



Form ADV Part 2A

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This brochure provides information about the qualifications and business practices of First Pacific Advisors, LLC (“Adviser” or “FPA”). If you have any questions about the contents of this brochure, please contact us at (800) 982-4372. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about the Adviser also is available on the SEC’s website at www.adviserinfo.sec.gov.

FPA is an investment adviser registered with the SEC. Registration of an investment adviser does not imply any level of skill or training.

While there were no material changes to this Brochure dated March 31, 2015 from the previous version dated June 23, 2014, it has been updated to provide additional information regarding the FPA's policies and procedures and include additional material risks relating to FPA's investment strategies.

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ITEM 4 ADVISORY BUSINESS

General Description of Adviser and Principal Owners

First Pacific Advisors, LLC (“FPA”) is a Delaware limited liability company that was formed in July 2004. Together with its predecessor organizations, FPA has been in the investment advisory business since 1954. FPA maintains its principal office at 11601 Wilshire Boulevard, Suite 1200, Los Angeles, California 90025. As of December 31, 2014, the firm’s owners were its three Managing Partners, J. Richard Atwood, Robert L. Rodriguez, and Steven T. Romick, and five other Partners as follows: Thomas H. Atteberry, Dennis M. Bryan, Eric S. Ende, Mark Landecker and Brian A. Selmo. FPA employs approximately 30 persons engaged full-time in portfolio management or investment research and 45 persons engaged full-time in operations, administrative, trading, client services, and legal and compliance activities.

Types of Advisory Services

FPA offers investment advisory services primarily in a value investment style and focuses on six investment strategies: Absolute Fixed Income, Contrarian Value, Small/Mid-Cap Absolute Value, Small/Mid-Cap Quality, International Value, and World Value. For additional information about these investment strategies please refer to Item 8.

Under each of the six investment strategies, FPA provides investment advisory services to both registered investment companies and separately managed institutional accounts. Under the Contrarian Value strategy, FPA also provides investment advisory services to private investment funds. In addition, FPA provides investment sub-advisory services to third party-sponsored registered investment companies under both the Contrarian Value and Small/Mid-Cap Absolute Value strategies. Additional information about these advisory services and types of clients is described immediately below and in Item 7.

Registered Investment Companies (collectively “FPA Funds”)

FPA provides investment advisory services to the following investment companies registered under the Investment Company Act of 1940 (the “Company Act”):

- FPA Capital Fund, Inc. (“Capital”), a diversified, open-end registered investment company managed under the Small/Mid-Cap Absolute Value strategy;
- FPA Funds Trust’s FPA Crescent Fund (“Crescent”), a diversified, open-end registered investment company managed under the Contrarian Value strategy;
- FPA Funds Trust’s FPA International Value Fund (“International”), a non-diversified, open-end investment company managed under the International Value strategy;
- FPA New Income, Inc. (“New Income”), a diversified, open-end investment company managed under the Absolute Fixed Income strategy;
- FPA Paramount Fund, Inc. (“Paramount”), a non-diversified, open-end investment company managed under the World Value strategy;

- FPA Perennial Fund, Inc. (“Perennial”), a diversified, open-end investment company managed under the Small/Mid-Cap Quality strategy; and
- Source Capital, Inc. (“Source”), a publicly traded, diversified, closed-end investment company managed under the Small/Mid-Cap Quality strategy.

Separately Managed Accounts

FPA manages client assets in separate accounts in the six value investment style strategies noted above. FPA provides investment advisory services to a variety of separately managed account clients, including pension and profit sharing plans, charitable organizations, corporations, and state and municipal government entities.

Sub-Advised Accounts

FPA provides investment advisory services as a sub-adviser to certain investment companies sponsored by third parties.

Private Investment Funds (the “Private Funds”)

FPA serves as the general partner, managing member, or manager of two families of Private Funds:

- The Multi-Adviser Private Funds (MAF), including FPA Multi-Advisor Fund, L.P., FPA Multi-Advisor Fund II, L.P., both California limited partnerships, and FPA Multi-Advisor Offshore Fund, Ltd., a Cayman Islands exempted company; and
- The “Hawkeye” Private Funds, including FPA Hawkeye Fund, FPA Hawkeye-7 Fund, FPA Global Opportunity Fund, FPA Value Partners Fund, and FPA Select Fund, each a series of FPA Hawkeye Fund, LLC, a Delaware limited liability company, and FPA Hawkeye Offshore Fund, Ltd., a Cayman Islands exempted company.

Investment Restrictions

FPA tailors its investment advisory services to the specific investment objectives and restrictions of each client, in accordance with and subject to the directions, guidelines, and limitations imposed by the client through, as applicable, the investment management agreement, prospectus and statement of additional information, private placement memorandum, limited partnership agreement, and/or other governing documents (the “Governing Documents”). For complete information on the investment objectives and restrictions applicable to an FPA Fund, please refer to the Governing Documents.

FPA’s investment discretion with respect to managing the FPA Funds is also subject to the parameters provided by and oversight of the respective Fund’s governing body (*e.g.*, board of directors/trustees) and other registered investment companies managed by FPA may be subject to the oversight of another investment adviser in the case of a sub-advised fund.

While FPA does not typically provide tailored investment advice to the individual investors in the Private Funds, FPA or the general partners of a fund may enter into “side letters” or similar

agreements with certain investors who are granted specific rights, benefits, or privileges that are not generally made available to other investors.

Upon engaging FPA as investment adviser, a client selects an investment strategy that may be changed upon reasonable request to FPA. The client may request reasonable restrictions on the management of its account, and after review and agreement, FPA will manage the account in accordance with the agreed upon guidelines. Although FPA seeks to provide individualized investment advice to its client accounts, FPA will not be able to accommodate investment restrictions that are unduly burdensome or materially incompatible with FPA's investment philosophy, and FPA may decline to accept, or terminate, client accounts with such restrictions.

Some clients may not be able to hold all types of securities or participate in certain corporate actions relating to portfolio holdings due to limitations or operational impediments associated with a client's custodian. For example, some accounts may not be able to hold non-U.S. securities in ordinary form because of custodial limitations.

FPA typically intends for different clients within any single strategy (e.g., the Funds, the Private Funds, the managed accounts) to generally hold, to the extent practicable, similar securities and financial instruments relative to the respective net asset value of each client's account. Due to various factors, however, including but not limited to account size, account inception dates, client-imposed restrictions, available cash, tax, regulatory, and other considerations, the portfolio investments of different clients within a single strategy could differ significantly.

