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.

FPA Paramount Fund

First Quarter 2016 Commentary

Average Annual Total Returns
As of June 30, 2016

	Q2'16	YTD	1 Year	Since 9/1/13	5 Years	10 Years
FPA Paramount Fund, Inc.	-1.86%	2.96%	-5.96%	0.62%	4.63%	5.08%
MSCI ACWI	0.99%	1.23%	-3.73%	5.44%	5.38%	4.26%

Periods over one year are annualized. 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. Performance prior to September 1, 2013 is not indicative of performance for any subsequent periods.

A redemption fee of 2.00% will be imposed on redemptions within 90 days. Expense ratio is 1.29% 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.

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.

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

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.

You cannot invest directly in an index.

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 Fund 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.

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.

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

Dear fellow shareholders,

During the second quarter of 2016, the Fund declined 1.86% compared to an increase of 0.99% for the MSCI All Country World Index (Net) (the “Index”). Year-to-date, the Fund returned 2.96% versus 1.23% for the Index.

In the first quarter, the Fund gained 4.91%, and outperformed the Index by 4.67%. That meaningful outperformance continued for most of the second quarter. At the market close on June 23, the Fund had gained 8.31% for the year, compared to a gain for the Index of 3.29%. Then came the British referendum vote, and one week later at quarter end, the Fund’s advantage vs. the Index had fallen to 1.73

Following the global financial crisis, companies with low volatility characteristics have outperformed the broader market. Multiples of these companies have expanded meaningfully over the last several years. As we wrote in our last letter, 1Q performance was a reversal from this trend, as out-of-favor companies with cyclical exposures bounced back. This persisted during 2Q until the Brexit vote, which triggered a sharp shift back to low-volatility companies.

As we said last quarter, we do not know how the market will treat our companies in the short term, but we are optimistic that we have assembled a compelling group of undervalued businesses, and that discounts to estimated intrinsic value will close over time.

It is also worth considering the geographic weighting of the Fund’s holdings when discussing performance comparisons to the Index. When building the portfolio, we purposely ignore the benchmark weightings, and commit to typically having a minimum of 20% of Fund assets in both U.S. and non-U.S. companies, based on where we find opportunities. At quarter end, 23% of the Fund’s assets were invested in U.S. companies.[1] This compares to the Index weighting of about 50% U.S. companies. For the first half of 2016, the MSCI U.S. Index (“U.S. Index”) gained 3.6%, and the MSCI EU Index (“EU Index”) lost 5%. Over the past year,[2] the U.S. Index grew 3.2% while the EU Index fell by 11.1%. The resulting 14.3% spread has represented a relative performance headwind for the Fund given the 2x greater U.S. weight in the Index, but it also underscores why we have been steadily increasing the investments in European companies, which now represent more than half the Fund’s assets.

As always, we end the performance discussion by repeating our belief that it is important for shareholders and future investors to understand that we seek to continuously increase the Fund’s discount to intrinsic value, and ultimately maximize long-term potential returns. Doing so with a concentrated portfolio means the Fund’s performance will be lumpy. We will tolerate that kind of short-term volatility because we believe increasing discounts to intrinsic value create the best chances for long-term outperformance.

Brexit commentary

With respect to what Brexit might mean, we would prefer to leave it to more macro- inclined, or -capable professionals to provide further insight. That said, we are not oblivious to the issue, and feel we should give our fellow shareholders a sense of the perspective we take when dealing with something like this.

The news of the UK leaving the European Union is a source of uncertainty, which is not generally conducive to business initiative or consumer sentiment, and could put pressure on business activity in the short term. In truth, it seems the British economy was previously showing some signs of moderation, despite expectations of a “remain” vote. In practice, however, we believe that nothing will technically

[1] The non-U.S. portion is made up of European companies (about 54% of Fund assets), Asia-Pacific companies (about 11% of Fund assets), with the balance including cash.
[2] Represents the twelve months ending June 30, 2016.

change with respect to how things are done, or how companies operate and conduct business, for at least a couple of years.

While we cannot speculate as to how long it may last, one immediate impact of Brexit is the weakening of the British Pound. While a weaker currency is fundamentally undesirable in our view, it could be beneficial in the current world environment for the UK economy, and for its equity markets. The weaker yen for instance has proven beneficial for exporting businesses in Japan, and for the Japanese equity markets overall since the end of 2012 (and the other way around since the end of last year).

