

The Phaeacian Accent International Value Fund and the Phaeacian Global Value Fund (the “Phaeacian Funds”) were formerly known as the FPA International Value Fund and the FPA Paramount Fund, Inc. (the “Former Funds”), respectively, until their reorganization in October 2020. This commentary was written by the portfolio managers of the Phaeacian Funds while they were the portfolio managers of the Former Funds and employees of the Former Funds’ investment adviser. The Former Funds are no longer available for sale and these commentaries are provided for informational purposes only. The provision of these commentaries does not constitute or imply an endorsement of the Phaeacian Funds by the Former Funds’ investment adviser, and the views and opinions expressed in these commentaries are those of the portfolio managers and do not state or reflect those of the Former Funds’ investment adviser. Past performance is no guarantee, nor is it indicative, of future results. This is not an offer for sale or recommendation of any security, product or services discussed and neither does it provide investment advice.

We hope that investors will find FPA commentaries helpful to understand application of the same investment discipline in various markets, and can refer to particular items that interest them.

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

Average Annual Total Returns

As of September 30, 2013

Fund/Index	MTD	YTD	1 Year	3 Years**	5 Years**	10 Years**
FPA Paramount	3.84 %	21.30 %	28.64 %	15.97 %	11.60 %	9.38 %
Russell 2500	5.73 %	25.89 %	29.79 %	18.44 %	12.68 %	10.38 %
MSCI ACWI	5.17 %	14.43 %	17.73 %	10.21 %	7.71 %	7.86 %

** Annualized.

A redemption fee of 2.00% will be imposed on redemptions within 90 days. Expense ratio is 0.94% as of most recent prospectus.

Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. This data represents past performance and investors should understand that investment returns and principal values fluctuate, so that when you redeem your investment it may be worth more or less than its original cost. Current month-end performance data may be obtained by calling toll-free, 1-800-982-4372.

To view portfolio holdings from the most recent quarter end, please refer to the end of this document or at www.fpafunds.com.

Portfolio composition will change due to ongoing management of the fund. References to individual securities are for informational purposes only and should not be construed as recommendations by the Funds, Advisor or Distributor.

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

The Russell 2500 Index is an unmanaged index comprised of the 2,500 smallest companies in the Russell 3000 Index.

The MSCI All Country World NR Index is a float-adjusted market capitalization index that is designed to measure the combined equity market performance of developed and emerging markets.

Fund Risks

Investments in mutual funds carry risks and investors may lose principal value. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. The funds may purchase foreign securities which are subject to interest rate, currency exchange rate, economic and political risks. Small and mid-cap stocks involve greater risks and they can

fluctuate in price more than larger company stocks. Groups of stocks, such as value and growth, go in and out of favor which may cause certain funds to underperform other equity funds.

Please consult your tax advisor regarding higher capital gains distributions.

The FPA Funds are distributed by UMB Distribution Services, LLC, 803 W. Michigan Street, Milwaukee, WI, 53233.

Dear fellow shareholders,

During the third quarter of 2013, the Fund rose 6.42% compared to the MSCI All Country World Index's (Net) (the "Index") gain of 7.90%. Year-to-date, the Fund is up 21.30% versus the Index, which is up 14.43%. In May 2011, we announced that the Fund would adopt a more global approach in order to take advantage of a broader opportunity set, and continue with FPA's tradition of benchmark agnostic investing. Since the end of the third quarter of 2011, the Fund has appreciated 28.07% annualized versus 19.33% for the Index.

Though the Fund's returns have been positive year-to-date, we highlight that a continued run-up in market prices may translate into fewer opportunities and reduced margins of safety¹. Such dynamics could cause the Fund to underperform relative to its benchmark in the short-term. Our focus is on earning superior returns over the long run, and we urge investors to always consider the Fund's performance over a multi-year horizon.

