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 International Value Fund
Fourth Quarter 2019 Commentary

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 a prospective investor. Please read the Prospectus carefully before investing. The Prospectus may be obtained by visiting the website at 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: 12/31/2019	Since 12/1/11	5 Years	3 Years	1 Year	YTD	QTD
FPA International Value Fund	8.48	7.51	12.04	24.05	24.05	9.35
MSCI ACWI ex US (Net)	6.58	5.51	9.87	21.51	21.51	8.92

Inception of FPA International Value Fund ("Fund") is December 1, 2011. Periods greater than one year are annualized. Fund performance is shown net of all fees and expenses. Fund performance is calculated on a total return basis which includes reinvestment of all distributions. Fund performance does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares, which would lower these returns.

Index performance is shown for the period November 30, 2011 through December 31, 2019. Comparison to any index is for illustrative purposes only. The Fund does not include outperformance of any index or benchmark in its investment objectives. An investor cannot invest directly in an index.

The Fund's total expense ratio is 1.35% (as of most recent prospectus). The Advisor has contractually agreed to reimburse the Fund for Total Annual Fund Operating Expenses in excess of 1.29% of the average net assets of the Fund (excluding brokerage fees and commissions, interest, taxes, fees and expenses of other funds in which the Fund invests, and extraordinary expenses, including litigation expenses not incurred in the Fund's ordinary course of business) through April 30, 2020. This agreement may only be terminated earlier by the Fund's Board of Trustees (the "Board") or upon termination of the Advisory Agreement.

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 net expense ratio as of its most recent prospectus is 1.29%. Current month-end performance data, which may be lower or higher than the performance quoted, may be obtained at www.fpa.com or by calling toll-free, 1-800-982-4372.

Please see important disclosures at the end of the commentary.

"Welcome to a world in which everything you learned about risk/return analysis (…) is not only worthless but detrimental to your career path. The Fed paying cash to dumb down an entire investment community."

Danielle DiMartino Booth, CEO and Chief Strategist, Quill Intelligence. January 2, 2020

"Businesses are worth more money if interest rates fall and stocks rise (…) And after a while, rising prices themselves alone will keep people excited and cause more people to enter the game (…) People tend to forget about the importance of the price they pay as the experience of a bull market just sort of dulls the senses."

Warren Buffett, Chairman and CEO, Berkshire Hathaway. May 5, 1997

"We all are going to pay a horrible price someday but in the meantime it's a lot of fun for a lot of people."

Jim Rogers, Chairman, Beeland Interests. January 10, 2020

Dear Fellow Shareholders,

In the fourth quarter of 2019, the FPA International Value Fund (the "Fund") returned 9.35% (in U.S. currency), net of fees and expenses (the Fund's most recent total expense ratio was 1.29%). This compared to 8.92% over the same period for the MSCI All Country World Index (ex-U.S.) (Net) (the "Index").

Over the full calendar year, the Fund returned 24.05%, net of fees and expenses (the Fund's most recent total expense ratio was 1.29%), versus 21.51% for the Index over the same period.

Most importantly, since its inception on Dec. 1, 2011, the Fund had an annualized return of 8.48% (in U.S. currency), net of fees and expenses (the Fund's net expense ratio averaged around 1.29% since inception). This compares to an annualized return of 6.58% for the Index over a similar period.[1]

In addition, we note that cash and equivalent holdings on average accounted for 35% and 29% of the Fund's total assets in the fourth quarter and over the full calendar year, respectively. Since the Fund's inception, cash exposure has averaged 31% of assets, while fluctuating from less than 12% to more than 40%, depending on the availability of suitable investment opportunities.

Holdings performance

Portfolio holdings (i.e., excluding cash and cash equivalents) outperformed the Index in the quarter and over the full calendar year by an even larger margin, with returns of 15%, and close to 35%, respectively (in U.S. currency), compared to approximately 9% and 22% for the Index, respectively. Most importantly given our long-term focus, the annualized return on the Fund's investments since inception is 14% (in U.S. currency), compared to less than 7% for the Index.[2]

Unsurprisingly given the Fund's performance, return contributions were positive across the board in the fourth quarter, with only two holdings negatively impacting performance in the period (though only

[1] The Index's annualized return of 6.58% is for the period from Nov. 30, 2011 to Dec. 31, 2019 in U.S. currency. From Dec. 1, 2011 to Dec. 31, 2019, the Index has produced an annualized return of 6.46%.

[2] The performance of the portfolio holdings segment of the Fund is presented gross of investment management fees, transactions costs, and Fund operating expenses, which if included, would reduce the returns presented. Performance of the portfolio holdings also excludes the impact of cash and cash equivalents. An investor in the Fund cannot achieve these returns. Please refer to the first page for overall net performance of the Fund since inception. The long equity performance information shown is for illustrative purposes only and may not reflect the impact of material economic or market factors. No representation is being made that any account, product or strategy will or is likely to achieve profits, losses, or results similar to those shown.

