment to \$1,500 within 12 months. Each subsequent investment must be at least \$100. Neither the Fund nor FPA Fund Distributors, Inc. imposes additional fees for these plans, but the plan custodian does.

You should consult your tax adviser about the implications of establishing a retirement plan with Fund shares. Persons with earned income ineligible for deductible contributions generally may make non-deductible contributions into an IRA. The earnings on shares held in an IRA are generally tax-deferred. In addition, the Taxpayer Relief Act of 1997 expanded opportunities for certain investors to make deductible contributions to IRAs and also created two new tax-favored accounts, the Roth IRA and the Education IRA, in which earnings (subject to certain restrictions) are not taxed even on withdrawal. Retirement-related tax matters are complicated; you should consult your tax adviser. FPA Fund Distributors, Inc. and dealers have applicable forms and information regarding plan administration, custodial fees and other plan documents.

Systematic Withdrawal Plan. If you have an account with a value of \$10,000 or more, you can make monthly, quarterly, semi-annual or annual withdrawals of \$50 or more by electing this option on the Account Information Form. Under this arrangement, sufficient Fund shares will be sold to cover the withdrawals and the proceeds will be forwarded to you as directed on the Account Information Form. If withdrawals continuously exceed reinvestments, your account will be reduced and ultimately exhausted. **Please note that concurrent withdrawals and purchases are ordinarily not in your best interest because of additional sales charges, and you will recognize any taxable gains or losses on the automatic withdrawals.**

Shareholder Servicing Arrangements. Brokers, dealers, banks, trust companies and other financial representatives may receive compensation from the Fund or its service providers for providing a variety of services. This section briefly describes how the financial representatives may get paid.

For providing certain services to their clients, financial representatives may be paid a fee based on the assets or number of accounts of the Fund that are attributable to the financial representative. These services may include record keeping, transaction processing for shareholders' accounts and certain shareholder services not currently offered to shareholders that deal directly with the Fund. In addition, your financial representatives may charge you other account fees for buying or redeeming shares of the Fund or for servicing your account. Your financial representative should provide you with a schedule of its fees and services.

The Fund may pay all or part of the fees paid to financial representatives. Periodically, the Fund's Board reviews these arrangements to ensure that the fees paid are appropriate for the services performed. The Fund does not pay these service fees on shares purchased directly. In addition, the Adviser and its affiliates may, at their own expense, pay financial representatives for these services.

FPA Fund Distributors, Inc., the Fund's principal underwriter, may participate in arrangements with selling dealers where the selling dealer waives its right to shareholder servicing fees for selling Fund shares or servicing shareholder accounts. These arrangements typically are intended to avoid duplicate payment of fees where the selling dealer's transactions are through an omnibus account with a different clearing broker and that broker is entitled to receive shareholder servicing fees from the Fund.

The Adviser and its affiliates may, at their own expense, pay financial representatives for distribution and marketing services performed with respect to the Fund. The Adviser may pay its affiliated companies for distribution and marketing services performed with respect to the Fund.

Excessive Trading. The Fund is not intended as a vehicle for frequent trading in an attempt to profit from short-term fluctuations in the securities markets. The Board of Directors has adopted policies and procedures designed to deter or prevent frequent purchases and redemptions. Such trading could interfere with the efficient management of the Fund's portfolio, increase brokerage and administrative costs and dilute the value of Fund shares held by long-term investors. The fact that the Fund is sold with a front-end sales charge has historically served as a deterrent to frequent trading. For qualifying purchases at net asset value, the Fund has imposed a 2% redemption fee on shares held less than 90 days except for those shareholders to whom the charge does not apply. The preceding section titled "Purchases Subject to a 2% Redemption Fee" provides a complete description of how this redemption fee is applied. In addition, exchanges between this Fund and the other FPA Funds are limited to no more than four during any calendar year (see section titled "How to Exchange Your Shares"). Irrespective of these front-end sales charges, redemption fees and exchange limits, the Fund reserves the right to reject any purchase or exchange request if management determines in its discretion that the request may be part of a pattern of excessive trading that could adversely affect the Fund.