Lead management and investment team

On September 1, 2013, FPA announced the formation of a new Global Value Strategy. As part of the launch, Gregory Herr and Pierre Py were promoted to Lead Managers of the Fund. Greg and Pierre have been Co-Managers of the Fund since the strategy commenced its global mandate. Jason Dempsey and Victor Liu, already members of the International Value Strategy Team, also joined as Research Analysts for the new Strategy and for the Fund.

The Global Value Strategy employs an investment philosophy that is consistent across FPA - a focus on value, bottom-up analysis, and downside protection. The FPA Paramount Fund objective is a high total investment return, including capital appreciation and income. We seek to provide above-average capital appreciation over the long term while attempting to minimize the risk of permanent losses. As value investors, we also share the bias towards quality that has long driven stock selection in the Fund, investing only in well-run, financially robust, high-quality companies. We think value opportunities arise across geographies with companies of all sizes, and are agnostic to domicile and market capitalization. We consider as broad an investment universe as we can to populate the portfolio with only true value opportunities. We look to invest in companies that trade at a significant discount to intrinsic value². Our strategy for the Fund is unchanged with a long-term, benchmark agnostic, and concentrated approach. While we are fundamentally valuation driven, our mandate is to maintain a minimum U.S. and International weight of 20%, a level that still provides greater flexibility than most global funds.

We are pleased to provide our first report as Lead Managers of the Fund. Our primary objective in this communication is to discuss some of the recent portfolio developments, along with selected opportunities that we see in the current environment. It is also our goal to give you a better sense of how we think as investors, and how we manage the portfolio. To that end, we have attached our Global Value Policy Statement to this letter.

¹ Buying with a "margin of safety", is when a security is purchased for less than its estimated value. This helps protect against permanent loss in the case of an unexpected event or analytical mistake. A purchase made with a margin of safety does not guarantee the security will not decline in price.

² Our estimate of the actual value of a company or an asset based on our underlying perception of its true value including all aspects of the business, in terms of both tangible and intangible factors.

Main developments

The first step we took was to impose a new burden of proof on every name in the portfolio, and to conduct “re-buy analyses” both from a fundamental and a valuation perspective, for all of our holdings. At the end of the third quarter, we had completed almost all company reviews and updated most assessments of intrinsic value. Given the strong historical stock selection, many of our investments had performed well over the last couple of years. Based upon our analysis, we felt certain holdings were not trading at appropriate discounts to intrinsic value.

As we focused on thinking about each business prospectively and normalized economics, our research “re-runs” also identified three cases in the portfolio where we felt the fundamentals were undergoing structural changes. Consistent with our policy, we exit any holding for which we think the original investment thesis no longer holds, either because we made a mistake or because the business has experienced a paradigm shift. Also consistent with our policy, we weight portfolio holdings based on their relative discounts to intrinsic value. We sell every position that no longer offers an acceptable margin of safety.

The second step is to monetize these positions that either no longer meet our quality requirements or no longer offer enough of a margin of safety, and to adjust the weights of our holdings based on their confirmed relative discounts to intrinsic value. At the same time, we have progressively added to our International exposure based on where we see the most compelling opportunities. In total thus far, since September 1 we have sold 13 holdings, re-weighted several positions, and added seven new investments.

The third step will be to complete the work on several pending new investment ideas, both on the U.S. and on the International side, and, pending the appropriate valuation, add them to the portfolio.

Portfolio review

At the end of the quarter, the Fund comprised 27 holdings, which is at the lower end of the 25 to 50 names we would typically expect to own at any given point in time. Our cash exposure was a little over 35%. This is an elevated level of cash for the Fund, and more an indication of where we stand in our process than the residual output of our process at this stage.