Short-term negative economic effects are also likely to put pressure on British authorities to soften their monetary and fiscal stand. This may include tax reductions, one-off budget measures, and quantitative easing-type initiatives. While there is a debate as to the economic benefits of such measures, their impact on currency and stock prices are more widely acknowledged.

In the long run, we think its decision to leave the EU could prove a historic positive change for the UK, with deregulation opening new opportunities for business ventures and trading activities, along with the prospect of material economic improvements for both the country and its potential new preferred partners. On the flip side, it will also raise complex legal and regulatory challenges, and cumbersome structural adjustments in multiple industries, particularly in banking. However, we think these challenges extend well beyond British frontiers, and we fear the decision might indeed put serious pressure on the EU.

From an investment standpoint, one can expect a lot of noise, uncertainties, and fears, which can cause meaningful volatility, thus creating compelling opportunities for investors with a focus on fundamentals, a long-term view, and a sound valuation discipline. This is especially true for U.S. dollar investors. Dramatic events like these can also be a source of high impact losses, which can in turn destabilize the markets.

At a research level, we have to factor in both the translational and transactional impact on businesses of the weaker British Pound. We also need to think about possible shifts in competitive dynamics as a result. Lastly, we have to be mindful of the effect currency can have on a company's balance sheet.

More broadly, we need to consider the possible effects (if any), on profit, cash flow, and ultimately, terminal value, with less focus on top line exposure to the UK or short term forecasts. We also have to assess whether other regions may in fact benefit, and how all of these combined effects then compare with any fluctuation in a company's share price.

Key performers

Our worst-performing holding that we owned from the beginning of the quarter was U.K.-based **Page Group**, which declined (34.5)% (in U.S. currency).[3] The company is a world-leading provider of recruitment services including both permanent placement and temporary staffing. As an industry, recruiters were severely hit by the financial crisis. At the time, Page was focused on the UK. It was biased to the financial sector, and lacked exposure to counter-cyclical temps [NTD: what is meant by counter-cyclical temps] in key markets. It was severely affected as a result. While the group has become far more diversified since then, both in terms of geographies and sectors, it retains the image of a UK financial stock, which makes it sensitive to events like Brexit. At opening on June 24, Page's share price was down by as much as 70%. The stock is now back to levels at which we originally purchased it, and levels at which it was still trading at the end of 2009. Yet we consider Page a best-in-class recruiter with a strong culture of performance, and we think the business, albeit cyclical, benefits from positive long-term underlying drivers. While margins still offer room for improvement, the business requires little working capital and tangible assets to operate. Returns and cash flow generation have been strong as a result. Management has returned excess capital to shareholders through dividends and share buybacks, while the balance sheet has remained net cash positive. At the end of the quarter however, Page's stock (which

[3] Represents the percentage of Page Group's share price change from 3/31/16 to 6/30/16. The percentage price change does not necessarily equate with the performance of the holding in the Fund's portfolio. As of 6/30/16, Page Group represented 3.60% of the Fund's total assets.

is down more than 50% from its five-year peak in U.S. currency) traded at less than 7x profits, and offered high single-digit cash flow yields, along with room for further improvement and further business development opportunities, especially in the U.S. market.

U.S.-based **Joy Global**, which was our best-performing holding for the second consecutive quarter, gained about 31.6% (in U.S. currency).[4] Joy is a global manufacturer of mining equipment whose end markets have suffered a severe downturn. Despite the economic pressure on its customers, we believe most of Joy's mining systems installed around the world will remain in service over the long term. And, since customers run the company's equipment under harsh conditions, we expect Joy to capture the ongoing higher-margin equipment service and replacement parts business. The global duopoly with Caterpillar continues, with Joy maintaining its leading market share for sophisticated customers. Management has responded to the downturn by reducing operating expenses, eliminating growth capital spending and reducing working capital. The business trades at a high-single-digit free cash flow yield. While we remain willing to wait for some normalization of underlying business conditions, the two-quarter rally in Joy shares has reduced the discount to our estimate of intrinsic value, and we trimmed the position accordingly.