DIVIDENDS, DISTRIBUTIONS AND TAXES

Dividends and Distributions

The Fund's investment income consists principally of dividends and interest earned on its portfolio securities. This income, after payment of expenses, will be distributed to you quarterly. Net capital gains realized from the sale of securities are distributed at least annually. Dividends and capital gain distributions are automatically reinvested in the Fund at the share price determined at the close of business the day after the record date, unless before the record date for receipt of the dividend or capital gain distribution you request cash payment of dividends and capital gains distributions. You can use the Account Information Form to request a cash payment.

Tax Consequences

Dividends and capital gains are generally taxable whether they are reinvested or received in cash unless you are exempt from taxation or entitled to tax deferral. Dividends are taxed at ordinary rates, while capital gains distributions may be taxed at different rates, usually based on the length of time the Fund holds its assets.

Redemptions from a retirement plan account and an ordinary shareholder account could have different tax treatment. Further, an exchange of the Fund's shares for shares of another FPA Fund will be treated as a sale of the Fund's shares and any gain on the transaction may be subject to federal income tax.

You must provide the Fund with a certified correct taxpayer identification number (generally your social security number) and certify that you are not subject to backup withholding. You can use the Account Information Form for this purpose. If you fail to do so, the IRS can require the Fund to withhold 28% of your taxable distributions and redemptions. Federal law also requires the Fund to withhold 30% or the applicable tax treaty rate from dividends paid to certain nonresident aliens, non-U.S. partnership and non-U.S. corporation shareholder accounts.

Federal tax law generally requires that a holder (such as the Fund) of a debt security purchased at a discount (including a zero coupon security) accrue a portion of the discount at which the security was purchased as income each year even though the holder receives no interest payment in cash on the security during the year. Periodic adjustments for inflation in the principal value of inflation-indexed bonds also may give rise to original issue discount which is includable in the Fund's gross income on a current basis. Similarly, the Fund generally must recognize as income interest accrued on accrual bonds and other debt securities even though not paid in cash. As an investment company, the Fund must pay dividends equal to substantially all of its net investment income each year. Since most shareholders reinvest dividends declared by the Fund, it is not expected that cash dividend payments would exceed the total amount of cash interest the Fund actually receives. Cash distributions are made from the cash assets of the Fund or by liquidation of portfolio securities, if necessary. If the principal value of an inflation-indexed bond is adjusted downward in any period as a result of deflation, the reduction may be treated as a loss to the extent the reduction exceeds coupon payments received in that period; in that case, the amount distributable by the Fund may be reduced and amounts distributed previously in the taxable year may be characterized in some circumstances as return of capital.

FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the Fund's financial performance for the past five years. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned or lost on an investment in the Fund purchased at net asset value and assuming reinvestment of all dividends and distributions. The information for each of the five years ended September 30, 2009, have been audited by Deloitte & Touche LLP, whose report, along with the Fund's financial statements, are included in the Statement of Additional Information, which is available upon request.

	For the year ended September 30,				
	2009	2008	2007	2006	2005
Per share operating performance:					
Net asset value at beginning of year	\$ 11.06	\$ 11.03	\$ 10.99	\$ 11.04	\$ 11.30
Income from investment operations:					
Net investment income	\$ 0.36	\$ 0.47	\$ 0.50	\$ 0.53	\$ 0.48
Net realized and unrealized gain (loss) on investment securities	0.08	0.05	0.07	(0.04)	(0.34)
Total from investment operations	\$ 0.44	\$ 0.52	\$ 0.57	\$ 0.49	\$ 0.14
Less dividends from net investment income . .	\$ (0.41)	\$ (0.49)	\$ (0.53)	\$ (0.54)	\$ (0.40)
Redemption fees	—*	—*	—*	—*	—*
Net asset value at end of year	<u>\$ 11.09</u>	<u>\$ 11.06</u>	<u>\$ 11.03</u>	<u>\$ 10.99</u>	<u>\$ 11.04</u>
Total investment return**	4.03%	4.84%	5.36%	4.59%	1.27%
Ratios/supplemental data:					
Net assets at end of year (in \$000's)	3,813,468	2,186,138	1,832,030	1,819,107	1,845,485
Ratio of expenses to average net assets . . .	0.60%	0.61%	0.62%	0.62%	0.61%
Ratio of net investment income to average net assets	3.20%	4.21%	4.31%	4.68%	3.69%
Portfolio turnover rate	64%	32%	53%	60%	42%

