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 June 30, 2014

Fund/Index	QTD	YTD	1Year	3Years**	5 Years**	10 Years**
FPA Paramount	1.96%	3.78%	16.32%	11.84%	17.47%	8.27%
MSCI ACWI	5.04%	6.18%	22.95%	10.25%	14.28%	7.46%
Russell 2500	3.57%	5.95%	25.58%	15.51%	21.63%	9.78%

** Annualized.
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.

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.

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.

Please consult your tax advisor regarding higher capital gains distributions due to a change in portfolio strategy.

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 2014, the Fund rose 1.96% compared to the MSCI All Country World Index's (Net) (the "Index") gain of 5.04%. Since we joined the Fund as co-portfolio managers at the end of the third quarter of 2011, the Fund has appreciated 23.66% annualized versus 19.25% for the Index.

Money for Nothing (Get Your Deals for Free)

We continue to believe Central Bank policy actions have led to inflated asset prices and distorted investor behavior. At this point in the cycle, ultra-low interest rates are clearly impacting corporate capital allocation decisions.

Deal making is in full swing[1] after being flat since 2010. Announced global mergers and acquisitions (M&A) jumped 94% in the second quarter (vs. prior year), which also marked the first period since the 2007 peak that deal value exceeded $1 trillion.[2] And why shouldn't buyouts be booming? Cheap financing makes almost every merger accretive to earnings. Later in the letter we will discuss how portfolio holding **Zebra Technologies** succumbed to the easy money temptation.

Under pressure from long-term shareholders and activists, companies are also borrowing to fund share repurchases. Managements willingly oblige since compensation plans often contain a 'return on equity' component that gets a boost from repurchases. In the first quarter, S&P 500 buybacks surged 60% (vs. prior year), to the highest level since the 2007 peak.[3]

Regardless of the shift in behavior underway today, nothing has changed our focus on owning high-quality businesses selling at significant discounts to intrinsic value[4]. The way we define quality includes several elements of a company's business. We require businesses to have sustainable, superior fundamentals such as a product or service not easily displaced by competitors or substitutes. Typically the company will be able to price its offerings at a level that produces attractive returns on its invested capital base. We also require financial strength, which means having a conservative balance sheet and the cash flow necessary to weather unforeseen financial challenges. In the current environment, we are vigilant about assessing financial strength so as to ensure that the low cost of debt assumed for M&A or repurchase activities does not reduce balance sheet quality to an unacceptable level. Management strength is the last dimension of quality we consider. Operational ability always matters, but for the cash-generative businesses we favor, capital allocation typically is the most important management decision.

[1] We hear anecdotes about investment banks dangling juicy incentives to lure formerly burned-out bankers back to the frontlines.
[2] S&P Capital IQ
[3] Standard & Poors
[4] 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.

Given our wariness about the increasing willingness of managements to make large allocation decisions, we regularly communicate with executives and company Boards about our expectations for what should be appropriate. Despite our best efforts, it's likely that some of our portfolio's management teams will still make allocation mistakes, but when we buy at a discount to what we conservatively think the business is worth it helps provide an additional margin of safety.[5]

Key Performers

Our best quarterly performer was **Arca Continental S.A.B. de C.V.** (up 13.40% in U.S. currency). **Arca** is the second-largest Coca-Cola bottler in Latin America and one of the largest in the world. Over time, pricing and volume growth have combined with efficient distribution in exclusive territories to produce mid-teens operating margins for Arca. The balance sheet is well managed with a current leverage ratio of 1x Net Debt-to-EBITDA.[6] In Mexico, its largest market, the government imposed an excise tax on sugary drinks at the start of the year. Arca raised prices 12-13% to pass the tax through to consumers. Despite that large increase, volumes the company reported in the first quarter only fell 3%, which was far less than the market expected and demonstrates pricing power even in a challenging environment. We think Arca is a well-run, high-quality company with limited financial risk. We remain interested in owning it, subject to our valuation discipline.

Our worst performing holding in the quarter was **eBay Inc.** (down 9.38% in U.S. currency). eBay operates the leading online marketplace (ebay.com) and the leading mobile payments platform (PayPal). While growing at a low double digit annual rate, the business has delivered average operating margins in the low 20% range. The balance sheet has no net debt and there are limited capital spending needs beyond technology infrastructure. Unfortunately, spending on the latter may not have been robust enough, as the company announced during the quarter that its security had been breached, and subsequently suggested that all users should reset account passwords. This news led to a modest decline in traffic to the ebay.com website. While this likely impacted near-term results, we believe it should be transitory over the longer term. The company continues to be well positioned to capture a portion of the shift from traditional retail sales to online and mobile. At the end of the quarter, eBay traded at less than 12x 2015 operating profit, and offered a free cash flow yield of nearly 7%. Given the underlying quality and growth characteristics, we believe the current valuation provides an attractive discount to intrinsic value.