FPA generally does not use an asset allocation model to specify the percentage of each client portfolio that must be invested in any particular asset class or category of securities. Rather, FPA's asset allocation for each client portfolio is generally a function of the portfolio's potential risk and reward compared with available opportunities in the marketplace. Cash, cash equivalents, and/or securities issued by the U.S. Department of the Treasury ("U.S. Treasuries") are generally the default investment choices until FPA identifies new investment opportunities. Accordingly, FPA clients, including the Funds and the Private Funds, may at any given time hold significant cash balances on an ongoing basis.

FPA does not participate in wrap fee programs.

Assets Under Management

As of December 31, 2014, FPA managed assets of approximately \$33.6 billion on a discretionary basis. As of that same date FPA also managed approximately \$1 million in assets for a Unified Managed Account overlay portfolio manager on a non-discretionary basis.

ITEM 5 FEES AND COMPENSATION

The following is a general description of fees typically charged by FPA for each type of client. However, fees may fall outside of the stated ranges, and fees may be negotiated in certain circumstances. Investors and clients should refer to the Governing Documents for complete information on fees and compensation.

Advisory Fees for Registered Investment Companies

In its capacity as investment manager to the FPA Funds, FPA typically receives an investment management fee that ranges from 0.65% to 1% of the Funds' total assets. FPA Fund fees and expenses are described in each Fund's prospectus and statement of additional information

Advisory Fees for Separately Managed Accounts

The basic fee schedule for separately managed accounts ranges from 0.30% to 1% of assets under management depending on product, asset type, and size of account. Generally, the fee schedule for separately managed accounts is fixed after negotiation with the client.

Fees are generally billed monthly or quarterly, in advance or in arrears, based on the market value of the account(s) as specified in the investment management agreement. In addition to securities, market values include cash, cash equivalents, accrued dividends and other income. If an account is opened or closed during a billing period, the advisory fees are pro-rated for that portion of the billing period during which the account was open.

Advisory Fees for Private Investment Funds

In its capacity as investment manager to Private Funds, FPA typically receives an annual management fee, generally paid quarterly in arrears, in an amount generally ranging from .50% to 1.25%, depending on the investment strategy, of the net asset value of each investor's investment in the Private Funds. In addition, FPA may also be entitled to receive from Private Fund investors a performance-based fee (also known as an incentive allocation) ranging from 5% to 20% of the appreciation in an investor's capital balance during the year, subject to various contingencies such as a hurdle rate or other conditions. Private Fund fees are described in more detail in each Fund's Offering Memorandum.

General Information

Fees may vary from the applicable schedules above based on factors such as client type, asset class, pre-existing relationship, service levels, portfolio complexity, number of accounts, account size or other special circumstances or requirements and are negotiable in some cases. Some existing clients may pay higher or lower fees than new clients. Related accounts may be aggregated for fee calculation purposes in certain circumstances. Accounts of FPA's employees, affiliate employees, former employees, or their family members may be managed by FPA without an advisory fee.

When FPA calculates fees, unless otherwise provided in a client's investment management agreement, valuations of account assets are determined in accordance with FPA's valuation procedures, which generally rely on third party pricing services, but may permit the use of other valuation methodologies in certain circumstances. FPA's determinations may differ from valuations reflected in a client's custodial statements.

Other Fees and Expenses

FPA may invest in closed-end funds, open-end funds, exchange traded funds (ETFs), exchange traded notes (ETNs), and other pooled investment vehicles (collectively “funds”) on behalf of certain of its clients. When FPA invests client assets in funds, unless otherwise agreed and where permitted by law, the client will bear its proportionate share of fees and expenses as an investor in the fund in addition to FPA’s investment advisory fees.

In addition, FPA may invest client assets in the Funds or Private Funds to which FPA provides investment advisory services and receives advisory or other fees. While FPA endeavors at all times to act in the best interests of all of its clients, FPA’s receipt of this additional compensation from the Funds or Private Funds and the contribution of additional capital by an advisory client to a Fund or Private Fund may create a potential conflict of interest. In certain circumstances, FPA may choose to reduce the advisory fees of an advisory client investing in another Fund or Private Fund to avoid or limit the payment of duplicative fees to FPA, but FPA is under no obligation to waive these fees and may receive duplicative fees in these situations.

FPA’s clients generally will incur brokerage and other transaction costs. For additional information about brokerage practices and brokerage costs, please refer to Item 12.

Private Fund investors will typically pay all expenses deemed necessary and desirable by FPA, including all investment, administrative and operating expenses incurred on behalf of such investors. These expenses may include, but will not be limited to: (1) brokerage commissions and other transaction charges; interest; fees and expenses incurred in the borrowing and lending of securities; the costs implicit in repurchase and reverse repurchase agreements; custodial fees and expenses; tax and other reporting expenses; external legal, compliance, administrative, accounting and audit fees and expenses; fees relating to investment banking and other financial services, whether payable to parties affiliated with FPA or others; due diligence expenses, including travel, related to proposed investments or existing investments; governmental, registration, license and membership fees (including those payable to regulatory as well as self-regulatory organizations); and the costs and expenses related to the offer and sale of shares; (2) taxes and other governmental charges; (3) all expenses incurred in connection with any threatened, pending or anticipated litigation, examination or proceeding; (4) all expenses incurred as a result of Private Funds’ obligations to indemnify certain persons against losses, liabilities and expenses incurred in connection with the performance of their duties on behalf of, or the provision of services to, such Private Funds; (5) all expenses and fees of third-party valuation agents, if any; (6) all expenses and fees incurred in connection with any actual or proposed investment or other participation in, or any holding or disposition of any interest in, another investment entity, business entity or organization; and (7) all other expenses and liabilities incurred in connection with or arising out of FPA’s business, including extraordinary or non-recurring charges.

Neither FPA nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

FPA manages multiple client accounts with different investment objectives and guidelines, and with different fee structures. FPA receives both asset-based fees and performance-based fees as compensation for its investment advisory services. Performance-based fees create an incentive for FPA to favor those accounts over asset-based fee accounts or make investments that are riskier or more speculative than would be the case in the absence of performance-based fee clients.