* Rounds to less than \$0.01 per share.

** Return is based on net asset value per share, adjusted for reinvestment of distributions, and does not reflect deduction of the sales charge

**For Shareholder Services contact
Boston Financial Data
Services, Inc.**

P.O. Box 8115

Boston, MA 02266-8115

or

30 Dan Road

Canton, MA 02021-2809

(617) 483-5000 or

(800) 638-3060 except Alaska,

Hawaii, Massachusetts, Puerto Rico

and U.S. Virgin Islands

**For Retirement Plan Services
call your employer or plan
administrator**

**For 24-hour Information go to
FPA Fund Distributors, Inc.**

Internet Web Site

<http://www.fpafunds.com>

**For Dealer Services call
FPA Fund Distributors, Inc.**

11400 West Olympic Boulevard
Suite 1200

Los Angeles, CA 90064

(310) 473-0225 or

(800) 982-4372 except

Alaska, Hawaii, Puerto Rico

and U.S. Virgin Islands

Inquiries concerning transfer of registration, distributions, redemptions and shareholder service should be directed to Boston Financial Data Services, Inc. Inquiries concerning sales should be directed to FPA Fund Distributors, Inc.

Investment Adviser

First Pacific Advisors, LLC

11400 West Olympic Boulevard

Suite 1200

Los Angeles, CA 90064

Custodian and Transfer Agent

State Street Bank and

Trust Company

225 Franklin Street

Boston, MA 02110

Telephone conversations may be recorded or monitored for verification, record keeping and quality assurance purposes.

Multiple Translations

This Prospectus may be translated into other languages. If there are any inconsistencies or ambiguities, the English text will prevail.

OTHER FUND INFORMATION

Annual/Semi-Annual Report to Shareholders

Additional information about the Fund's investments and performance is available in the Fund's annual and semi-annual reports to shareholders. In the Fund's annual report, you will find a discussion of the market conditions and investment strategies that significantly affected the Fund's performance during its last fiscal year. The Fund's SAI, annual and semi-annual report, quarterly schedules of portfolio holdings of the Fund on Form N-Q and the annual report of proxy voting record on Form N-PX of the Fund are available without charge, upon request, by calling FPA Fund Distributors, Inc. and on the Securities and Exchange Commission's ("SEC") Internet Web Site at <http://www.sec.gov>.

Statement of Additional Information (SAI)

The SAI contains more detailed information on all aspects of the Fund, including the Fund's financial statements.

A current SAI has been filed with the SEC and is incorporated by reference into this Prospectus. The SAI and other related materials about the Fund are available for review or to be copied at the SEC's Public Reference Room in Washington, D.C. (1-202-942-8090) or from the EDGAR database on the SEC's Internet Web Site at <http://www.sec.gov>, and copies of this information may be obtained, upon payment of a duplicating fee, by electronic request at publicinfo@sec.gov or by writing the Public Reference Section of the SEC, Washington, D.C. 20549-0102.

For more information or to request a free copy of any of the documents above contact FPA Fund Distributors, Inc. at 11400 West Olympic Boulevard, Suite 1200, Los Angeles, California 90064, or (800) 982-4372, except from Alaska, Hawaii, Puerto Rico and U.S. Virgin Islands (where you may call collect (310) 473-0225).