

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.



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

#### Average Annual Total Returns (%)

As of Date: 6/30/18	10 Years*	5 Years*	Since 9/1/13*	3 Years	1 Year	YTD	QTD
FPA Paramount Fund, Inc.	8.45	7.62	7.34	9.18	11.70	0.63	-0.22
MSCI ACWI	5.80	9.41	9.17	8.19	10.73	-0.43	0.53

Periods greater than one year are annualized. Performance is calculated on a total return basis which includes reinvestment of all distributions. Comparison to any Index is for illustrative purposes only. The Fund does not include outperformance of any index or benchmark in its investment objectives.

**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. The Fund's expense ratio as of its most recent prospectus is 1.29%. Current month-end performance data may be obtained at [www.fpa.com](http://www.fpa.com) or by calling toll-free, 1-800-982-4372.**

*Please see important disclosures at the end of the commentary.*



Dear Fellow Shareholders,

During the second quarter of 2018, the Fund declined 0.22% (in U.S. currency) compared to an increase of 0.53% for the MSCI All Country World Index (Net) (the "Index"). Since the start of 2018, the Fund gained 0.63% (in U.S. currency) compared to a decrease of 0.43% for the Index.

While the second quarter results were weaker than the Index, we continue to believe short-term performance is not the best way to judge results. As value investors, we seek to buy businesses at a discount. Stock prices can, and often do, decline after purchases. We also know that market sentiment toward an industry, or even a specific company, often shifts significantly from one year to the next. It typically takes several years for discounts to our estimates to unwind. That is why we advocate evaluating the Fund's performance over longer periods, ideally over a market cycle.

### Key performers

The biggest performance detractors in the quarter were **Ambev**, **Mednax** and **Saint-Gobain**.<sup>1</sup>

Ambev, which was also our worst-performing holding this quarter, declined 35.58% (in U.S. currency).<sup>2</sup> Based in Brazil, the company is the country's leading beer company, as well as Pepsi's exclusive bottler. It has been exposed to the country's severe economic downturn, high unemployment, and political paralysis, and its stock has suffered accordingly in the past few months. Mednax, based in the U.S., is the largest employer of hospital-based doctors specializing in neonatology and anesthesiology. The company continues to struggle with weak patient volumes and reimbursement pressure. Based in France, Saint-Gobain is one of the world's leading manufacturers of glass products and high-performance building materials. The group also operates a retail building materials distribution business. The company has large exposure to the U.S. commercial construction industry. Concerns about slowing construction growth have weighed on Saint-Gobain shares.

**Twenty-First Century Fox**, **Scout24** and **IMCD** were the top performance contributors for the quarter.<sup>3</sup> Fox, which was our best-performing holding this quarter, was up 35.47% (in U.S. currency).<sup>4</sup> Based in the U.S., the company operates a global media business, with leading broadcast networks in the U.S., UK, Germany, Italy and some of the largest developing-market countries, as well as studios that produce television shows and movies. During the fourth quarter of 2017, the company announced an agreement to sell its film and TV studios and some of its TV networks to Disney. The shares were pushed higher in the second quarter as Comcast made a separate offer for the same businesses. Based in Germany, Scout24 is a leading operator of online classified advertising portals in several European countries. During the quarter, the company reported strong results across both its real estate and vehicle segments. Based in the Netherlands, IMCD is a leading global distributor of specialty chemicals and food ingredients that came to the equity markets just over two years ago. As its business fundamentals get stronger over time, and as the company builds value per share at a high rate of growth, investors may be slowly recognizing the high

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<sup>1</sup>Reflects the top detractors to the Fund's performance based on contribution to return for the quarter. Contribution is presented gross of investment management fees, transactions costs, and Fund operating expenses, which if included, would reduce the returns presented.

<sup>2</sup> Worst performer is based on the percentage of Ambev's share price change from Mar. 31, 2018 to June 30, 2018 in U.S. currency. This share price change does not equate with the performance of the holding in the Fund's portfolio. As of June 30, 2018, Ambev represented 2.45% of the Fund's total assets.

<sup>3</sup> Reflects the top contributors to the Fund's performance based on contribution to return for the quarter. Contribution is presented gross of investment management fees, transactions costs, and Fund operating expenses, which if included, would reduce the returns presented.

<sup>4</sup> Best performer is based on the percentage of Fox's share price change from Mar. 31, 2018 to June 30, 2018 in U.S. currency. This share price change does not equate with the performance of the holding in the Fund's portfolio. As of June 30, 2018, Fox represented 3.22% of the Fund's total assets.

quality of IMCD's model and management, and that has caused its market value to play catch-up at an accelerating pace in recent months.

## Portfolio activity

We made one new purchase in the second quarter: **Air Liquide**. Based in France, the company is a leading global producer of industrial gases.