While we are working from a “target portfolio,” things are inherently fluid. Given the current market environment, future developments along with their timing are difficult to predict. As we go through this, we have to define priorities, factor-in liquidity issues, and try to opportunistically take advantage of high volatility in the markets. That said we would expect to complete the process by early next year, at which stage we will start disclosing the portfolio’s weighted average discount to intrinsic value. We would also expect our International holdings to increase, with significant exposure to businesses domiciled in Europe. This is a function of where we find the most compelling opportunities. Country weightings could shift materially depending on the relative attractiveness of opportunities across regions. As we stand today though, from a bottom-up perspective, we are generally able to identify a greater number of high quality businesses trading at significant discounts to intrinsic value in Europe. Next, and in descending order, are U.S. large caps, emerging markets, and U.S. small caps. The Fund’s weighted average market cap stands around \$5 billion. Given our previous observation, this average could increase as we start adding more U.S. names.

One last thing to expect, as we mentioned in previous Fund announcements, is the inevitable tax impact of monetizing some of the upside the Fund has delivered over the past few years. Efforts to reduce or sell some

of our investments in order to redeploy capital into investment opportunities that the team finds most compelling may likely result in the Fund paying significantly higher taxable distributions of capital gains than in prior years. Taxable shareholders interested in making additional contributions or initial purchases in the Fund should take this under consideration.

Key performers

Our best performing holding in the quarter was **I dex** (up 21.74% in US currency). Based in the US, I dex makes pumps, flow meters and other fluid handling components. Most of these highly-engineered products are sold into niche applications that are relatively low cost, but essential for their customers' business. This produces attractive profitability with operating margins in excess of 20%, and strong cash flow generation. Leverage is modest with Net Debt to EBITDA³ at 1.0x. In addition to operating the business well, we find that management allocates capital sensibly in a mix of bolt-on acquisitions and distributions back to shareholders. Strength in I dex's overall reported results during the quarter, along with improvements in the photonics division were likely the main drivers behind the increase in the company's share price. I dex is a high quality company and we remain interested in being shareholders, within the limits of our valuation discipline.

Our worst performing holding in the quarter was **EVS** down 7.08% in US currency. The company which is highly innovative and well-managed, was able to carve-out an impressive position in the niche market of broadcasting equipment for remote production of live sporting events. They have consistently delivered strong operating and financial performance, and its current economics are remarkable both in terms of operating margins, and in terms of returns on capital. Free cash flow is running high and the balance sheet is debt free. Unfortunately, we think current developments in the field could make it difficult for EVS to maintain these strong fundamentals in the long-run. It is one of the three companies we mentioned were undergoing fundamental structural changes earlier in our portfolio development section.

Our next worst performing holding was **Incitec Pivot** (down 3.72% in US currency). Based in Australia, Incitec is a leading provider of explosive products and services, with a strong position in North America following their acquisition of Dyno Nobel in 2008. The business has material exposure to the coal and mining sectors which are going through a cyclical correction. In addition, Incitec encountered some difficulties upon starting production at their new massive Moranbah complex. Beyond these short-term issues, we feel the fundamentals are strong. Explosives are highly regulated, a critical driver of performance for miners, and the business is concentrated in the hands of a few players. However, these qualities are partially masked by Incitec's other division. The group is a key player in the production and distribution of fertilizers in Australia. Fertilizer prices have been under pressure, and the business recently faced some issues that for the most part we see as temporary. More importantly, fertilizers are not a long-term strategic focus and will account for less than 20% of earnings three to five years out. Management has proven to be operationally astute and return driven. Leverage is below 2x Net Debt to EBITDA. Yet, at the end of the quarter, Incitec was trading at less than 8x next fiscal year earnings. It was offering a free cash flow yield of 13% and a dividend yield of 6%.

Concluding thoughts

We recognize that this is a difficult environment to manage money. The global economy is faced with many challenges including high levels of debt, in particular at sovereign levels, structurally weak financial

³ Earnings before interest, taxes, depreciation and amortization.

institutions, most notably in Europe, imbalances in developing countries, the likelihood of more tax pressure along with further austerity measures, slower economic growth, and the threat of rampant inflation in the long-run driven by fiscal and monetary policies. Nonetheless, we are excited about the investment opportunities that the Fund may identify given its acute focus on business fundamentals and its solid value bias.