To mitigate potential conflicts of interest when managing performance-based fee clients side-by-side with asset-based fee clients, FPA has developed a policy in which portfolio managers attempt to allocate investment opportunities among eligible accounts on a pro rata basis if that is practical; or if a pro rata allocation is not practical, to allocate the investment opportunities among FPA advisory clients on a basis that over time is fair and equitable to each advisory client relative to other clients, taking into account relevant facts and circumstances, including, but not limited to:

- differences with respect to available capital and the size of a client;
- differences in investment objectives or current investment strategies;
- differences in risk profile at the time an opportunity becomes available;
- the nature of the security or the transaction including minimum investment amounts and the source of the opportunity; and
- existing or prior positions in an issuer/security.

While the procedures described above are intended to allocate investment opportunities among advisory clients on a basis that is fair to all clients over time, the procedures could in some circumstances preclude an advisory client from participating in an investment opportunity, or otherwise result in certain allocations that may appear to favor one client over another.

FPA will periodically review allocations of investment opportunities and sequencing of transactions and compare the performance of such accounts. Any exceptions or issues arising from these reviews shall be brought to the attention of FPA's General Counsel / Chief Compliance Officer for possible corrective action.

ITEM 7 TYPES OF CLIENTS

FPA generally provides investment advisory services to the Funds, separately managed accounts, the Private Funds, and sub-advised accounts on a discretionary basis. FPA also provides non-discretionary advisory services to a United Asset Management overlay portfolio manager. FPA's separately managed accounts and Private Fund investors include primarily state or municipal government entities; pension and profit sharing plans; trusts, estates, or charitable organizations; corporations or business entities other than those previously referenced; and high net worth individuals.

The minimum investment for each of the Funds is \$1,500. For the separately managed accounts, FPA generally requires a minimum investment of \$10 million to \$50 million, dependent upon, among other things, the strategy. Each of the Private Funds generally has a minimum investment ranging from \$250,000 to \$500,000 per investor. FPA may waive these minimums at its discretion. Additional information about the minimum investments for each client and other investment qualifications and conditions are described in the applicable Governing Documents.

ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

FPA seeks investment opportunities based primarily on a value investing style. FPA strives to generate competitive returns over the long-term coupled with capital preservation. FPA's equity and fixed income styles are linked by a common fundamental value orientation. FPA's goal is to provide consistent, risk-adjusted and disciplined approach to long-term investing in individual securities with the objectives of achieving superior total returns for client portfolios over market cycles.

Methods of Analysis

FPA uses a variety of sources of information to facilitate methods of analysis. In particular, FPA may consult with research analysts, specific broker-dealers, economists and others in formulating investment strategies. FPA may also attend company presentations and participate in interviews and industry sponsored conferences. FPA may engage in discussions with management and others having business with the company or expertise in a particular industry. FPA also regularly monitors industry and trade related journals; websites; information provided by unaffiliated analysts and consultants; corporate rating services; annual reports, prospectuses, and SEC or governmental filings; and information published by a company, such as press releases.

FPA also takes into account the following, which are guidelines generally aimed at identifying undervalued or reasonably valued securities: (1) avoid high price earnings ratios; (2) avoid very high price to book value ratios; (3) trade against the direction of the market (i.e. buy on weakness, sell on strength); and (4) concentrate primarily on securities which are out-of-favor, under-researched, or under-owned by institutional investors.

General descriptions of FPA's investment strategies are included below. These descriptions are not intended to serve as specific guidelines. FPA reserves the right to limit the availability of any particular strategy at any given time based on factors including capacity, pre-existing relationships, minimum account sizes, fees and distribution channels. In addition, FPA may develop other investment strategies from time to time and manage portfolios according to a client's specific investment guidelines, thus strategies may vary by client account.

Investment Strategies

Clients retain FPA to utilize one or more of the firm's six fundamental value-oriented investment strategies: Absolute Fixed Income, Contrarian Value, International Value, Small/Mid-Cap Absolute Value, Small/Mid-Cap Quality, and World Value.

Absolute Fixed Income strategy objective entails the prudent maximization of total return currently through a cautious emphasis on short to intermediate maturities and very high quality. The strategy pursues a positive absolute return using investments in fixed income securities that focus on income, appreciation and capital preservation. Absolute Fixed Income strategy adheres to the following principles: absolute return, long-term focus, alignment of interest, strict risk/reward parameters, independent decision making, and flexible mandate. Strategy guidelines require a minimum of 75% of net assets to be invested in high quality securities.

Contrarian Value strategy seeks to generate equity-like returns over the long-term, take less risk than the market and avoid permanent impairment of capital. This strategy seeks the out-of-favor, unloved, or misunderstood, in a word, “contrarian.” The strategy recognizes that returns will not just be driven by what is owned, but also by what is not owned. The strategy invests in securities that it believes offer advantageous upside/downside characteristics, and focuses on five categories: Long Equity – 3:1s, Compounders, Shorter-Term Opportunities, Sum-of-the-Parts, Intra-Company Arbitrages; Short Equity – Deteriorating Businesses, Balance Sheet Issues, Paired Trades, Intra-Company Arbitrages; Credit – Performing Credit, High Yield, Distressed; Other – Illiquid Investments and other Special Situations; and Cash – A residual of our investment process, rather than a macro-driven rationale. Investments are made only after conducting thorough research. The strategy believes this flexible approach greatly enhances the likelihood that it will deliver an equity-like return with less risk over the long-term. The strategy may also invest up to 50% of its assets in non-U.S. securities, including Depositary Receipts. Additionally, the strategy seeks opportunities in small, mid and large companies that the portfolio managers believe to have excellent future prospects and are undervalued by the securities markets.

International Value strategy is a non-diversified strategy that strives to provide above-average capital appreciation over the long-term while attempting to minimize risk of capital losses. The strategy seeks to identify absolute value opportunities across international markets, including both developed and emerging countries, with a primary focus on equities. Investments in the strategy must meet the following criteria: high quality, financial strength, strong management, and low absolute valuations. International Value runs a concentrated portfolio and expects to be invested in no more than 25 to 35 stocks.

Small/Mid-Cap Absolute Value strategy seeks long-term growth through investing primarily in carefully selected common stocks and select fixed income securities of small and medium sized-public companies. The strategy identifies five key characteristics: market leading companies with a history of profitability, strong balance sheets, successful management teams, potential for profitability improvement, and absolute, not relative, value. Typically the portfolio will have investments in 20-40 securities, with the top ten securities and the largest three sectors generally constituting more than 50% of the portfolio. Market capitalizations generally fall within the range of \$1 billion to \$4 billion.

