

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

Fourth Quarter 2015 Commentary

Average Annual Total Returns

As of December 31, 2015

	QTR	1 Year	YTD	Since 9/1/13	5 Years	10 Years
FPA Paramount Fund, Inc.	3.60 %	-4.57 %	-4.57 %	-0.50 %	5.22 %	4.88 %
MSCI ACWI	5.03 %	-2.36 %	-2.36 %	6.08 %	6.09 %	4.76 %

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 1.26% 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 fourth quarter of 2015, the Fund gained 3.60% compared to the MSCI All Country World Index's (Net) (the "Index") increase of 5.03%. For the full year 2015, the Fund declined 4.57% versus a decline of 2.36% for the Index.

After leading the Index over the first half of 2015 and trailing it slightly at the nine-month mark, we were disappointed that the Fund's performance failed to keep up with the market's fourth quarter rebound. Naturally, the shorter the period, the more timing overwhelms valuation in determining stock price changes. As value investors, we are accustomed to identifying dislocations and making initial purchases in the face of declining share prices. Over the last 18 months, this is what has happened as we leaned into the wind to take advantage of value opportunities created by the slowing Chinese economy and its impact on emerging markets growth and commodity demand. Looking at our ten biggest performance detractors¹ in 2015, seven of them are developed market companies tied to the related exposures of China (Prada and Swatch), emerging markets (Aggreko and DKSH) and commodities (Joy Global, ALS, and Shawcor). As growth weakened, so did the share prices of these businesses, which was a major drag on the Fund's 2015 performance. Throughout the year as we confirmed our analysis of the businesses, we used the additional price declines to add to positions at greater discounts. Today we are encouraged to own these high-quality businesses at depressed valuations that we believe are supportive of future performance.

As always, we believe it is important for shareholders and future investors to understand our performance objective and the return profile we seek. Our portfolio management goal is to continuously maximize the Fund's discount to intrinsic value², and therefore maximize long-term potential returns. Doing so with a concentrated portfolio means performance will be lumpy. We are willing to tolerate this type of short-term volatility because we believe increasing discounts create the best chances for long-term outperformance.

Key performers

Our worst performing holding in the quarter was UK-based **Meggitt**, which declined (23.4)% (in U.S. currency terms)³. The company manufactures components and sub-systems for commercial and military aerospace, industrial and energy customers. Despite serving multiple industries, a significant portion of Meggitt's profitability resides in aftermarket aerospace parts where the company is typically the customers' sole-source provider. In late October, Meggitt issued a trading statement which suggested a

¹ Based on contribution to the total Fund return.

² **Intrinsic Value** is the actual value of a security.

³ Represents the percentage of Meggitt's share price change from 9/30/15 to 12/31/15. The percentage price change does not necessarily equate with performance.

slowdown in aftermarket demand for both aerospace businesses, which caused the group's share price to correct sharply. While we recognize the cyclical nature of Meggitt's markets, which we had already factored into previous aerospace sector investments, we ultimately believe that the company has a unique franchise, and is typically the only provider of its niche aerospace parts that require replacement on a regular basis. We see evidence of pricing power in its aftermarket business, which allowed operating margins to average 20% over the last 15 years. Cash conversion has been excellent, and operating ROCE⁴ has averaged 40% the last decade. With the business selling at 11x operating profit, we took advantage of the weaker price to add to our position.

Our best performing reported holding in the quarter was Brazilian-based **Hypermarcas**, which gained about 42.1% (in U.S. currency)⁵. The company manufactures and sells branded goods across its consumer and health care divisions. In early November, the company announced the sale of its Brazilian cosmetics business to Coty for approximately \$1 billion, which implied a valuation multiple much higher than where the underlying business was trading. Being able to utilize existing tax credits should allow the company to apply the entire cash offer for debt reduction, eliminating all of its outstanding debt. The cosmetics sale and separately-announced disposal of its diaper business mark a shift from an evenly balanced consumer and health care company to one almost completely focused on pharmaceutical sales (branded, generic and OTC). Over the company's history, health care has had faster organic growth and about twice the profitability of the consumer side. We remain interested in being invested in the company, so long as the stock offers an appropriate margin of safety⁶.

Portfolio activity

After purchasing seven new positions during the third quarter's market swoon, we had no new additions this quarter. There were also no companies completely sold out of the portfolio. Existing positions were increased or trimmed as necessary to optimize the portfolio's overall discount to intrinsic value. Similar to last quarter, our cash balance ended at 9%.

Portfolio profile

Since no new positions were added or any completely removed, the Fund's overall profile is little changed. We owned 38 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 43% of Fund assets, and position sizes are based on the relative discount to intrinsic value of each (largest weightings correspond to the largest discounts).

⁴ ROCE - Return on Capital Employed

⁵ Represents the percentage of Hypermarca's share price change from 9/30/15 to 12/31/15. The percentage price change does not necessarily equate with performance.

⁶ Margin of safety - Buying with a "margin of safety," a phrase popularized by Benjamin Graham and Warren Buffet, is when a security is purchased for less than its estimated value. This helps 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.