Portfolio activity

Market levels remained relatively unchanged from the start of the quarter through most of June, until the quarter's final week, when volatility returned following the UK referendum. With fresh cash on hand courtesy of FedEx's acquisition of our **TNT Express** holding, we took advantage of the volatility to purchase multiple new positions, including **Signet Jewelers**, **Metso**, **Sandvik**, **Robert Half**, **Prosegur** and **Adecco**. We also disclosed a new position in **Burberry** that we started building last quarter. Based in Bermuda, Signet is the leading specialty jewelry retailer in the U.S., Canada and UK. Robert Half, based in the U.S., and Adecco, based in Switzerland, are leading global employment recruiters. Burberry, based in the UK, is one of the world's top luxury brands. The company designs, produces, and distributes, in part through its own global retail network, a broad range of apparel and accessories. Prosegur, based in Spain, is a global provider of security services. Metso, based in Finland, and Sandvik, based in Sweden, are world-leading manufacturers of heavy equipment, typically for the mining industry.

This quarter we eliminated three positions, including **Intertek** and **G4S**. Based in the UK, Intertek is a leading global provider of inspection and certification services. The company's stock had seen a material increase in price since the original purchase at the beginning of last year, and had reached our assessment of intrinsic value per share. We continue to view Intertek as a well-run, high-quality company, and remain interested in becoming shareholders, subject to an appropriate margin of safety.[5] Our sale of G4S was a different situation. The company, which is based in the UK, is a world-leading provider of security services. We had commented last quarter that, after years of being invested in the group and having gone through significant challenges, a change in management, and a difficult turnaround, we expected to see our thesis play out at last in the coming months. We still trust that this will happen, and suspect the company's share price will react positively to future results. Yet we had also shared in the commentary our frustration with management, and the need for the balance sheet to be strengthened. Two things transpired during the quarter that combined with these two issues, ultimately dictated our decision to sell. One was the terrorist attack in Orlando, as the gunman proved to be an employee of G4S. Despite multiple research calls, we struggled to assess the potential liabilities (if any) for the company, and found management's response to this crisis to be inadequate. The other was Brexit, and the subsequent sharp weakening of the British Pound. With a large portion of its debt denominated in U.S. dollars, we estimated the group could run into liability management issues which could seriously

[4] Represents the percentage of Joy Global's share price change from 3/31/16 to 6/30/16. The percentage price change does not necessarily equate with the performance of the holding in the Fund's portfolio. As of 6/30/16, Joy Global represented 2.42% of the Fund's total assets.

[5] Margin of safety - Buying with a "margin of safety" is when a security is purchased for less than the portfolio managers' estimate of their 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.

undermine the pending turnaround. This is a terrible outcome, as this investment has now proven capital destructive for the Fund. It will act as a painful reminder of the importance of a robust balance sheet. Bad things happen to good companies, and sometimes several times over in a short period of time. Without the financial strength to weather the storm, this can trump even the best fundamentals.

We also increased or trimmed existing positions as necessary during the second quarter to optimize the portfolio's overall discount to intrinsic value. Our cash balance ended a little less than 10%, which is similar to last quarter.

Portfolio profile

We owned 42 companies at the end of the quarter, which remains within the range of the 25 to 50 businesses that we would expect to own at any given point in time. The top ten holdings represented about 35% of Fund assets, and position sizes are based on the relative discount to intrinsic value of each stock. That means the largest weightings typically correspond to the largest discounts.

Most of the positions are in large-cap companies, including several businesses that are considered mega-caps[6]. That's partly a function of our mandate, which focuses on companies with market caps in excess of $2 billion. Companies domiciled in Europe and the U.S. continue to dominate our portfolio, with Asia Pacific and a few emerging market investments making up the balance. 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 outside their home countries, rendering traditional country classifications less meaningful.

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	Pierre O. Py
Portfolio Manager	Portfolio Manager

Jason Dempsey

Analyst

July 11, 2016

[6] 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.

FPA Paramount Fund, Inc.