Small/Mid-Cap Quality emphasizes the selection of individual business and a disciplined judgment of the relative attractiveness of their market valuations. The strategy strives to invest in superior businesses which earn high returns on capital and focus on two key areas, rigorous security selection and minimizing risk of loss. The portfolio has historically been moderately

concentrated, with 30-40 positions and has been mostly comprised of companies with small to medium market capitalizations up to \$10 billion.

World Value strategy is a non-diversified strategy that strives for high total investment return, including capital appreciation and income, while attempting to minimize risk of permanent loss. The strategy seeks to identify value opportunities across markets globally, including both developed and emerging countries, with a primary focus on equities. Investments in the strategy must meet the following criteria: high quality, financial strength, strong management, low absolute valuations. World Value runs a concentrated portfolio and expects to be invested in no more than 25 to 50 stocks at any given time.

Principal Risks

While FPA seeks to manage accounts so that risks are appropriate to the return potential for the strategy, it is often not possible to fully mitigate risks. As with any investment, loss of principal is a risk of investing in accordance with the investment strategies described above. The following summary of risk factors does not claim to be a complete account or explanation of the risks involved in an investment strategy nor do all risks apply to each strategy. Existing and prospective clients are encouraged to consult their own financial advisors and legal and tax professionals, and the investment guidelines, prospectuses or offering memorandum specific to each strategy before considering any services of FPA. In addition, due to the ever changing nature of the markets, strategies may be subject to additional risk factors not mentioned below.

General Risks

Possibility of Losses -- An investment in one of FPA's strategies is speculative and involves a high degree of risk, including the risk that the entire amount invested may be lost. The value of interests in the Funds or Private Funds or a separately managed account will fluctuate based upon a multitude of factors, including the financial condition, results of operations and prospects of the issuers of the underlying securities; governmental intervention; market conditions; and local, regional, national and global economic conditions. Therefore, investors may lose all or a portion of their principal invested if the trading strategies are not successful.

Dependence on Key Personnel -- FPA depends on the diligence, skill, judgment, business contacts and personal reputations of certain key personnel. FPA's future success will depend upon the ability to retain senior professionals and other key personnel and the ability to recruit additional qualified personnel. These individuals possess substantial experience and expertise in investing, are responsible for determining client portfolio investments, and have significant relationships with market participants that are the source of many of FPA's investment opportunities. The departure for any reason of any of one or more of FPA's investment professionals could have a material adverse effect on our ability to achieve our investment objectives.

Risk of Failing to Adequately Address Conflicts of Interest -- As FPA has expanded its investment operations, it increasingly confronts potential conflicts of interest relating to investment activities. For example, FPA's strategies and clients within each strategy may have

overlapping investment objectives and interests, and different fee structures. Potential conflicts may arise with respect to decisions regarding how to allocate investment opportunities among other possible conflicts. While FPA attempts to identify all materials conflicts and either eliminate them or mitigate and disclose them, any failure to appropriately address material conflicts of interest could expose FPA to regulatory and other risks that could adversely affect FPA's business.

Risk of Failing to Timely Execute Orders or Achieve Best Execution -- Certain of FPA's investment strategies depend significantly on its ability to timely trade securities and achieve best execution for client portfolios. Trading orders may not be executed in a timely and efficient manner due to various circumstances, including, for example, systems failures attributable to the FPA, counterparties, brokers, dealers, agents or other service providers. In addition, FPA's trading process relies on electronic execution systems (and may rely on new systems and technology in the future), and such systems may be subject to certain systemic limitations or mistakes, causing the interruption or delay of trading orders made for client portfolios.

Risk That Significant Cash Positions Could Affect Performance -- FPA generally does not use an asset allocation model to specify the percentage of client portfolios that must be invested in any particular asset class or category of securities. Rather, FPA's asset allocation for each client portfolio is generally a function of the portfolio's potential risk and reward compared with available opportunities in the marketplace. Consequently, FPA client portfolios may at any given time hold significant cash balances for an extended period of time, which could have a negative impact on the performance of those client portfolios.

Equity Risks

Common Stock Risk -- The risks that could affect the value of the strategy's products and the total return on your investment include the possibility that the equity securities, generally common stocks and/or ADRs of U.S. and foreign domiciled companies held, will experience sudden, unpredictable drops in value or long periods of decline in value. This may occur because of factors that affect the securities markets generally, such as adverse changes in economic conditions, the general outlook for corporate earnings, interest rates or investor sentiment. Equity securities may also lose value because of factors affecting an entire industry or sector, such as increases in production costs or factors directly related to a specific company, such as decisions made by its management.

Small –Cap and Mid-Cap Companies Risk -- Investing in smaller companies generally involves greater risk than investing in larger companies and securities of smaller companies are often more volatile. The prices of securities of small and mid-cap companies tend to fluctuate more widely than those of larger, more established companies. Small and mid-cap companies may have limited product lines, markets or financial resources or may depend on the expertise of a few people and may be subject to more abrupt or erratic market movements than securities of larger, more established companies or the market averages in general. Securities of such issuers may lack sufficient market liquidity to effect sales at an advantageous time or without a substantial drop in price. In addition, small and mid-cap companies often have shorter operating histories and are more reliant on key products or personnel than larger companies. Securities of such issuers may lack sufficient market liquidity to effect sales at an advantageous time or

without a substantial drop in price.

Value Investing Risks -- 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 style investing during given periods. FPA's value discipline often results in a portfolio of stocks that may differ materially from its benchmark index.

Concentration Risk -- FPA manages both diversified and non-diversified strategies. As such a portfolio may from time to time have more than 5% of total assets invested in the securities of a single company. Such relative concentration is likely to increase the volatility of the portfolio's asset value. If an adverse event depresses the value of a particular security, an investment in a security proves in retrospect to be inopportune because of other adverse developments or the vagaries of the markets, or company-specific events reduce the income or return generated from its securities, the products in the strategy may be more susceptible to losses than if one invested in more companies.

Fixed Income Risks

Interest Rate Risk -- Changes in interest rates are one of the most important factors that could affect the value of an investment in a strategy's products. Rising interest rates tend to cause the prices of debt securities (especially those with longer maturities) to fall. Investments in fixed-income securities with longer maturities generally produce higher yields but are subject to greater market fluctuation. Rising interest rates may also cause investors in mortgage-backed and asset-backed securities to be paid off later than anticipated, forcing the products in the strategy to keep its money invested at lower rates or to sell the securities at lower prices. Falling interest rates, however, generally cause investors in mortgage-backed and asset-backed securities to be paid off earlier than expected, forcing the products in the strategy to reinvest the money at a lower interest rate.