Most of the positions are large-caps (median \$15 billion), including several considered mega-caps, in part as 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 represent most of our portfolio, with Asia Pacific and a few emerging market investments making up the balance. Where a company is domiciled generally matters little to us, however. Since many of these are large companies, they typically conduct business on a global basis and often generate significant amounts of their cash flows outside their home countries, rendering traditional country classification less useful.

Respectfully submitted,

The World Value Team

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Portfolio Manager

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Portfolio Manager

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TICKER	SHARES	SECURITY	MKT PRICE (\$)	MKT VALUE (\$)	% OF NET ASSET VALUE
ADS GR	14,000	ADIDAS AG*	97.06	1,358,826.36	0.90%
AGK LN	407,007	AGGREKO PLC*	13.46	5,479,010.44	3.64%
GOOG	4,500	ALPHABET INC CL C	758.88	3,414,960.00	2.27%
ALQ AU	2,615,221	ALS LIMITED*	2.72	7,117,277.26	4.73%
ANN AU	240,000	ANSELL LTD*	15.50	3,719,328.17	2.47%
BXB AU	170,000	BRAMBLES LTD*	8.37	1,423,732.77	0.95%
CDI FP	48,000	CIE FINANCIERE RICHEMON REG	71.57	3,435,500.46	2.29%
CSCO	89,100	CISCO SYSTEMS INC	27.16	2,419,510.50	1.61%
BN FP	50,600	DANONE S.A.*	67.57	3,419,217.54	2.27%
DGE LN	73,400	DIAGEO PLC*	27.31	2,004,387.96	1.33%
DKSH SW	56,000	DKSH HOLDING LTD*	62.89	3,522,090.98	2.34%
EBAY	24,900	EBAY INC	27.48	684,252.00	0.46%
FUR NA	386,275	FUGRO NV*	16.40	6,335,701.30	4.22%
GFS LN	1,305,250	G4S*	3.32	4,335,762.37	2.88%
HYPE3 BZ	405,600	HYPERMARCAS SA*	5.46	2,214,891.97	1.47%
IPL AU	486,702	INCITEC PIVOT*	2.86	1,390,719.66	0.93%
ITRK LN	34,000	INTERTEK GROUP PLC*	40.91	1,390,823.06	0.93%
JOY	215,900	JOY GLOBAL INC	12.61	2,722,499.00	1.81%
LH	50,400	LABORATORY CORP AMER HLDGS	123.64	6,231,456.00	4.15%
MCD	20,900	MCDONALDS CORP	118.14	2,469,126.00	1.64%
MGGT LN	682,200	MEGGITT PLC*	5.52	3,766,602.19	2.51%
MPI LN	404,022	MICHAEL PAGE INTL*	7.14	2,886,470.69	1.92%
MSFT	123,100	MICROSOFT CORP	55.48	6,829,588.00	4.55%
NESN VX	19,100	NESTLE SA*	74.24	1,417,892.92	0.94%
ORCL	188,400	ORACLE CORPORATION	36.53	6,882,252.00	4.58%
		OTHER		4,739,588.77	3.14%
PYPL	24,900	PAYPAL HOLDINGS INC	36.20	901,380.00	0.60%
1913 HK	1,991,800	PRADA SPA*	3.11	6,193,815.52	4.12%
PUB FP	25,950	PUBLICIS GROUPE*	66.50	1,725,553.47	1.15%
ROR LN	730,000	ROTORK PLC*	2.69	1,964,544.30	1.31%
005930 KS	3,200	SAMSUNG ELECTRONICS CO LTD*	1066.58	3,413,061.95	2.27%
SAP GR	25,350	SAP AG*	79.35	2,011,601.39	1.34%
SCL CN	88,500	SHAWCOR LTD*	20.29	1,795,327.74	1.19%
SW FP	20,400	SODEXO*	97.70	1,993,016.74	1.33%
SUN SW	47,000	SULZER AG*	93.99	4,417,696.82	2.94%
UHR VX	10,700	SWATCH GROUP AG*	347.26	3,715,733.01	2.47%
TSM	102,400	TAIWAN SEMICONDUCTOR MFG LTD SPD ADR	22.75	2,329,600.00	1.55%
TNTE NA	1,334,560	TNT EXPRESS NV*	8.46	11,288,816.31	7.51%

FOX	118,000	TWENTY FIRST CENTURY FOX B	27.23	<u>3,213,140.00</u>	<u>2.14%</u>
		TOTAL EQUITIES:		136,574,755.62	90.85%
		CASH & EQUIVALENTS (NET OF LIABILITIES):		<u>13,752,957.37</u>	<u>9.15%</u>
		TOTAL NET ASSETS:		<u>\$ 150,327,712.99</u>	<u>100.00%</u>
		NO. OF EQUITY POSTIONS:		38	

* Indicates Foreign Security

Portfolio Holding Submission Disclosure

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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, sales 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.

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; this may be enhanced when investing in emerging markets. 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. Please consult your tax advisor regarding higher capital gains distributions due to a change in portfolio strategy.

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