Past performance is no guarantee, nor is it indicative, of future results.

modestly): **Alcon** and **G8 Education** (G8). Alcon is a recent addition to the portfolio (*see Portfolio Activity for description*). As is often the case with our value investment approach, Alcon's shares had been under pressure when we started purchasing the stock,[3] and this negative momentum continued through most of the rest of the year, despite the rising market. G8 is a long standing holding of the Fund (*see Worst Performer for description*). However, as stated in the third quarter commentary, we had previously sold out of the stock almost completely, following a sharp increase in the share price (up 91% - in U.S. currency - from its low in October 2018 to its high in February 2019). When the stock experienced a sharp decline in the subsequent months, and reached new lows by the end of the year, we took advantage of the price weakness to buy back shares and rebuild our position in G8. That also negatively impacted the Fund's returns in the short-term.

In the third quarter, we also noted that the decline of the Fund's UK holdings had negatively impacted the Fund's performance. We inferred that this may have been a function of the recent change in government, uncertainty around plans for the country to exit the European Union (Brexit), and growing fears that Jeremy Corbyn (who planned to institute radical socialist policies) could become the next Prime Minister. Boris Johnson's (who vowed to follow through with Brexit) biggest Conservative Party's election win, the biggest Conservative Party win in over 20 years, helped ease many of these concerns and drove a rebound in the UK market. Together, the Fund's UK and Irish holdings accounted for about 60% of the total positive contribution in the fourth quarter.

However, we believe these short-term price developments say little about the underlying fundamentals and intrinsic value of our individual holdings. Focus should remain on their long-term business prospects rather than macro-economic fluctuations, political news flow, or headline noise. As always, we encourage shareholders to evaluate the stock performance of our investments over longer periods of time.

Worst performer

The largest detractor to performance this quarter, as noted above, was G8, with a contribution to return of -0.58%. It was also the Fund's worst-performing holding, with a share price that fell 23.54% (in U.S. currency).[4,5]

Based in Australia, G8 is one of the country's largest operators of childcare centers. We commented on the G8 in past commentaries, in particular in the fourth quarter of 2018, after the stock price strongly recovered.

We first invested in G8 when the group started to experience material cyclical challenges.[6] Too much capital desperate for yields had been flowing into properties used for early education. As supply overshot demand, occupancy levels were negatively impacted. The resulting pressure triggered material changes at G8 in ownership, management, and strategic focus. The combination of all these disruptive forces presumably caused significant weakness in the company's share price, which we took advantage of to build the position.

While we expected G8's underlying business to remain under pressure in the short term, we believed that the aforementioned changes would be positives and that they presented opportunities for improvements after years of poorly managed growth. Furthermore, we expected long-term structural drivers to support growth in demand for early education, and we thought G8's business fundamentals were strong.

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[3] The Fund first started investing in Alcon in Q3 2019.

[4] Based on the percentage of G8's share price change from Sept. 30 to Dec. 31, 2019 in U.S. currency. This share price change may not equate with the performance of the holding in the Fund. As of Dec. 31, 2019, G8 represented 2.52% of the Fund's assets.

[5] Detractors and contributors noted throughout this Commentary are presented gross of investment management fees, transactions costs, and Fund operating expenses, which if included, would reduce the returns presented. The information provided does not reflect all positions purchased, sold or recommended by FPA during the quarter. A copy of the methodology used and a list of every holding's contribution to the overall Fund's performance during the quarter is available by contacting FPA Client Service at crm@fpa.com. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities listed.

[6] The Fund first started investing in G8 in Q3 2017.

Past performance is no guarantee, nor is it indicative, of future results.

As the market started showing signs of improvement and some of the initiatives launched by G8's new CEO began having a positive impact on the business, market sentiment shifted and the company's shares rallied. Consistent with our investment discipline, we proceeded to take profits and sold most of the position by the first quarter of 2019.

More recently, however, further business updates disappointed, and confidence in continued improvements in market conditions faded, causing the stock price to fall sharply. The shares declined more than 20% (in U.S. currency) in the month of November alone and returned to their 2018 lows.

Patience continues to be required for supply and demand of early education properties in Australia to find an equilibrium. However, we have not seen any structural changes in these short few months that would require us to revise our underlying assessment of the fundamentals of the G8 business, its management team, or its balance sheet, and thus, our estimate of its intrinsic value. We therefore took advantage of the renewed weakness in the share price to rebuild the Fund's position in G8.

Best performer

The Fund's biggest contributor to performance this quarter was **Ryanair**, with a contribution to return of 1.94%. It was also the Fund's second-best-performing holding, with a share price that rose 42.71% (in U.S. currency). The Fund's best-performing holding was **Volution**, with a share price that increased 64.45% (in U.S. currency).[7]

Based in Ireland, Ryanair is one of Europe's leading passenger airlines. We have commented several times on this name in previous commentaries, most recently in the second quarter of 2019 (when we highlighted, in our view, the stock's particularly attractive valuation), as the company has experienced many difficulties that have weighed negatively on both its operating results and its share price in recent years. Problems have ranged from pilot roster-related flight cancellations, strike-ridden labor negotiations, and air traffic control disruptions, to increased fuel prices and the uncertainties associated with Brexit. We believe none of those were structural threats to Ryanair's long-term dominance in its market, and its seasoned management team has been able to manage most of them. Most recently, however, Ryanair has had to deal with the Boeing 737 Max issue. Following two deadly crashes, the Max came under intense scrutiny over several design flaws, and was grounded by authorities effectively until further notice. It is extremely difficult to determine what will become of the Max in the months to come. The aircraft plays an important part in Ryanair's plans to grow its business going forward, which means the group may have to rethink its mid-term strategy.