Duration Risk -- The concept of duration is useful in assessing the sensitivity of the fixed-income portion of the products in a strategy to interest rate movements, which are the main source of risk for the fixed-income portion of these products. Duration measures price volatility by estimating the change in price of a debt security for a 1% change in its yield. For example, a duration of five years means the price of a debt security will change about 5% for every 1% change in its yield. Thus, the higher the duration, the more volatile the security.

Credit Risk -- The credit rating or financial condition of an issuer may also affect the value of a debt security. Generally, the lower the quality rating is 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 or becomes unable to honor its financial obligations, the security may lose some or all of its value. The issuer of an investment-grade security is typically valued as more likely to pay interest and repay principal than an issuer of a lower rated bond. Adverse economic conditions or changing circumstances, however, may weaken the issuer's capacity to pay interest and repay principal.

High Yield Risk -- High yield bonds, commonly referred to as “junk” bonds, are highly speculative securities that are usually issued by smaller, less credit-worthy and/or highly leveraged (indebted) companies. Compared with investment-grade bonds, high yield bonds carry a greater degree of risk and are less likely to make payments of interest and principal. Market developments and the financial and business conditions of the corporation issuing these securities influence their price and liquidity more than changes in interest rates, when compared to investment-grade debt securities. Insufficient liquidity in the high yield bond market may make it more difficult to dispose of high yield bonds and may cause products in the portfolio to experience sudden and substantial price declines. A lack of reliable, objective data or market quotations may make it more difficult to value high yield bonds accurately.

Mortgage-Backed Securities Risk -- The value of mortgage-backed securities may be affected by, among other factors, changes or perceived changes in: interest rates, factors concerning the interests in and structure of the issuer or the originator of the mortgages, the creditworthiness of the entities that provide any supporting letters of credit, surety bonds or other credit enhancements, or the market’s assessment of the quality of underlying assets. Payment of principal and interest on some mortgage-backed securities (but not the market value of the securities themselves) may be guaranteed by the full faith and credit of the U.S. Government or by its agencies, authorities, enterprises or instrumentalities, which are not insured or guaranteed by the U.S. Government. Mortgage-backed securities issued by non-governmental issuers (such as commercial banks, savings and loan institutions, private mortgage insurance companies, mortgage bankers and other secondary market issuers) may entail greater risk than obligations guaranteed by the U.S. Government. Mortgage-backed securities are subject to prepayment risk, which is the possibility that the underlying mortgage may be refinanced or prepaid prior to maturity during periods of declining or low interest rates, causing the strategy’s products to have to reinvest the money received in securities that have lower yields. Rising or high interest rates tend to extend the duration of mortgage-backed securities, making their prices more volatile and more sensitive to changes in interest rates.

Repurchase Agreement Risk -- A repurchase agreement is a short-term investment. A strategy’s products may acquire a debt security that the seller agrees to repurchase at a future time and set price. If the seller declares bankruptcy or defaults, the products in this strategy may incur delays and expenses liquidating the security. The security may also decline in value or fail to provide income.

Convertible Securities Risk -- Convertible securities are generally not investment grade and are subject to greater credit risk than higher-rated investments. They may also be less liquid and more difficult to value than higher-rated debt securities.

International Risks

Non-U.S. Securities Risk -- The economies of some non-U.S. markets often do not compare favorably with that of the U.S. in areas such as growth of gross domestic product, reinvestment of capital, resources, and balance of payments. Some of these economies may rely heavily on particular industries or foreign capital. They may be more vulnerable to adverse diplomatic developments, the imposition of economic sanctions against a country, changes in international trading patterns, trade barriers and other protectionist or retaliatory measures.

Governmental actions, such as the imposition of capital controls, nationalization of companies or industries, expropriation of assets or the imposition of punitive taxes, may adversely affect investments in foreign markets. The governments of certain countries may prohibit or substantially restrict foreign investing in their capital markets or in certain industries. This could severely affect security prices. This could also impair the ability to purchase or sell foreign securities or transfer assets or income back to the U.S. or otherwise adversely affect the management of the portfolio. Other non-U.S. market risks include foreign exchange controls, difficulties in pricing securities, defaults on foreign government securities, difficulties in enforcing favorable legal judgments in foreign courts, and political and social instability. Legal remedies available to investors in some countries are less extensive than those available to investors in the U.S. Many foreign governments supervise and regulate stock exchanges, brokers and the sale of securities less than the U.S. government. Corporate governance may not be as robust as in more developed countries. As a result, protections for minority investors may not be strong, which could affect security prices. Accounting standards in other countries are not necessarily the same as in the U.S. If the accounting standards in another country do not require as much disclosure or detail as U.S. accounting standards, it may be harder to completely and accurately determine a company's financial condition. Because there are usually fewer investors on foreign exchanges and smaller numbers of shares traded each day, it may be difficult to buy and sell securities on those exchanges. In addition, prices of foreign securities may go up and down more than prices of securities traded in the U.S. Foreign markets may have different clearance and settlement procedures. In certain markets, settlements may not keep pace with the volume of securities transactions. If this occurs, settlement may be delayed, and assets may be uninvested and may not be earning returns, or other investment opportunities may be missed. Changes in currency exchange rates will affect the value of foreign holdings or exposures. The costs of foreign securities transactions tend to be higher than those of U.S. transactions, increasing the transaction costs. International trade barriers or economic sanctions against foreign countries may adversely affect holdings or exposures.

Emerging / Frontier Market Risk -- Investments in issuers in developing, emerging, or frontier market countries involve increased exposure to changes in economic, social and political factors. The economies of most emerging / frontier market countries are in the early stage of capital market development and may be dependent on relatively fewer industries. As a result, their economic systems are still evolving, and their political systems are typically less stable than those in developed economies. Securities markets in these countries can also be smaller, and there may be increased settlement risks. Emerging / frontier market countries often suffer from currency devaluation and higher rates of inflation. Due to these risks, securities issued in these countries may be more volatile, less liquid, and harder to value than securities issued in more developed countries.

Currency Risk — Because the non-US securities in which certain accounts may invest, with the exception of depositary receipts, generally trade in currencies other than the U.S. dollar, changes in currency exchange rates will affect an account's value, the value of dividends and interest earned, and gains and losses realized on the sale of securities. A strong U.S. dollar relative to these other currencies will adversely affect the value of an account. Depositary receipts are also subject to currency risk.