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[5] 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.

[6] ND/EBITDA, Net Debt to EBITDA, is a measurement of leverage, calculated as a company's interest-bearing liabilities minus cash or cash equivalents, divided by its EBITDA. EBITDA (Earnings before Interest Tax Depreciation and Amortization) is essentially net income with interest, taxes, depreciation, and amortization added back to it, and can be used to analyze and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.

Activity

In the quarter we purchased two new portfolio positions, **Adidas** and **TNT Express**. Based in Germany, Adidas is a leading global sports equipment franchise, second only to Nike, and one of the world's top 100 brands. It's multiple times bigger than the third player in the market, and has only gotten stronger with time. Global demand for sporting goods outpaces GDP growth, and with more than half their sales coming from developing markets, Adidas has been able to deliver high-single-digit top line growth while maintaining margins. Returns have continuously improved, and are now in excess of 30%. Management has been remarkably stable, and the balance sheet almost always cash positive. We think Adidas belongs to the class of value compounders whose quality sometimes becomes under-appreciated by the market. While the group's intrinsic value has steadily increased, its share price has come down more than 20% since the beginning of the year, thus presenting us with an opportunity to become shareholders.

Based in the Netherlands, TNT is a spin-off from Dutch national postal service provider PostNL. The company's primary focus is the transportation of goods across Europe within a pre-agreed day and/or time. The company was recently the target of an attempted takeover by UPS, which was later blocked by the European Commission. As in the case of our investment in Legrand, we read the Commission's report, and were intrigued by their case of how market structure excessively favors the leading players in European express transport. TNT has suffered from challenging market conditions given the economic backdrop, as well as bad governance, and offers significant opportunities for operating efficiency gains. The balance sheet is net cash positive. While the stock has been statistically cheap for some time, we were put off in the past by management, and PostNL's 30% stake. With PostNL's interest now below 15%, and a series of recent management changes, including executives with strong pedigrees, and some coming from companies we owned in the past, we feel the conditions are met for us to invest.

Turning to companies exiting the portfolio, we sold **Zebra Technologies** this quarter. Zebra designs and manufactures thermal printers used by businesses to produce bar codes and other tracking systems. This is a small niche in the worldwide printing industry, and Zebra plays a dominant role, with market share that we estimate is 3.5x the #2 player. The business produced high-teens margins and Returns on Capital in the mid 20% range over time.

At the start of the quarter, Zebra announced an acquisition of Motorola's Enterprise business for $3.45 billion, of which $200 million would come from cash on hand and the remaining $3.25 billion from debt financing. Zebra historically never had any debt, or meaningful off-balance sheet obligations. By utilizing the balance sheet to fund this deal, Zebra transformed itself into a below-investment grade company. Net debt-to-EBITDA will exceed 5x after the borrowing. Using all the expected cash flows from the combined company to pay down debt will reduce the ratio to 3x by the end of 2017.

The deal's scale is also notable as Zebra will be acquiring $2.5 billion in revenue compared to its own $1 billion, meaning that legacy Zebra will contribute about 30% of the combined company's sales. When it comes to profitability, the contribution will be even higher because Motorola is less profitable. Over the last 4 years, it averaged 11% operating margins, compared to 19% at Zebra. Zebra expects the combined entity to reach its standalone margin level in 3 to 5 years. $100 million in cost savings are expected to help bridge the gap, but the remaining improvement to reach that margin level will require management execution. Finally, Zebra currently sells at 16x our pro-forma estimate of 2015 operating profit, which represents a modest discount to our estimate of intrinsic value.

In the end, Zebra is making a big bet that it can improve the margins on a company 2.5x its size. Debt financing will magnify the results. Zebra may very well succeed. However, one of the surest ways to permanently impair a company's value is through excess financial leverage. That's why we avoid companies where the possibility of that risk exists. As a result of the pending balance sheet changes and a diminished margin of safety, we exited our Zebra position.

Portfolio Profile

In line with our low-turnover approach, the Fund's overall profile is little changed. We owned 32 companies at the end of the quarter. This 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 51% of Fund assets, and position sizes are based on the relative discount to intrinsic value of each (largest weightings correspond to the largest discounts). Most of the positions are still large-caps (median $17 billion) including several considered mega-caps. As always, those holdings are based on each company's combination of quality and discount to intrinsic value, and size considerations have no impact as we construct the portfolio.