In the meantime, Ryanair's many competitive advantages and the sustained growth in demand for air travel have helped the company generate good operating performance. Most recently, the group raised its profit guidance for 2019 by an impressive 20%.[8] Such momentum, combined with the high quality of the business and a debt-free balance sheet, was likely an important driver behind the recent share price increase.

Based in the UK, Volution is a leading manufacturer of ventilation systems. As noted in our third quarter commentary, we increased the Fund's holdings of Volution on share price weakness during that period. The negative momentum was presumably driven by the short-term disruption the business experienced amid the complex consolidation of its Slough and Reading facilities into a single modernized injection molding and fan assembly facility. However, operations subsequently returned to normal with the new site delivering the anticipated efficiency gains. This likely explains the recovery in the share price this quarter.

[7] Based on the percentage of Ryanair and Volution's share prices change from Sept. 30 to Dec. 31, 2019 in U.S. currency. These share price changes may not equate with the performance of the holdings in the Fund. As of Dec. 31, 2019, Ryanair and Volution represented 4.85% and 2.11% of the Fund's net assets, respectively.

[8] Ryanair raised profit guidance on January 10, 2020 for year ending March 31, 2020 in a note to investors.

Past performance is no guarantee, nor is it indicative, of future results.

Despite the recent performance of these two holdings, we remain interested in being shareholders of both Ryanair and Volution so long as their stock prices continue to offer an appropriate margin of safety.

Portfolio activity[9]

As always, through the quarter we continued to add to holdings we believe offer compelling discounts to intrinsic value, and to trim positions that are becoming less attractively priced. We also rebalanced individual positions based on relative discounts to intrinsic value. While this helps ensure that our most compelling investments are more heavily weighted to drive performance, it is important to realize that it can also inflate portfolio turnover at times, particularly if short-term volatility rises.

Specifically, we increased the Fund's ownership of some portfolio companies whose stocks experienced material weakness. Those included G8 and Alcon (a leading manufacturer of eye care products and related surgical equipment), as per our previous comments. Among the Fund's largest existing holdings, we also increased the portfolio's investments in **Cap Gemini** (a global leading provider of consulting and technology services), which experienced some negative volatility on overblown fears of softer trading conditions, and in **Ubisoft** (one of the world's largest video game developers). We commented in the past on how challenging the year has been for game developers. We noted that it created an opportunity for us to increase the Fund's exposure to the industry, which we researched extensively prior to investments in companies like **Keywords** or **Sumo** (both leading providers of game development services). Ubisoft was particularly hard hit. It reported weak results and had to write-down the latest sequel of key game franchise Ghost Recon. It also postponed the release of three important new games originally expected by year-end.

During the period, we also made some new purchases, including shares of **ISS A/S**. Based in the Denmark, ISS is a global leading provider of cleaning, catering, support, security, and facility management services.

Because of positive performance, we trimmed several of the Fund's holdings. Those included Volution and Ryanair whose stocks experienced notable increases in price as previously discussed. We also reduced the size of several other holdings, including **Naver** (a leading Korean provider of internet-based services) and **EssilorLuxottica** (a global leading manufacturer of both ophthalmic lenses and eyeglass frames).

We first had the opportunity to build meaningful exposure to Essilor and Luxottica when their share prices fell amid fears that the European Commission wouldn't approve the merger of the two companies. A second opportunity came after the deal closed, when known internal tensions became public between senior executives on each side over the governance of the merged entity.[10] More recently, however, the market appeared to shift its focus toward what we believe to be the unique quality of EssilorLuxottica's business and the potential large opportunities to extract synergies from the merger as well as the subsequent acquisition of **GrandVision** (*see details below*).

We mentioned Naver in our last commentary, as the operator of South Korea's dominant internet portal had announced in the third quarter of 2019 that it would spin off its mobile payment division, which helped lift the company's share price. Subsequently, the group reported that it plans to merge its Japanese messaging app operator, Line Corp, with SoftBank's internet subsidiary Yahoo! Japan (which recently acquired Japan's biggest online fashion retailer Zozo and changed its name to Z Holdings). The deal creates a new local tech powerhouse with leading positions across key strategic segments and strong shareholder backing. As such, it was received positively by the market and led to further improvement in Naver's stock price.

During the quarter, we also completed the sale of several holdings, including GrandVision, **Avon Rubber** (Avon), **Melrose**, and **Totvs**.

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[9] The information provided does not reflect all positions purchased, sold or recommended by FPA during the quarter. It should not be assumed that an investment in the securities listed was or will be profitable.

[10] We first built meaningful exposure to Essilor and Luxottica in the Fund in Q4 2017. The merger of Essilor and Luxottica occurred in Q4 2018.

Past performance is no guarantee, nor is it indicative, of future results.

Based in the Netherlands, GrandVision is a leading global optical retailer. The group sells and distributes prescription eyeglasses, contacts, eye care products and sunglasses in Europe and Asia. As mentioned above, EssilorLuxottica acquired GrandVision in July. The sale price of 28 euros per share was effectively in line with our estimated intrinsic value per share.