Non-Diversified Risk

Certain strategies are non-diversified and may invest a greater percentage of its total assets in the securities of fewer issuers than a “diversified” strategy. This increases the risk that a change in the value of any one investment in the portfolios of the strategy could affect the overall value more than it would affect that of a diversified strategy holding a greater number of investments. Accordingly, a portfolio in a non-diversified strategy will likely be more volatile than the value of a portfolio in a more diversified strategy.

ITEM 9 DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a client’s or a prospective client’s evaluation of FPA’s advisory business or the integrity of its management.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Registered Investment Companies

FPA is the investment adviser to Source, a publicly traded, diversified, closed-end investment company, Perennial, Capital, New Income and Crescent, all of which are diversified, open-end investment companies. FPA is also the investment adviser to Paramount and International, which are non-diversified, open-end investment companies.

FPA also serves as a sub-adviser to investment companies sponsored by third parties.

Private Investment Funds

FPA is the General Partner of FPA Multi-Advisor Fund, L.P. and of FPA Multi-Advisor Fund II, L.P., each of which is a California limited partnership, and manager of FPA Multi-Advisor Offshore Fund, Ltd., a Cayman Islands exempted company.

FPA is the Managing Member of FPA Hawkeye Fund, FPA Hawkeye-7 Fund, FPA Global Opportunity Fund, FPA Value Partners Fund, and FPA Select Fund, each of which is a series of FPA Hawkeye Fund, LLC, a Delaware limited liability company, and manager of FPA Hawkeye Offshore Fund, Ltd., a Cayman Islands exempted company.

FPA is currently exempt from CFTC registration requirements.

Broker-Dealer

FPA is not registered, nor has any pending application for registration as a broker-dealer. Certain employees of FPA are registered representatives of UMB Distribution Services, LLC, a registered broker-dealer, to the extent necessary or required to perform their job responsibilities. UMB Distribution Services, LLC is the distributor of shares of Capital, Crescent, International, New Income, Paramount, and Perennial, and other registered investment companies not managed by FPA.

Other Material Relationships

FPA is committed to putting the interests of its clients first and seeks to act in a manner consistent with its fiduciary and contractual obligations to its clients and applicable law. At times, FPA may determine, in an exercise of its discretion, to limit or refrain from entering into certain transactions, for some or all clients, in order to seek to avoid a potential conflict of interest, or where the legal, regulatory, administrative or other costs associated with entering into the transaction are deemed by FPA to outweigh the expected benefits. Further, certain regulatory and legal restrictions or limitations and internal policies may restrict certain investment or voting activities of FPA on behalf of its clients.

To the extent permitted by the Investment Advisers Act of 1940 (the “Advisers Act”), the Investment Company Act of 1940 (the “Company Act”), the Employee Retirement Income Security Act of 1974 (“ERISA”), and other law, as applicable, FPA may give advice, take action or refrain from acting in limiting purchases, selling existing investments, or otherwise restricting or limiting the exercise of rights, including voting rights, in the performance of its duties for certain client accounts that may differ from such advice or action, or the timing or nature of such advice or action, for other client accounts including, for example, for clients subject to one or more regulatory frameworks.

Receipt of Compensation from Investment Advisers

While FPA does not recommend or select other investment advisers for its clients, FPA may invest client assets in the Funds, to which FPA provides investment advice. In addition, while FPA does not invest separately managed account clients in the Private Funds, FPA may have discussions with mutual fund and Private Fund investors regarding possible investments in the FPA Funds (both the registered funds and the Private Funds). Because FPA may receive direct or indirect compensation from such investments, FPA may have an incentive to recommend investments in its funds. Due to the additional economic benefit to FPA from such investments, a conflict of interest may exist.

ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

FPA has adopted a Code of Ethics (the “Code”) in compliance with SEC Rule 204A-1 under the Advisers Act and Rule 17j-1 under the Company Act. The Code sets forth the standards of conduct expected of all employees, directors, officers of the firm (“Employees”), and to demonstrate FPA’s commitment to the highest legal and ethical standards and to provide guidance in understanding and fulfilling these responsibilities. FPA and its employees strive at all times to conduct business in accordance with its fiduciary obligations, which include the duties of care, honesty, integrity, and good faith.

The Code requires certain business activity or conduct to be reported and monitored to avoid potential conflicts of interest. In addition, the Code also outlines policies and procedures designed to detect and prevent conflicts of interest relating to personal trading by all Employees and to ensure that FPA effects transactions for clients in a manner consistent with its fiduciary

duty and in accordance with applicable laws.

The Code prohibits FPA Employees from purchasing securities (with certain limited exceptions) that are held in any client account or are under active consideration for purchase or sale by any client account. Included in this prohibition are all equivalent and/or related securities, based on the issuer. In addition, all Employees are prohibited from trading, either personally or on behalf of others, on material nonpublic information or communicating material nonpublic information to others in violation of the law.

Various procedures have been adopted under the Code including the requirement to pre-clear all applicable transactions. Additional restrictions relating to short-term trading and purchases of initial public offerings are also defined in the Code and applicable to all employees.

Employees are required to comply with certain periodic reporting requirements and to certify they have read and will comply with the Code upon commencement of employment and annually thereafter. Employee reporting requirements and trading, as noted above, is monitored for adherence to the Code and any employee who violates the Code is subject to remedial actions.

A copy of FPA's Code is available upon request of any client or prospective client.

Participation or Interest in Client Transactions

From time to time employees of FPA and its related persons may invest in Private Funds or the Funds managed by FPA. FPA may also establish proprietary accounts, including seed capital accounts. Such investments may from time to time represent all, or a significant percentage, of the Private Fund or proprietary account's assets. In addition, FPA may have a financial interest, including but not limited to the receipt of investment management and/or certain performance-based fees. As such, FPA may have a financial incentive to recommend certain Private Funds without regard to client suitability which would produce greater compensation and profit to FPA, and indirectly, to personnel of FPA involved in decision-making for such accounts. Investors in the Private Funds are required to complete subscription agreements which are designed to determine the appropriateness of the investment for a prospective client. In addition, Private Funds and proprietary accounts often invest in the same securities and trade alongside client accounts. This creates a conflict if FPA were to favor such accounts in the allocation of investment opportunities. As discussed in Item 6, FPA maintains policies and procedures designed to treat all clients, including Private Funds and proprietary accounts, fairly when aggregating and allocating investment opportunities.