We also sold several companies, including **WPP**, **Ashtead**, and **Amadeus**. Based in the UK, WPP is a leading global advertising, media management, public relations and communication services company. We chose to sell our holding following the departure of the company's long-tenured CEO, Martin Sorrell. Based in the UK, Ashtead is a leading equipment rental company in the U.S. and the UK. Amadeus, based in Spain, is a leading global transaction processor for the travel and tourism industries. We sold Ashtead and Amadeus because each company's share price had reached its estimated intrinsic value.

## Portfolio profile

We owned 45 positions as of June 30. This is within the range of the number of businesses we would expect to own at any given time.

Most of the Fund's positions are in large-cap companies (with a weighted average capitalization of approximately \$87 billion). However, we do not consider a company's size to be a relevant criterion from an investment perspective. Reflecting a median capitalization of approximately \$19 billion, we are invested across a wide range of market capitalization sizes, including several businesses that are considered mega-caps.<sup>5</sup>

At quarter end, most of the Fund's assets were invested in companies domiciled in Europe (about 59%). The United States represented about 22%, with Asia-Pacific about 4%, and the balance in other regions and cash. Where a company is domiciled is largely irrelevant to us, however, since many of our holdings are large companies that conduct business on a global scale. That means they often generate significant amounts of their cash flow outside their home countries, rendering traditional country classifications less useful.

We thank you, as always, for your confidence, and look forward to continuing to serve your interests as shareholders of the FPA Paramount Fund.

Respectfully submitted,

The World Value Team

Gregory Herr

Portfolio Manager

Pierre O. Py

Portfolio Manager

June 30, 2018

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<sup>5</sup> Large-cap refers to companies with a market capitalization value of more than \$10 billion. Mega-cap refers to the biggest companies in the investment universe, as measured by market capitalization. While there is no exact definition of the term, mega-cap generally refers to companies with a market cap exceeding \$100 billion.

## Important Disclosures

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

Portfolio composition will change due to ongoing management of the Fund. References to individual securities are for informational purposes only and should not be construed as recommendations by the Fund, the portfolio managers, or the Distributor. It should not be assumed that future investments will be profitable or will equal the performance of the security examples discussed. The portfolio holdings as of the most recent quarter-end may be obtained at [www.fpa.com](http://www.fpa.com).

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 Fund may purchase foreign securities, including American Depository Receipts (ADRs) and other depository receipts, which are subject to interest rate, currency exchange rate, economic and political risks. Foreign investments, especially those of companies in emerging markets, can be riskier, less liquid, harder to value, and more volatile than investments in the United States. Adverse political and economic developments or changes in the value of foreign currency can make it more difficult for the Fund to value the securities. Differences in tax and accounting standards, difficulties in obtaining information about foreign companies, restrictions on receiving investment proceeds from a foreign country, confiscatory foreign tax laws, and potential difficulties in enforcing contractual obligations, can all add to the risk and volatility of foreign investments.

Small and mid-cap stocks involve greater risks and 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. A non-diversified fund may hold fewer securities than a diversified fund because it is permitted to invest a greater percentage of its assets in a smaller number of securities. Holding fewer securities increases the risk that the value of the fund could go down because of the poor performance of a single investment.

Value style investing presents the risk that the holdings or securities may never reach their full market value because the market fails to recognize what the portfolio management team considers the true business value or because the portfolio management team has misjudged those values. In addition, value style investing may fall out of favor and underperform growth or other styles of investing during given periods.

***The Fund transitioned to its current investment strategy on September 1, 2013. Performance prior to that date reflects performance of the prior portfolio management team and investment strategy and is not indicative of performance for any subsequent periods.***

### Index Definitions

The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 44 country indices comprising 23 developed and 21 emerging market country indices

Indices are unmanaged, do not reflect any commissions or fees which would be incurred by an investor purchasing the underlying securities. Investors cannot invest directly in an index.

## **Other Definitions**

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

Takeout price - The estimated value of a company if it were to be taken private or acquired.