Based in the UK, Avon has mainly operated two distinct businesses. In its Protection division, the group is a producer of gas masks for the U.S. military. In Dairy, it is a leading manufacturer of dairy liners. When we purchased the stock, Avon was transitioning away from its historical rubber-based commodity businesses and suffering from two issues. On the Protection side, it had to manage the conversion of a large contract with the U.S. Department of Defense from procurement to sustainment status (meaning lower volumes). On the Dairy side, Avon was experiencing weak performance driven by a downturn in milk prices. However, management successfully steered the business through these challenging times. More importantly, they subsequently expanded into new geographies, new end-markets, and successfully rolled out new products, which positively contributed to performance. Last quarter, Avon announced the acquisition of 3M's ballistic protection business. This appeared to give the market confidence in management's long-term plans to transform Avon into a leading manufacturer of respiratory protection systems for the military and law enforcement markets, which led to further increases in the stock price.

Based in the UK, Melrose is effectively a publicly traded private equity firm with a highly concentrated buy-and-improve strategy. Its most recent investment was the acquisition in early 2018 of GKN, a publicly listed industrial conglomerate also based in the UK. As mentioned last quarter, the stock has responded positively to reports that management is delivering the planned operating efficiencies at GKN and delivering robust performance amid cyclical and structural headwinds in its key automotive and aerospace markets.

We have written several times about Totvs in previous commentaries, and we noted in the third quarter that we were trimming the position. Based in Brazil, Totvs is the country's leading provider of enterprise software solutions. It typically targets small- and medium-sized enterprises (SMEs). We started investing in the company at a uniquely difficult time for Totvs. Given its domestic focus, large exposure to SMEs, and natural correlation with employment, the business was hit particularly hard by the multi-year economic downturn,[11] along with inflationary pressure on both tech wages and payroll taxes. During the period, Totvs also went through the integration of a sizable acquisition, along with a broader reorganization of its operations and management. Lastly, like many providers of software solutions, the group was shifting its business model from selling upfront licenses to offering subscriptions. We believe that while the long-term effect of this migration is an increase in the present value of the firm's customer relationships, the short-term impact is a decline in profitability. Even under normal economic conditions, such a transition can depress profits over multiple years. The confluence of so many challenges put significant pressure on the group's results, which in turn negatively impacted its share price and created what we believed to be a compelling opportunity to invest (notwithstanding the weak currency).

In typical fashion, the investment in Totvs was predicated on the combination of short-term headwinds for the stock price and compelling long-term prospects for the business. At the time, we recognized conditions could remain challenging for a few years, as we estimated that the company was only halfway through a four-year business transition that started in 2015. However, we believed the new subscription model would enhance the company's value, and that the macro environment would improve eventually. We also expected favorable results from the reorganization and the hiring of new talent. More fundamentally, we viewed Totvs as a high-quality business, with a dominant position in a market that is both difficult to penetrate and constantly changing. Its products are high value-added solutions and appear to be a must-have for users, thereby commanding renewal rates in excess of 90%.[12] Before the transition, the group had consistently generated double-digit annual revenue growth and margins above 20%. Even in the economic downturn, the business still generated returns north of 30% and strong free cash flows. The

[11] The most recent economic downturn in Brazil occurred during the period March 2015 to 2Q 2017. Source: TOTVS Q4 2018 earnings release. Renewal rates as of Q4 2018 were 97.9%.

Past performance is no guarantee, or indicative, of future results

[12] Source: TOTVS Q4 2018 earnings release. Renewal rates as of Q4 2018 were 97.9%.

balance sheet was robust. Lastly, the chief executive had an impressive reputation in the industry, and we believed he could attract top industry talents. He was also a large shareholder in the group.

As several of the aforementioned long-term expectations became more immediate prospects, the market appeared to recognize Totvs' many compelling qualities, and the group's stock price improved significantly.

With Totvs now sold, there is little exposure left to Brazil in the portfolio. As some readers will remember, we highlighted the Brazilian opportunity several times in the earlier part of 2018. At the time, we reported that we were taking advantage of the combination of a material decline in the market and a depressed currency to invest a large portion of the portfolio's assets (over 20%) in a handful of local high-quality companies.

In each of the cases above, and consistent with our investment discipline, we sold the position as the stock price increased and the discount to intrinsic value unwound. While these companys' stocks no longer trade at what we would consider an appropriate margin of safety, we continue to view Avon, Melrose, and Totvs as high-quality, well-run businesses, and we would be interested in becoming shareholders again, subject to being able to buy their shares at a significant discount to intrinsic value.

Portfolio turnover

It is rewarding to see the prices of our holdings increase because it validates each underlying thesis and the intense research work needed to support them. It has created wealth for the Fund's shareholders (us included). Nonetheless, we find ourselves frustrated by the resulting portfolio turnover.

Based on historical experience, we would expect it could take three to five years for the market to understand the value of one of the Fund's holdings, and for its share price to converge toward our assessment of intrinsic value (itself accruing in the meantime). This means we would expect the average holding period to be three to five years and the portfolio turnover to be in the 20% to 30% range.

In practice, the discounts have unwound much faster than expected and triggered higher turnover in the portfolio. That was the case with the Fund's European investments during the sovereign-debt crisis, cyclical commodity-related investments in the economic downturn, UK holdings after Brexit, technology-driven opportunities, and most recently, the high exposure to Brazilian equities.