As noted above, employees of FPA may invest in Private Funds or other commingled funds or accounts advised or sub-advised by FPA, and FPA may establish proprietary accounts including seed capital accounts. Although employees of FPA may maintain a material position or percentage interest in such funds or accounts, and the interests of FPA may represent all or a significant percentage of such proprietary accounts or seed accounts, the restrictions and/or prohibitions on securities transactions under the Code as set forth above do not apply in such instances to these funds or accounts. In order to address any conflict created or mitigate any associated risk under these circumstances, FPA periodically reviews allocations of investment

opportunities and sequencing of transactions across all accounts and compares the performance of such accounts.

FPA provides investment advisory services to various clients which may differ from the advice given, or the timing and nature of the actions taken with respect to any one account, including proprietary or personal accounts, depending upon a variety of factors as discussed in Item 16. In addition, other factors such as market impact or liquidity constraints could result in one or more clients receiving less favorable trading results if FPA were to implement an investment decision ahead of or contemporaneously with similar decisions for one set of clients ahead of other clients. As set forth above, FPA maintains policies and procedures reasonably designed to ensure that all clients are treated fairly when aggregating and allocating investment opportunities

Employees may be offered or receive gifts and entertainment from parties with whom FPA conducts business. Receipt of business gifts and entertainment from clients, consultants or broker-dealers may inappropriately influence investment or trading decisions. Similarly, the giving of gifts and entertainment may inappropriately influence a prospect, client, consultant or broker-dealer in an effort to gain an unfair advantage in acquiring or retaining clients. Employees are subject to certain limitations regarding the receipt/giving of business gifts and entertainment to and from parties with whom FPA conducts business.

Similarly, employees may from time to time make political contributions. The inappropriate influencing of a prospect or client in an effort to gain an unfair advantage in acquiring or retaining clients creates a conflict of interest. FPA has established procedures to comply, at a minimum, with federal law. In addition, all applicable contributions require preclearance and employees are required to certify on a quarterly basis that they have reported all applicable monetary or in-kind political contributions and that the contributions met certain standards.

FPA is cognizant that an employee's personal activities may give rise to a potential conflict of interest if the employee's personal interests are inappropriately placed before FPA or FPA's clients. As such, FPA prohibits service on publicly traded company boards without prior approval from Legal and Compliance. In addition, permission is required to participate in certain outside business activities. If it appears that any such activity conflicts with, or may reasonably be anticipated to conflict with, the interests of FPA or any client, the employee may be prohibited from participating or be required to discontinue the activity.

From time to time, FPA may effect rebalancing or internal cross transactions among two or more client accounts if FPA determines such transactions to be in the best interest of all clients involved. To the extent that FPA controlling persons own more than a 25% interest in any one or more of the client accounts, the transactions may be deemed to be principal transactions. FPA recognizes the conflicts of interest that cross trades or principal trades may create. To mitigate the conflicts of interest, FPA will take steps to ensure that the crossing price in any such transaction is fair to both sides of the transactions and does not disadvantage any one client over the other client. With respect to cross transactions that may be viewed as principal trades, FPA will comply with the principal trade provisions of the Advisers Act (and if applicable the Company Act and ERISA).

ITEM 12 BROKERAGE PRACTICES

Selection of Broker-Dealers

In determining the broker-dealers through which to place securities transactions for client accounts, FPA's policy is to seek the best execution of orders at the most favorable price in light of the overall quality of brokerage and research services provided. In selecting broker-dealers to execute transactions, the determination of what is expected to result in best execution at the most favorable price involves a number of factors, including, but not limited to, the nature of the security being traded, the size and timing of the transaction, the activity existing and expected in the market for the particular security, the likelihood of price improvement, the speed of execution, and the ability to minimize market impact. In addition, FPA considers the broker-dealer's financial responsibility, its responsiveness and operational capabilities, and its maintenance of the confidentiality of orders. Further, FPA considers the value, nature and quality of the research services provided. The determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution under the circumstances.

As a result of any or a combination of the above factors, transactions will not always be executed at the lowest available price, commission, and/or mark-up/mark-down, but will be within a generally competitive range as FPA does not adhere to any rigid formula in making the selection of any particular broker-dealer, but weighs a combination of the preceding and, potentially, other factors. Additionally, as described in greater detail below, FPA places substantially all trades at a bundled commission rate (i.e., inclusive of both research and execution services). Accordingly, FPA pays up for research and brokerage services provided FPA determines in good faith that such research and brokerage services fall within the definition of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"); the research and brokerage services provide appropriate and lawful assistance in the investment decision-making process; and the commission paid is reasonable in relation to the research and brokerage services provided.

Fixed income securities may be purchased from the issuer or broker-dealer or primary market-maker acting as principal for the securities on a net basis, with no brokerage commissions being paid by the client, although the price usually includes certain undisclosed compensation to the dealer. Rather than purchasing from a broker-dealer on a principal basis, in certain circumstances consistent with its responsibilities in seeking best execution, FPA may engage a broker-dealer to act as agent (for which such broker-dealer may be paid a negotiated commission or mark-up) in purchasing fixed-income securities for client accounts. Securities also may be purchased from underwriters at prices that include underwriting fees.

FPA has established a Brokerage and Trading Practices Committee that has oversight responsibility for FPA's brokerage practices. The Committee meets semiannually or more frequently as needed.

FPA may place orders through financial firms that may use, offer or include products or services of FPA or its affiliates. FPA does not take into account such business arrangements when selecting firms through whom orders are placed.

Research and Other Soft Dollar Benefits

FPA may use a broker that charges more than the lowest available commission when FPA determines in good faith that the amount of the commission is reasonable in relation to the value of the brokerage and research services provided by the executing broker. FPA is in effect paying for the brokerage and research products and services with client commissions, so-called “soft dollars.”

FPA receives and pays for research products and services in a variety of manners. In some cases, an executing broker-dealer provides proprietary products or services directly to FPA (“direct research providers”). In other cases, research is provided by third party research providers such as a non-executing broker-dealer or some other third party research firm (“third party research providers”). FPA does not allocate soft dollars to broker-dealers in exchange for so-called “mixed use” products or services.

Additionally, FPA may pay directly for third-party research services provided by firms that are not broker-dealers.

When FPA uses client brokerage commissions to obtain research or other products or services, it receives a benefit because it does not have to produce or pay for the products or services. In using client commissions to obtain research or other products or services, FPA is obligated in good faith to determine that the commissions paid to broker-dealers are reasonable in relation to the value of brokerage and research or other products or services received, that the receipt of such research or other products or services is in accordance with the standards of Section 28(e), and that such benefits are consistent with FPA’s duty to seek best execution.

