

The Phaeacian Accent International Value Fund and the Phaeacian Global Value Fund (the “Phaeacian Funds”) were formerly known as the FPA International Value Fund and the FPA Paramount Fund, Inc. (the “Former Funds”), respectively, until their reorganization in October 2020. This commentary was written by the portfolio managers of the Phaeacian Funds while they were the portfolio managers of the Former Funds and employees of the Former Funds’ investment adviser. The Former Funds are no longer available for sale and these commentaries are provided for informational purposes only. The provision of these commentaries does not constitute or imply an endorsement of the Phaeacian Funds by the Former Funds’ investment adviser, and the views and opinions expressed in these commentaries are those of the portfolio managers and do not state or reflect those of the Former Funds’ investment adviser. Past performance is no guarantee, nor is it indicative, of future results. This is not an offer for sale or recommendation of any security, product or services discussed and neither does it provide investment advice.



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

Average Annual Total Returns (%)

As of December 31, 2018	10 Years*	Since 9/1/13*	5 Years	3 Years	1 Year	YTD	QTD
FPA Paramount Fund, Inc.	11.64	4.72	3.18	8.97	-8.63	-8.63	-12.04
MSCI ACWI	9.46	6.37	4.26	6.60	-9.42	-9.42	-12.75

* 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.

Periods greater than one year are annualized. Fund performance is shown net of all fees and expenses. Performance is calculated on a total return basis which includes reinvestment of all distributions. 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. 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 net expense ratio is 1.29% (as of most recent prospectus). The Adviser 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 January 31, 2020. This agreement may only be terminated earlier by the Fund's Board of Directors (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.



Dear Fellow Shareholders,

During the fourth quarter of 2018, the FPA Paramount Fund (the “Fund”) declined 12.04% (in U.S. currency) compared to a decrease of 12.75% for the MSCI ACWI (Net) (the “Index”). For the full calendar year, the Fund fell 8.63% (in U.S. currency) compared to a decrease of 9.42% for the Index.

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

Key Performers

The biggest disclosed performance detractors in the quarter were **Sulzer**, **Capgemini** and **Ryanair**.¹ Sulzer, which was our second-worst-performing holding this quarter, declined 33.89% (in U.S. currency).² Based in Switzerland, Sulzer manufactures pumps and other machinery for energy, chemical and power generation customers. Despite strong reported results for the period, declining crude oil prices appear to have caused the market to worry about future prospects. Based in France, Capgemini is a leading global information technology consulting, outsourcing and professional services company. Concerns about a slowdown in corporate technology spending weighed on the shares. Based in Ireland, Ryanair is Europe’s leading passenger airline. Issues involving insufficient air traffic control capacity and the transition to union representation for its employees have disrupted flight schedules. Rising fuel prices have also weighed on profitability.

Empire, **Hypera** and **Magazine Luiza** were the top performance contributors for the quarter.³ Based in Canada, Empire is a leading grocery store operator and wholesale food distributor whose results continue to improve under a relatively new management team. Based in Brazil, Hypera is one of the country’s leading pharmaceutical companies. Based in Brazil, Magazine Luiza is a leading retailer, operating an e-commerce platform and physical stores.

¹Reflects the top detractors to the Fund’s performance based on contribution to return for the quarter. Please refer to the end of this Commentary for the list of top five contributors and detractors to the Fund’s performance, along with contribution percentage and portfolio weight. **Past performance is no guarantee, nor is it indicative, of future results.**

² Performance is based on the percentage of Sulzer’s share price change from Sept. 30, 2018 to Dec. 31, 2018 in U.S. currency. This share price change does not equate with the performance of the holding in the Fund’s portfolio. As of Dec. 31, 2018, Sulzer represented 2.60% of the Fund’s total assets.

³ Reflects the top contributors to the Fund’s performance based on contribution to return for the quarter. See note in Footnote 1.

Portfolio Activity⁴

We made several new purchases in the fourth quarter, including **Magazine Luiza**, **Notre Dame Intermedica** (“**Intermedica**”) and **Stroeer**. Based in Brazil, Intermedica is a leading health insurer and operator of hospitals and other health care facilities. Stroeer, based in Germany, is a leading provider of out-of-home advertising solutions with around 300,000 sites across the country. The group also operates a large portfolio of German-language websites, and through several acquisitions, is also a provider of direct marketing services.

We also sold several companies, including **Empire**, **Alicorp**, **Twenty-First Century Fox** (“**Fox**”), and **Frutarom**. As previously mentioned, Empire is a leading grocery store operator and wholesale food distributor, based in Canada. Based in Peru, Alicorp is the country’s leading producer of food, home and personal care products including margarine, pastas, mayonnaise, detergent and hair care products. Empire and Alicorp’s share prices had increased significantly and converged toward our estimate of intrinsic value, so they no longer offered the margin of safety we require to remain invested. We continue to view both companies as well-run, high quality businesses that we would consider owning again at the right price.

Merger activity caused us to sell Fox and Frutarom. Based in the U.S., Fox operates a global media business. During the fourth quarter of 2017, the company announced an agreement to sell its film and TV studios and some of its TV networks to Disney. Based in Israel, Frutarom is a leading producer of key ingredients for food and beverage products. The company was acquired by **International Flavors and Fragrances**, a large U.S. peer. Finally, since the merger between Essilor and Luxottica has closed, we are now holders of **EssilorLuxottica** (“Essilor”) stock. Based in France, Essilor is a leading producer of eyeglass lenses. Based in Italy, Luxottica is a leading producer of frames and sunglasses.

Portfolio Profile

We owned 44 disclosed positions as of December 31, 2018. This is within the range of the number of businesses we would expect to own at any given time.