Part of this turnover is a function of our ability to rebalance the portfolio on an on-going basis to help ensure that our better ideas have greater weighting in the Fund. Nonetheless, even when measured in terms of names that have come in and out of the portfolio, turnover has been higher than we would want. A lower turnover means lower costs, reduced taxes, and less research work (which can mean fewer mistakes).

It is important to highlight and to understand that this higher turnover has been a product of two things: 1) the success of the Fund's investments, and 2) the flexibility to hold cash in the absence of opportunities that can satisfy all our investment criteria. In almost every case, decisions to sell were a function of the full unwinding of the discount, combined with not having the obligation to find a replacement when selling a holding. Unlike with a fully invested portfolio, we cannot justify hanging on to a stock that offers little or no upside based on the argument that no known tax-adjusted alternative could produce a better return. Embedded future losses are not an option for us. Cash is always a next-best alternative for us.

When looking at the Fund's portfolio holdings returns in years like 2012 (+37%), 2013 (+31%), 2017 (+43%), and 2019 (+34%), it is easy to see how this approach would have created high turnover. We invest in stocks that we believe trade at a discount to our estimates of intrinsic value in excess of 30%, yet in each of these

years, the Fund's holdings together generated a return well in excess of 30%.[13] That means many of the Fund's positions saw their expected upside realized in a short period (vs. only a limited increase in intrinsic value in the meantime) and had to be sold, which pushed the Fund's turnover higher.

Portfolio profile

Net of the aforementioned transactions, the Fund remained focused on our best ideas, with 24 disclosed positions at the end of the period. The top 10 positions accounted for 33% of the Fund's total assets, and 51% of the invested portion. The top five accounted for 18% of total assets and 28% of the invested portion. The weighted average discount to fair value of these holdings was close to 22% at the end of the fourth quarter.[14]

The Fund's median capitalization size was $18 billion, and the weighted average was $55 billion at the end of the period. Sixty percent of the Fund's invested assets were in companies with a market capitalization of more than $10 billion. However, we do not consider a company's market capitalization to be a relevant criterion from an investment perspective. We are invested across a wide range of market capitalization sizes, from less than $400 million to more than $400 billion. That's been the case since the Fund's inception, and we have delivered positive returns across that market capitalization spectrum.

We are similarly indifferent to which sector a company operates in, or where it happens to be domiciled. Nonetheless, looking at the Fund's geographic profile at the end of the quarter, 44% of total assets were invested in companies domiciled in Europe (ex-UK). The Fund's exposure to the UK stood at 11% of total assets as of December 31. We were starting to see many possible compelling value opportunities in that market going into the fourth quarter, especially among high-quality cyclicals and industrials (which accounted for a meaningful portion of our idea pipeline at the time). We presumed those opportunities were driven by political uncertainties and concerns that industrial activity had entered a down-cycle. Much to our frustration, the combination of several central banks pumping more money into the markets (presumably to fight off the downturn), a favorable outcome in the elections, and a sudden shift toward so-called value stocks, caused most of these names to rally by 20% or more in the last few weeks of the year, along with some of the Fund's holdings (such as Volution and Melrose, as mentioned above).[15]

Due to the further reduction of the Fund's investments in Brazilian companies, emerging markets exposure fell to 8% of total assets. With the increased investment in G8, Australia rose to 3% of total assets. We still had no direct exposure to Japan as of the end of this quarter.

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[13] Note: The return of the Fund's portfolio holdings are gross of fees and expenses, and do not include the impact of cash and cash equivalents, which if included, would reduce the returns presented. The return of the Fund's portfolio holdings does not equate with the net performance of the Fund. An investor in the Fund would not have achieved these gross returns during these periods. The Fund's net returns during these periods were: 2012 (+24%), 2013 (+18%), 2017 (+27%), and 2019 (+24%). Please refer to the first page for overall net performance of the Fund since inception. The portfolio holdings only performance information shown herein is for illustrative purposes only and may not reflect the impact of material economic or market factors. No representation is being made that any account, product or strategy will or is likely to achieve profits, losses, or results similar to those shown. **Past performance is no guarantee, nor is it indicative, of future results.**

[14] *Weighted average discount to fair value* refers to the weighted average discount to fair value of all securities in the Fund based on fundamental internal research fair value estimates (versus the discount to its actual market value).

[15] In the United States, the Federal Reserve increased its balance sheet by about 10% between September and year-end through monthly purchases of T-bills of about $60 billion (which is expected to extend at least into the second quarter of 2020). In the meantime, the S&P 500 increased about 15% since its low in August, including the best fourth-quarter rally in six years. Since the Fed started buying T-bills, the index has gone up almost 1% for every 1% increase in the bank's balance sheet. In Europe, where members of the European Union are required to keep budget deficits below 3% of GDP, the central bank's president, Christine Lagarde, in November pointed to the 7% deficit in the United States in the past two years, and called on governments to increase spending. Even more fiscally conservative Germany announced plans for a $60 billion fiscal expansion. In the U.K., newly elected Mr. Johnson pledged to spend over $100 billion on infrastructure projects. In China, the central bank cut the amount of cash banks must hold in reserve, thus releasing an estimated $115 billion in funds for lending. The Chinese government has also been aggressively pushing for lower interest rates and further lending, in particular to SMEs, even though non-performing loans have become a more pressing issue. Companies in China are continuing to default despite having received bail-out funding as part of the 2018 rescue campaign, and corporate defaults are reaching record levels for their second year.