Companies domiciled in Europe and the U.S. continue to represent most of our investments, with Asia Pacific 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. That means they often generate significant amounts of their cash flows outside their home countries, rendering traditional country classification less useful.

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

Respectfully submitted,

The World Value Team

Gregory Herr Portfolio Manager	Pierre O. Py Portfolio Manager
Jason Dempsey Analyst	Victor Liu Analyst

July 14, 2014

FPA Paramount Fund, Inc.

Portfolio Holdings

6/30/2014

CUSIP/SEDOL	TICKER	SHARES	SECURITY	MKT PRICE ($)	MKT VALUE ($)	% OF NET ASSET VALUE
B1FJ0C0	BXB AU	825,100	BRAMBLES LTD*	8.67	7,150,481.62	2.21%
6673042	IPL AU	6,559,083	INCITEC PIVOT*	2.73	17,937,124.28	5.54%
4031976	ADS GR	75,000	ADIDAS AG*	101.42	7,606,335.00	2.35%
4846288	SAP GR	276,150	SAP AG*	77.21	21,320,657.82	6.58%
4061393	CDI FP	23,400	CHRISTIAN DIOR*	198.97	4,655,986.92	1.44%
B1Y9TB3	BN FP	215,600	DANONE S.A.*	74.28	16,013,970.28	4.94%
4682329	RI FP	42,400	PERNOD RICARD*	120.10	5,092,087.36	1.57%
4380429	PUB FP	55,950	PUBLICIS GROUPE*	84.82	4,745,712.57	1.47%
7062713	SW FP	50,300	SODEXO*	107.57	5,410,589.92	1.67%
B4WQ2Z2	AGK LN	745,907	AGGREKO PLC*	28.24	21,061,803.01	6.50%
0237400	DGE LN	441,400	DIAGEO PLC*	31.93	14,095,182.06	4.35%
B01FLG6	GFS LN	3,877,450	G4S*	4.37	16,933,599.64	5.23%
3023231	MPI LN	1,909,022	MICHAEL PAGE INTL*	7.38	14,080,373.57	4.35%
G1151C101	ACN	64,375	ACCENTURE PLC CL A	80.84	5,204,075.00	1.61%
2823885	AC MM	501,800	ARCA CONTINENTAL*	6.78	3,400,096.44	1.05%
B096LW7	FUR NA	285,750	FUGRO NV*	57.26	16,362,473.63	5.05%
B3Y0JD2	TNTE NA	593,900	TNT EXPRESS NV*	9.05	5,375,804.63	1.66%
B1Q3J35	SKFB SS	181,000	SKF AB B SHARES*	25.51	4,617,617.70	1.43%
7123870	NESN VX	60,000	NESTLE SA*	77.48	4,648,698.00	1.44%
874039100	TSM	383,000	TAIWAN SEMICONDUCTOR MFG LTD SPD ADR	21.39	8,192,370.00	2.53%
17275R102	CSCO	467,000	CISCO SYSTEMS INC	24.85	11,604,950.00	3.58%
126650100	CVS	66,300	CVS CAREMARK CORP	75.37	4,997,031.00	1.54%
278642103	EBAY	94,000	EBAY INC	50.06	4,705,640.00	1.45%
481165108	JOY	95,000	JOY GLOBAL INC	61.58	5,850,100.00	1.81%
50540R409	LH	84,500	LABORATORY CORP AMER HLDGS	102.40	8,652,800.00	2.67%
57772K101	MXIM	164,700	MAXIM INTEGRATED PRODUCTS, INC.	33.81	5,568,507.00	1.72%
580135101	MCD	43,500	MCDONALDS CORP	100.74	4,382,190.00	1.35%
594918104	MSFT	203,300	MICROSOFT CORP	41.70	8,477,610.00	2.62%
68389X105	ORCL	382,500	ORACLE CORPORATION	40.53	15,502,725.00	4.79%
703395103	PDCO	157,000	PATTERSON COMPANIES INC	39.51	6,203,070.00	1.92%
778296103	ROST	63,000	ROSS STORES INC	66.13	4,166,190.00	1.29%
92927K102	WBC	34,100	WABCO HOLDINGS, INC.	106.82	3,642,562.00	1.12%
			TOTAL EQUITIES:		**287,658,414.44**	**88.83%**
			CASH & EQUIVALENTS (NET OF LIABILITIES):		**36,182,299.38**	**11.17%**
			TOTAL NET ASSETS:		**$ 323,840,713.82**	**100.00%**
			NO. OF EQUITY POSTIONS:		**32**	

* 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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