Finally, we and the Board of Directors extend our appreciation to Eric Ende and Steven Geist for their many years of Fund stewardship.

We are grateful for your confidence as shareholders of the FPA Paramount Fund, and look forward to continue serving your interests.

Respectfully submitted,

The Global Value Team

Gregory Herr Portfolio Manager	Pierre O. Py Portfolio Manager
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Jason Dempsey Analyst	Victor Liu Analyst
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October 16, 2013



FPA Paramount Fund, Inc.

Portfolio Holdings

09/30/2013

CUSIP/SEDOL	TICKER	SHARES	SECURITY	MKT PRICE (\$)	MKT VALUE (\$)	% OF NET ASSET VALUE
B4WQ2Z2	AGK LN	363,000	AGGREKO*	25.97	9,426,093.60	2.89%
B12TR11	ATEA.NO	15,000	ATEA ASA*	10.52	157,773.00	0.05%
090572207	BIO	73,300	BIO-RAD LABORATORIES- CLASS A	117.56	8,617,148.00	2.64%
B01MJR4	BIM FP	14,113	BIOMERIEUX*	96.86	1,366,992.24	0.42%
179895107	CLC	138,600	CLARCOR	55.53	7,696,458.00	2.36%
217204106	CPRT	398,500	COPART	31.79	12,668,315.00	3.89%
B1Y9TB3	BN.FP	45,000	DANONE SA	75.37	3,391,864.61	1.04%
0274805	DNO.LN	49,000	DOMINO PRINTING SCIENCES*	10.36	507,689.00	0.16%
B08CHG2	EVS.BB	70,711	EVS BROADCAST EQUIPMENT*	64.52	4,561,920.17	1.40%
353514102	FELE	252,200	FRANKLIN ELECTRIC	39.40	9,936,680.00	3.05%
B096LW7	FUR.NA	80,000	FUGRO NV*	61.00	4,879,824.00	1.50%
B01FLG6	GFS.LN	13,500	G4S*	4.12	55,578.15	0.02%
384109104	GGG	166,900	GRACO	74.06	12,360,614.00	3.79%
45167R104	IEX	151,350	IDEX	65.25	9,875,587.50	3.03%
6673042	IPL.AU	2,500,000	INCITEC PIVOT*	2.51	6,274,500.00	1.92%
53217V109	LIFE	142,400	LIFE TECHNOLOGIES	74.83	10,655,792.00	3.27%
57772K101	MXIM	185,800	MAXIM INTEGRATED PRODUCTS	29.80	5,536,840.00	1.70%
595017104	MCHP	209,700	MICROCHIP TECHNOLOGY	40.29	8,448,813.00	2.59%
686091109	ORLY	178,400	O'REILLY AUTOMOTIVE	127.59	22,762,056.00	6.98%
			OTHER		877,972.02	0.27%
4846288	SAP.GR	115,000	SAP AG*	73.81	8,488,012.00	2.60%
806037107	SCSC	416,000	SCANSOURCE	34.60	14,393,600.00	4.41%
038744003	SIG	62,600	SIGNET JEWELERS*	71.65	4,485,290.00	1.38%
7062713	SW.FP	35,000	SODEXO*	93.62	3,276,863.03	1.00%
92220P105	VAR	44,500	VARIAN MEDICAL SYSTEM	74.73	3,325,485.00	1.02%
92927K102	WBC	222,200	WABCO HOLDINGS	84.26	18,722,572.00	5.74%
989207105	ZBRA	216,800	ZEBRA TECHNOLOGIES - CLASS A	45.53	9,870,904.00	3.03%
TOTAL EQUITIES:					202,621,236.31	62.15%
CASH & EQUIVALENTS (NET OF LIABILITIES):					123,424,026.22	37.85%
TOTAL NET ASSETS:					\$ 326,045,262.53	100.00%
NO. OF EQUITY POSTIONS:					26	

* Indicates Foreign Security

Portfolio Holding Submission Disclosure

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