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



TICKER	SHARES	SECURITY	COUPON RATE (%)	MATURITY DATE	MKT PRICE (\$)	MKT VALUE (\$)	% OF NET ASSET VALUE
<b>COMMON STOCKS</b>							
AIBG ID	831,900	AIB GROUP PLC*			5.43	4,517,442	2.6%
AI FP	23,770	AIR LIQUIDE(L)*			125.77	2,989,602	1.7%
ALICORC1 PE	988,168	ALICORP S.A.*			3.36	3,324,987	1.9%
GOOG	4,373	ALPHABET INC CL C			1,115.65	4,878,737	2.8%
ALQ AU	539,210	ALS LIMITED*			5.58	3,008,780	1.7%
ABEV3 BZ	917,926	AMBEV SA*			4.64	4,258,352	2.4%
BIDU	5,062	BAIDU INC SPON ADR			243.00	1,230,066	0.7%
BKNG	2,300	BOOKING HOLDINGS INC			2,027.09	4,662,307	2.7%
BXB AU	388,560	BRAMBLES LTD*			6.57	2,553,478	1.5%
BVIC LN	416,674	BRITVIC PLC*			10.28	4,283,765	2.5%
CAP FP	35,770	CAPGEMINI*			134.53	4,812,158	2.8%
CSCO	45,730	CISCO SYSTEMS INC			43.03	1,967,762	1.1%
SGO FP	100,600	COMPAGNIE DE SAINT GOBAIN*			44.69	4,495,986	2.6%
BN FP	43,890	DANONE S.A.*			73.42	3,222,386	1.9%
DG	34,280	DOLLAR GENERAL CORP			98.60	3,380,008	1.7%
EDEN FP	128,610	EDENRED*			31.60	4,064,162	2.3%
EMP/A CN	160,450	EMPIRE CO LTD A*			20.07	3,220,839	1.9%
FEMSAUBD MM	549,943	FOMENTO ECONOMICO MEXICANO*			8.79	4,833,124	2.8%
FRUT IT	45,738	FRUTAROM*			98.00	4,482,218	2.6%
GVNV NA	195,119	GRANDVISION N.V.*			22.48	4,386,304	2.5%
HEN GY	31,560	HENKEL AG & CO KGAA*			111.23	3,510,512	2.0%
IMCD NA	68,939	IMCD GROUP NV*			67.15	4,629,151	2.7%
ISS DC	131,016	ISS A/S*			34.37	4,503,454	2.6%
JE/ LN	369,001	JUST EAT PLC*			10.28	3,793,646	2.2%
PHIA NA	78,320	KONINKLIJKE PHILIPS NV*			42.54	3,331,507	1.9%
LH	13,230	LABORATORY CORP AMER HLDGS			179.53	2,375,182	1.4%
LUX IM	64,570	LUXOTTICA GROUP SPA*			64.53	4,166,872	2.4%
MD	56,570	MEDNAX INC			43.28	2,448,350	1.4%
MGGT LN	408,380	MEGGITT PLC*			6.51	2,658,688	1.5%
MSFT	56,000	MICROSOFT CORP			98.61	5,522,160	3.2%
NESN SW	56,390	NESTLE SA*			77.65	4,378,866	2.5%
ORLY	12,520	O'REILLY AUTOMOTIVE, INC.			273.57	3,425,096	2.0%
ORCL	85,770	ORACLE CORPORATION			44.06	3,779,026	2.2%
PAGE LN	591,073	PAGEGROUP PLC*			7.44	4,395,688	2.5%
PSG SM	440,687	PROSEGUR COMP SEGURIDAD*			6.53	2,879,379	1.7%
PUB FP	37,100	PUBLICIS GROUPE*			68.83	2,553,598	1.5%
RAND NA	77,520	RANDSTAD HOLDING NV*			58.88	4,564,415	2.6%
RYA ID	280,105	RYANAIR HOLDINGS PLC*			18.46	5,169,920	3.0%
SAN FP	33,550	SANOFI*			80.17	2,689,686	1.5%
SAP GY	33,060	SAP AG*			115.55	3,820,209	2.2%
G24 GY	65,636	SCOUT24 AG*			53.06	3,482,963	2.0%
SCL CN	133,350	SHAWCOR LTD*			19.41	2,588,592	1.5%
SW FP	45,110	SODEXO*			99.99	4,510,415	2.6%
SUN SW	36,534	SULZER AG*			121.78	4,449,157	2.5%
FOX	113,710	TWENTY FIRST CENTURY FOX B			49.27	5,602,492	3.2%
<b>TOTAL EQUITIES</b>						<b>169,801,485</b>	<b>97.5%</b>
<b>REPURCHASE AGREEMENTS</b>							
	888,000	STATE STREET BANK/FICC REPO	0.35	7/2/2018		888,000	0.5%
<b>TOTAL REPURCHASE AGREEMENTS</b>						<b>888,000</b>	<b>0.5%</b>



TICKER	SHARES	SECURITY	COUPON RATE (%)	MATURITY DATE	MKT PRICE (\$)	MKT VALUE (\$)	% OF NET ASSET VALUE
		CASH & EQUIVALENTS (NET OF LIABILITIES)				3,419,335	2.0%
		<b>TOTAL CASH &amp; EQUIVALENTS</b>				<b>4,307,335</b>	<b>2.5%</b>
		<b>TOTAL NET ASSETS</b>				<b>174,108,820</b>	<b>100.0%</b>
		<b>NO. OF EQUITY POSTIONS</b>				<b>45</b>	

\* Indicates Foreign Security

Portfolio Holding Submission Disclosure

Except for certain publicly available information incorporated herein, the information contained in these materials is our confidential and proprietary information and is being submitted to you for your confidential use with the express understanding that, without our prior written permission, you will not release these materials or discuss the information contained herein or make reproductions of or use these materials for any purpose other than evaluating a potential advisory relationship with First Pacific Advisors.

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A non-diversified fund may hold fewer securities than a diversified fund because it is permitted to invest a greater percentage of its assets in a smaller number of securities. Holding fewer securities increases the risk that the value of the fund could go down because of the poor performance of a single investment. Please consult your tax advisor regarding higher capital gains distributions due to a change in portfolio strategy.

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