Portfolio Holdings

06/30/16

TICKER	SHARES	SECURITY	MKT PRICE ($)	MKT VALUE ($)	% OF NET ASSET VALUE
ADEN VX	45,500	ADECCO GROUP AG REG*	50.44	2,294,931.61	1.59%
AGK LN	272,007	AGGREKO PLC*	17.10	4,652,138.65	3.21%
GOOG	4,500	ALPHABET INC CL C	692.10	3,114,450.00	2.15%
ALQ AU	1,165,221	ALS LIMITED*	3.70	4,313,356.95	2.98%
ANN AU	237,600	ANSELL LTD*	13.69	3,251,801.64	2.25%
BIDU	16,000	BAIDU INC SPON ADR	165.15	2,642,400.00	1.83%
BRBY LN	185,000	BURBERRY GROUP PLC *	15.56	2,877,750.72	1.99%
CFR VX	60,000	CIE FINANCIERE RICHEMON REG*	58.53	3,512,080.49	2.43%
CSCO	89,100	CISCO SYSTEMS INC	28.69	2,556,279.00	1.78%
BN FP	40,600	DANONE S.A.*	69.98	2,841,294.66	1.96%
DGE LN	57,400	DIAGEO PLC*	27.94	1,603,506.39	1.11%
DKSH SW	49,000	DKSH HOLDING LTD*	65.51	3,209,882.26	2.22%
EBAY	24,900	EBAY INC	23.41	582,909.00	0.40%
FUR NA	351,275	FUGRO NV*	17.60	6,182,662.05	4.27%
BOSS GY	65,500	HUGO BOSS AG ORD*	56.85	3,723,806.90	2.57%
IPL AU	486,702	INCITEC PIVOT*	2.25	1,093,282.92	0.76%
JOY	165,900	JOY GLOBAL INC	21.14	3,507,126.00	2.42%
LH	20,400	LABORATORY CORP AMER HLDGS	130.27	2,657,508.00	1.84%
MGGT LN	637,200	MEGGITT PLC*	5.44	3,463,457.95	2.39%
MEO1V FH	120,000	METSO OYJ	23.51	2,821,182.28	1.95%
MSFT	83,100	MICROSOFT CORP	51.17	4,252,227.00	2.94%
NESN VX	19,100	NESTLE SA*	77.48	1,479,835.59	1.02%
ORCL	153,400	ORACLE CORPORATION	40.93	6,278,662.00	4.34%
		OTHER		6,494,052.38	4.49%
PAGE LN	1,314,022	PAGEGROUP PLC	3.97	5,217,458.41	3.60%
1913 HK	1,991,800	PRADA SPA*	3.10	6,168,246.78	4.26%
PSG SM	390,000	PROSEGUR COMP SEGURIDAD	5.99	2,337,133.12	1.61%
PUB FP	42,950	PUBLICIS GROUPE*	66.90	2,873,457.26	1.98%
RHI	73,500	ROBERT HALF INTL INC	38.16	2,804,760.00	1.94%
ROR LN	730,000	ROTORK PLC*	2.90	2,113,371.64	1.46%
005930 KS	2,270	SAMSUNG ELECTRONICS CO LTD*	1,245.35	2,826,947.12	1.95%
SAND SS	260,000	SANDVIK AB	9.90	2,573,664.12	1.79%
SAP GY	26,850	SAP AG*	75.11	2,016,572.77	1.40%
SCL CN	109,500	SHAWCOR LTD*	24.79	2,714,721.93	1.88%
SIG	55,000	SIGNET JEWELERS LTD	82.41	4,532,550.00	3.13%
SW FP	14,400	SODEXO*	107.13	1,542,663.53	1.07%
SUN SW	55,000	SULZER AG*	86.78	4,772,689.01	3.30%

TICKER	SHARES	SECURITY	MKT PRICE ($)	MKT VALUE ($)	% OF NET ASSET VALUE
UHR VX	10,700	SWATCH GROUP AG*	291.00	3,113,717.86	2.15%
TSM	58,900	TAIWAN SEMICONDUCTOR MFG LTD SPD ADR	26.23	1,544,947.00	1.07%
FOX	150,000	TWENTY FIRST CENTURY FOX B	27.25	4,087,500.00	2.82%
		TOTAL EQUITIES:		**130,646,984.99**	**90.24%**
		CASH & EQUIVALENTS (NET OF LIABILITIES):		**14,134,814.57**	**9.76%**
		TOTAL NET ASSETS:		**$ 144,781,799.56**	**100.00%**
		NO. OF EQUITY POSTIONS:		**39**	

* Indicates Foreign Security