The research products and services which FPA receives generally consist of research reports or advice from the broker’s analysts regarding specific companies, industries or general economic conditions, as well as meetings with management of portfolio companies or companies under consideration for purchase. The research products and services may also include economic analysis and forecasts, financial market analysis and forecasts, industry and company specific analysis, interest rate forecasts, market data services and other services that assist in the investment decision-making process. Research products and services are received primarily in the form of written reports, computer-generated services, telephone contacts and personal meetings with securities analysts. Research services also may be provided in the form of meetings arranged by broker-dealers with corporate management teams and spokespersons, as well as industry spokespersons.

The brokerage and research products and services that FPA receives from broker-dealers supplement FPA’s own research activities. As a practical matter, in some cases FPA could not, on its own, generate all of the research that broker-dealers provide without materially increasing expenses. Soft dollar arrangements create a potential conflict by possibly giving an investment adviser an incentive to trade frequently to generate commissions to pay for these products or services, which may not be in the best interests of an adviser’s clients, or, in some cases, to trade actively in certain accounts to obtain research used primarily by other, less frequently traded accounts. FPA attempts to mitigate these potential conflicts through oversight of the use of commissions by the Brokerage and Trading Practices Committee.

Brokerage for Client Referrals

FPA does not consider client referrals when selecting or recommending broker-dealers.

Aggregation of Trades

FPA seeks to allocate portfolio transactions equitably whenever concurrent decisions are made to purchase or to sell identical securities for several clients managed by FPA. FPA may elect to aggregate orders for its client accounts for the same security where concurrent decisions are made to purchase or to sell identical securities for several clients managed by FPA and such aggregation will generally result in more favorable net results for its clients. In these cases, FPA will allocate the securities or proceeds arising out of those transactions (and the related expenses) on an average price basis among the various participants. While FPA believes combining orders in this way will, over time, be advantageous to all participants, in particular cases, this procedure could have an adverse effect on the price or the amount of securities purchased or sold by any one client. In making such allocations, the main factors considered by FPA are the respective investment objectives, the relative size of portfolio holdings of the same or comparable securities, the availability of cash for investment, the size of investment commitments generally held, and the opinions of the persons responsible for recommending the investment.

Allocation of Partially Filled Orders

If FPA is unable to fill an aggregated transaction completely, it allocates the partially filled orders according to FPA's allocation policy among accounts for which such a transaction is appropriate. The objective of FPA's allocation policy is to achieve equal treatment of all clients' accounts through a systematic process of trade allocation. No preference is given with respect to portfolio size, or tenure of client.

Partially filled orders are allocated either pro-rata whenever feasible or otherwise randomly, to the extent FPA determines the participating accounts would not receive a meaningful allocation. If there is a change in the price of the securities FPA is seeking to purchase or sell for clients, FPA may determine to change its action before it has filled orders for all client accounts for whom a particular transaction is appropriate. Thus, it is possible that not all client accounts will participate in the same gains or losses as other client accounts with similar investment objectives.

ITEM 13 REVIEW OF ACCOUNTS

In effect, FPA's investment advisory accounts are under constant review because of the commonality of holdings among the relatively low number of accounts under management and the limited number of different portfolio securities. These factors facilitate the continual monitoring of client portfolios in relation to changes in market prices and available information (e.g. earnings and dividends).

FPA does not have an investment committee or group. Each lead portfolio manager assumes primary responsibility for the ongoing review of the accounts under their management. All reviews are conducted pursuant to the guidelines established by, or in connection with, the applicable account.

FPA provides reports to investors in the Funds and to other clients as required by the applicable Governing Documents. Investors in Funds and clients should refer to the applicable Governing Documents for further information on the reports provided to a particular Fund's investors or to the client.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

From time to time, FPA may enter into written solicitation agreements for the referral of FPA's investment advisory services under which persons introducing new clients to FPA receive a referral fee. Generally, the fee is based on a percentage of the investment advisory fees earned on assets invested with FPA at the commencement of the relationship. Clients do not pay higher fees as a result of these arrangements.

ITEM 15 CUSTODY

FPA does not maintain physical custody of the funds or securities of any client. However, FPA may be deemed to have custody of the assets of the Private Funds within the meaning of Rule 206(4)-2 under the Advisers Act (the "Custody Rule") because of the authority it or a related party has over such clients or their assets. FPA complies with the Custody Rule with respect to the Private Funds by causing each Private Fund to be audited annually and distributing the audited financial statements prepared in accordance with U.S. generally accepted accounting principles to investors no later than 120 days (or 180 days for a fund of funds) after each Private Fund's fiscal year end.

ITEM 16 INVESTMENT DISCRETION

FPA has discretionary authority to manage securities accounts on behalf of its clients. FPA's discretionary authority is generally limited by the investment objectives, strategies, policies, and restrictions set forth in the registration statements of its registered investment company clients, the offering memoranda of its private investment company clients, and the account documentation for its other clients.

ITEM 17 VOTING CLIENT SECURITIES

FPA is authorized to vote proxies on behalf of its clients unless a client specifically retains or delegates this authority to another party in writing. FPA has adopted written Proxy Voting Policies and Procedures that are designed to reasonably ensure that all proxy voting decisions are made in the best interests of advisory clients for whom FPA has voting authority. FPA will act in a prudent and diligent manner intended to enhance the value of the assets of the client's account. FPA has contracted with Institutional Shareholder Services, Inc. ("ISS") to assist FPA in the administration of its proxy voting responsibilities.

FPA will review proxy proposals for conflicts of interest as part of the overall vote review process. If material conflicts of interest arise between FPA and its clients with respect to voting

a proxy, FPA will convene an internal group of senior FPA employees who are independent from the conflict of interest at issue. The internal group will consider the proxy and the conflict and determine a course of action that is in the best interest of the client.

Clients may obtain a copy of FPA's Proxy Voting Policies and Procedures, as updated from time to time, as well as information on how FPA voted their accounts' securities upon written request to:

FPA, LLC
Attn: Legal & Compliance Department
11601 Wilshire Boulevard, Suite 1200
Los Angeles, CA 90025

ITEM 18 FINANCIAL INFORMATION

FPA does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance, and thus, has not included a balance sheet for its most recent fiscal year. FPA is not aware of any financial condition that is reasonably likely to impair its ability meet its contractual commitments to clients, nor has FPA been the subject of a bankruptcy petition at any time during the past ten years.