From a sector standpoint, we often migrate toward businesses that are cash generative and not very capital intensive. Those include service-type businesses and consumer goods companies. At the end of the quarter, discretionary and staples together accounted for 18% of total assets. The Fund had similarly meaningful exposure to industrials, which accounted for 19% of total assets. Healthcare accounted for 3% of total assets. The Fund's largest exposure, however, was to technology and communications, which accounted for 23% of total assets. We had 3% of assets invested in financials, which reflected the Fund's investment in AIB. Outside of that, we have had no exposure to banks since the Fund's inception. We noted in previous commentaries the challenges often associated with these investments, which typically are a poor fit for our philosophy and process. Overall, the Fund had limited exposure to the credit cycle and financially levered companies.[16]

While we try to provide some perspective on the Fund's sector profile in these commentaries, the portfolio is simply the residual of our bottom-up approach. We also find that the Global Industry Classification Standard (GICS) classifications are of limited relevance. PageGroup, for instance, is a provider of recruitment services, yet it is classified as industrial. In our view, GICS's sector definitions are too broad to provide a meaningful picture of the Fund's underlying exposure.

More fundamentally, we think the Fund is exposed to a fairly diverse group of sectors and geographies, and is exposed to markets that we think have limited correlation. We also believe many of the Fund's holdings have particular secular dynamics that help make them more predictable and better-suited to work through potential short-term economic challenges. While it is impossible to anticipate how individual stocks will perform going forward, we would argue that the Fund's exposure to varying sectors and geographies, along with the quality of its holdings, positions it well to withstand market dislocation. To this, of course, we need to add the cash holding, which offers us the flexibility to buy when others are selling. It could also be a driver of performance through the cycle.

Investment prospects

As we review this letter, capital markets across the board continue to rally and look set to break new records. With that, our views on investment prospects can only be worse than what we laid out in recent commentaries, where we highlighted many of the significant geopolitical, macro-economic, and market-specific challenges that we see in the current environment. We would simply reiterate most of our previous concerns, with an emphasis on China risks (where the economy continues to show signs of weakness and excessive financial leverage, while recent MSCI index inclusions attract more capital).

In the later part of 2018, we also warned of signs of weakness in business activity around the world, which for the most part we continued to see through 2019. Government actions to stimulate economic activity appear to have temporarily helped in recent months. However, we believe many of the cyclical headwinds (along with some structural challenges) remain latent and they could raise concerns going forward, especially since investors took an excessive and ill-timed (on price) interest in cyclicals toward year-end.

Similarly, we mentioned in past commentaries that we believe a range of mechanisms are currently at play across capital markets that could not only be distorting prices but also restrict liquidity and amplify a potential market correction. We reiterate these concerns as well, and would suggest a healthy dose of skepticism toward the idea that passive and quantitative strategies are a panacea for positive returns going forward.

In particular, we noted the dangerous trend of seeking to subject capital and corporations to an arbitrary moral agenda, and the many challenges that it raises. Since then, the SEC reported that it sent examination letters to investment firms, as record amounts of money flow into funds that formally free themselves of the cumbersome obligation to do well (i.e., deliver positive, if not excess, returns) in order to hold themselves to the standard of doing good. There seem to be new efforts to solve associated problems such as how to measure and rank values, track moral performance, meet individual shareholder's preferences, and address conflicts with a manager's fiduciary obligations. While we are skeptical sound solutions can be

[16] Sector classification scheme reflects GICS (Global Industry Classification Standard).

articulated, we're always keen to learn from others and improve our investment approach in any way we can. We'll continue to follow this debate to see how we should be incorporating these ideas into our thinking.

To these distortive mechanisms, we would add the continuation of aggressive monetary and fiscal policies by many governments around the world in response to signs of economic weakness (as was our fear in the third quarter).[17] This injection of even more money into the economy largely explains, in our view, the impressive performance of capital markets around the world in the past few months. We believe expectations of profit growth are unreasonably high across the board, and seem particularly unrealistic given how far this cycle has run. As such, most of the increase in market valuations appears to have come from further multiple expansion. As bottom-up investors, we are certainly unable to reconcile these price developments with the underlying fundamentals of many of the companies we follow. Instead, we believe continued ultra-low interest rates, macro themes and technical drivers are the main drivers behind the broad rally.

Concerns are being raised more openly, especially by financial institutions such as banks and insurance companies (whose long-term financial solvency is at risk) about the merits of these policies. Such concerns could translate into pressure for a change of course, and/or potentially limit central banks' ability to respond to an economic downturn. Either way, this could have a material impact on capital markets going forward.

As we explained in the past, these policies also disrupt the laws of economics, and undercut the value of fundamental analysis. With unlimited access to cheap capital, companies can buy their way into a market or a value chain by accepting uneconomical terms to replicate an existing business model. In the United States, the percentage of listed companies losing money in the previous 12 months has increased to 40%, the highest rate during non-recession periods since the late 1990s. The proportion of companies losing money for the previous three years also hit a new high according to data stretching back to the late 1990s. Furthermore, for the second year in a row, 80% of the firms that went public were loss-making (vs. less than 40% on average in the previous 40 years).[18] Said otherwise, investors are likely putting high valuations on companies that exist because they could afford to destroy the economics of their own business model.

Generally speaking, we observe that investors are now paying little attention to business fundamentals. Even then, it seems few are considering whether stock prices adequately correlate with such fundamentals (which is equally critical). It appears as though investors, without any assessment of a business or what it may be worth, will buy into what they perceive to be a "good premise" (such as quality or growth) with the hope of taking advantage of a possible short-term price increase, only to drop the stock if anything in the company's next reporting cycle doesn't fully support this premise. Put another way, they appear to have traded "desirable because underpriced" for "desirable because growing/big/popular/transformative," no matter the price. By foregoing price discovery and valuation discipline, they must rely on the "greater fool theory," i.e., the hope that another investor will somehow be compelled to offer more for the stock. We have no interest in playing this game, even if it means missing out on speculative short-term paper gains.

Opportunities to deploy capital for us as long-term, fundamental, value investors are incredibly scarce. This is arguably one of the most unattractive environments we have ever seen. As we continue to re-assess what is needed for companies we follow to deliver the desired upside, we can see that most of them no longer offer even the unlikely prospect of a mediocre return, but rather the relative certainty of a permanent loss. A few years ago, our view was that many risks had materialized, so the future was likely to bring positive developments. Yet all we saw were highly discounted valuations. That was our time to invest. Today, our view is that many risks seem likely to materialize in the months or years to come. Yet all we see are prices that aren't discounted for many risks (however probable and material). This isn't a market for us.

Despite this incredibly challenging backdrop, we will continue to put our time and efforts into finding and focusing on the few remaining value opportunities that may still exist in the market. With our broad mandate,

[17] See footnote 16 above detailing various central banks' recent monetary initiatives.
[18] "Quote" (R. Ritter 2020, as cited in James Mackintosh, 2020) "Money-Losing Companies Mushroom Even as Stocks Hit New Highs". The Wall Street Journal. https://www.wsj.com/articles/money-losing-companies-mushroom-even-as-stocks-hit-new-highs-11578608209

and by consistently applying our investment philosophy and research process, we think we could identity these opportunities, and ultimately deliver long-term returns, while minimizing the risk of permanent losses. We will remain focused on high-quality companies that we believe have strong, sustainable fundamentals and compelling prospects to build shareholder value in the long run, as well as balance sheets that can withstand short-term disruption. They must also have management teams capable of steering the business through both good and bad times. And we will only put capital at risk when we think we can buy their stocks at significant discounts to our estimates of intrinsic value.

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

Respectfully submitted,

Pierre O. Py
Portfolio Manager

December 31, 2019

Important Disclosures

This Commentary is for informational and discussion purposes only and does not constitute, and should not be construed as, an offer or solicitation for the purchase or sale with respect to any securities, products or services discussed, and neither does it provide investment advice. Any such offer or solicitation shall only be made pursuant to the Fund's Prospectus which supersedes the information contained herein in its entirety.

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 manager, the Adviser, 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.

Investments, including investments in mutual funds, carry risks and investors may lose principal value. Capital 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.

The Fund may 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.

Top Five Contributors (Contribution %, Weight %) (For the quarter-end 12/31/2019): Ryanair (4.9%, 1.94%); Volution Group (2.1%, 1.37%); PageGroup (3.0%, 0.88%); Dignity (3.1%, 0.70%); NAVER Corp (2.8%, 0.64%)

Bottom Five Detractors (Contribution %, Weight %) (For the quarter-end 12/31/2019): G8 Education (2.5%, -0.58%); Alcon (2.9%, -0.08%); Nestle (0.8%, 0.00%); TOTVS (0.0%, 0.00%); Ambev (2.3%, 0.05%)

Throughout this Commentary, detractors and contributors to Fund performance noted are based on contribution to return for the periods noted. Contributors and detractors are presented gross of investment management fees, transactions costs, and Fund operating expenses, which if included, would reduce the returns presented. The information provided does not reflect all positions purchased, sold or recommended by FPA during the quarter. A copy of the methodology used and a list of every holding's contribution to the overall Fund's performance during the quarter is available by contacting FPA Client Service at crm@fpa.com. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities listed. **Past performance is no guarantee, nor is it indicative, of future results., and there is no assurance that the Fund's investment objective will be achieved or that the strategies employed will be successful. As with any investment, there is always the potential for gain, as well as the possibility of loss.**

In making any investment decision, you must rely on your own examination of the Fund, including the risks involved in an investment. Investments mentioned herein may not be suitable for all recipients and in each case, potential investors are advised not to make any investment decision unless they have taken independent advice from an appropriately authorized advisor. An investment in any security mentioned herein does not guarantee a positive return as securities are subject to market risks, including the potential loss of principal. You should not construe the contents of this document as legal, tax, investment or other advice or recommendations.

Index Definitions

Comparison to any index is for illustrative purposes only and should not be relied upon as a fully accurate measure of comparison. The Fund will be less diversified than the indices noted herein, and may hold non-index securities or securities that are not comparable to those contained in an index. Indices will hold positions that are not within the Fund's investment strategy. Indices are unmanaged and do not reflect any commissions or fees which would be incurred by an investor purchasing the underlying securities. All indices include reinvestment of dividends and interest income unless otherwise noted. An investor cannot invest directly in an index.

The **MSCI ACWI ex-USA Index (Net)** is a float-adjusted market capitalization index that is designed to measure the combined equity market performance of developed and emerging market countries excluding the United States. Net index returns reinvest dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

Other Definitions

Intrinsic value, in finance, is the "true, inherent, and essential value" of an asset independent of its market value. The portfolio manager defines the "intrinsic value" of a business to mean the discounted value of the cash that can be taken out of the business during its remaining life.

Market capitalization refers to the total value of all a company's shares of stock. It is calculated by multiplying the price of a stock by its total number of outstanding shares.

An asset's **book value** is equal to its carrying value on the balance sheet, and companies calculate it netting the asset against its accumulated depreciation.

Median market capitalization is the midpoint of market capitalization (market price multiplied by the number of shares outstanding) of the stocks in a portfolio. Half the stocks in the portfolio will have higher market capitalizations; half will have lower.

High-quality business - The portfolio manager believes a high quality business is one that is able to generate a return on capital in excess of its cost of capital for sustained periods of time.

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.

Weighted average discount to intrinsic value - Refers to the weighted average discount to intrinsic value of all securities in the Fund based on fundamental research versus its actual market value

Weighted average market capitalization refers to a type of stock market index construction that is based on the market capitalization of the index's constituent stocks. Large companies would thus account for a greater portion of an index than small-cap stocks.

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

FPA International Value Fund
Portfolio Holdings

12/31/2019

TICKER	PRINCIPAL/ SHARES	SECURITY	COUPON RATE (%)	MATURITY DATE	MKT PRICE ($)	MKT VALUE ($)	% OF NET ASSET VALUE
		COMMON STOCK (LONG)					
AIBG ID	1,915,324	AIB GROUP PLC*			3.48	6,672,989	2.5%
ALC SW	141,346	ALCON INC*			56.62	8,003,473	2.9%
ABEV3 BZ	1,327,649	AMBEV SA*			4.64	6,161,833	2.3%
ASML NA	25,288	ASML HOLDING NV*			295.79	7,479,995	2.8%
CAP FP	71,129	CAPGEMINI SE*			122.15	8,688,630	3.2%
SGO FP	176,331	COMPAGNIE DE SAINT GOBAIN*			40.94	7,219,352	2.7%
DTY LN	1,078,206	DIGNITY PLC*			7.76	8,362,061	3.1%
EL FP	43,010	ESSILORLUXOTTICA*			152.33	6,551,578	2.4%
GEM AU	5,133,774	G8 EDUCATION LTD*			1.33	6,844,989	2.5%
ITX SM	228,587	INDUSTRIA DE DISENO TEXTIL*			35.28	8,063,970	3.0%
ISS DC	377,400	ISS A/S*			23.99	9,055,651	3.3%
OR FP	15,781	L'OREAL*			296.13	4,673,208	1.7%
035420 KS	46,996	NAVER CORP*			161.27	7,579,017	2.8%
NESN SW	20,900	NESTLE SA-REG*			108.27	2,262,763	0.8%
		OTHER COMMON STOCK (LONG)				7,634,371	2.8%
PAGE LN	1,183,129	PAGEGROUP PLC*			6.93	8,196,312	3.0%
RAND NA	62,628	RANDSTAD NV*			61.07	3,824,400	1.4%
RYA ID	803,833	RYANAIR HOLDINGS PLC*			16.41	13,191,278	4.9%
SW FP	54,317	SODEXO SA*			118.51	6,436,977	2.4%
SAX GY	69,646	STROEER SE & CO KGAA*			80.82	5,628,684	2.1%
SUN SW	32,483	SULZER AG-REG*			111.59	3,624,885	1.3%
SUMO LN	2,738,655	SUMO GROUP PLC*			2.40	6,584,134	2.4%
700 HK	172,471	TENCENT HOLDINGS LTD*			48.20	8,313,349	3.1%
UBI FP	141,229	UBISOFT ENTERTAINMENT*			69.07	9,755,292	3.6%
FAN LN	1,683,399	VOLUTION GROUP PLC*			3.40	5,730,663	2.1%
		TOTAL COMMON STOCK (LONG)				**176,539,854**	**64.9%**
		TOTAL INVESTMENT SECURITIES				**176,539,854**	**64.9%**
		REPURCHASE AGREEMENTS					
	94,576,000	STATE STREET BANK/FICC REPO	0.120	01/02/2020		94,576,000	34.8%
		TOTAL REPURCHASE AGREEMENTS				**94,576,000**	**34.8%**
		CASH & EQUIVALENTS				778,208	0.3%
		TOTAL CASH & EQUIVALENTS				**95,354,208**	**35.1%**
		TOTAL NET ASSETS				**271,894,061**	**100.0%**
		NUMBER OF LONG EQUITY POSITIONS					**24**

* Indicates foreign security.

Portfolio Holding Disclosures

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 the Prospectus carefully before investing. The Prospectus may be obtained by visiting the website at www.fpa.com, by email at crm@fpa.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, 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.

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The Fund is non-diversified and 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.

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