Most of the Fund’s positions are in large-cap companies (with a weighted average capitalization of approximately \$88 billion). However, we do not consider a company’s size to be a relevant criterion from an investment perspective. Reflecting a median capitalization of approximately \$16 billion, we are invested across a wide range of market capitalization sizes, including several businesses that are considered mega-caps.⁵

At quarter end, most of the Fund’s assets were invested in companies domiciled in Europe (about 54%). The United States represented about 22%, with Asia-Pacific about 4%, and the balance in other regions and in cash. Where a company is domiciled is largely irrelevant to us, however, since many of our holdings are large companies that conduct business on a global scale. That means they often generate significant amounts of their cash flow outside their home countries, rendering traditional country classifications less useful.

⁴ The information provided in this section does not reflect all positions purchased, sold or recommended by FPA during the quarter. Portfolio composition will change due to ongoing management of the funds. As of 12/31/18, the securities mentioned and corresponding position sizes were as follows: Magazine Luiza, 3.0%; Notre Dame Intermedica, 2.6%, Ströer, 0.9%, and EssilorLuxottica, 2.4%. References to individual securities are for informational purposes only and should not be construed as recommendations by the Fund, the portfolio managers, FPA, 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. **Past performance is no guarantee, nor is it indicative, of future results.** Please refer to the end of this Commentary for important disclosures.

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

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

Respectfully submitted,

Gregory Herr
Portfolio Manager

Pierre O. Py
Portfolio Manager

December 31, 2018

Important Disclosures

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

Portfolio composition will change due to ongoing management of the Fund. References to individual securities are for informational purposes only and should not be construed as recommendations by the Fund, the portfolio managers, 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 in mutual funds carry risks and investors may lose principal value. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. The Fund may purchase foreign securities, including American Depository Receipts (ADRs) and other depository receipts, which are subject to interest rate, currency exchange rate, economic and political risks. Foreign investments, especially those of companies in emerging markets, can be riskier, less liquid, harder to value, and more volatile than investments in the United States. Adverse political and economic developments or changes in the value of foreign currency can make it more difficult for the Fund to value the securities. Differences in tax and accounting standards, difficulties in obtaining information about foreign companies, restrictions on receiving investment proceeds from a foreign country, confiscatory foreign tax laws, and potential difficulties in enforcing contractual obligations, can all add to the risk and volatility of foreign investments.

Small and mid-cap stocks involve greater risks and they can fluctuate in price more than larger company stocks. Groups of stocks, such as value and growth, go in and out of favor which may cause certain funds to underperform other equity funds.

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.

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

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

Top Five Contributors (Contribution %, Weight %): Empire (0.3%, 0.0%); Hypera (0.3%, 2.8%); Magazine Luiza (0.2%, 3.0%), Fox (0.1%, 0.0), Notre Dame Intermedica (0.1%, 2.6%).

Bottom Five Detractors (Contribution %, Weight %): Sulzer (-0.9%, 2.6%); Undisclosed (0.7%, 1.9%) Capgemini (-0.7%, 2.9%); Ryanair (-0.7%, 4.0%), Pagegroup (-0.6%, 2.5%).

Top five detractors and contributors to Fund performance noted are based on contribution to return for the periods noted. Contributor/detractor to performance percentages noted above 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.**

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. An investor cannot invest directly in an index.

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

Other Definitions

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

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



TICKER / CUSIP	SHARES / PRINCIPAL	SECURITY	COUPON RATE (%)	MATURITY DATE	MKT PRICE (\$)	MKT VALUE (\$)	% OF NET ASSET VALUE
COMMON STOCKS							
ADS GY	15,374	ADIDAS AG*			208.99	3,212,996	2.2%
AIBG ID	875,100	AIB GROUP PLC*			4.22	3,690,041	2.5%
AI FP	23,930	AIR LIQUIDE(L)*			124.18	2,971,521	2.0%
GOOG	4,350	ALPHABET INC CL C			1,035.61	4,504,904	3.1%
ALQ AU	598,669	ALS LIMITED*			4.78	2,860,408	1.9%
ABEV3 BZ	983,646	AMBEV SA*			3.96	3,897,781	2.6%
BIDU	17,985	BAIDU INC SPON ADR*			158.60	2,852,421	1.9%
BKNG	2,200	BOOKING HOLDINGS INC			1,722.42	3,789,324	2.6%
BXB AU	423,390	BRAMBLES LTD*			7.15	3,029,207	2.1%
BVIC LN	262,684	BRITVIC PLC*			10.18	2,675,386	1.8%
CAP FP	42,600	CAPGEMINI*			99.46	4,237,209	2.9%
CSCO	40,000	CISCO SYSTEMS INC			43.33	1,733,200	1.2%
SGO FP	107,480	COMPAGNIE DE SAINT GOBAIN*			33.20	3,567,958	2.4%
BN FP	46,150	DANONE S.A.*			70.48	3,252,772	2.2%
DG	34,280	DOLLAR GENERAL CORP			108.08	3,704,982	2.5%
EDEN FP	74,570	EDENRED*			36.83	2,746,334	1.9%
EL	28,296	ESSILORLUXOTTICA			126.76	3,586,741	2.4%
FEMSAUBD MM	393,553	FOMENTO ECONOMICO MEXICANO*			8.60	3,384,054	2.3%
GVNV NA	155,084	GRANDVISION N.V.*			21.90	3,396,839	2.3%
HEN GY	33,170	HENKEL AG & CO KGAA*			98.42	3,264,685	2.2%
HYPE3 BZ	521,735	HYPERA SA*			7.79	4,062,843	2.8%
IMCD NA	54,199	IMCD GROUP NV*			64.01	3,469,472	2.4%
ITX SM	154,720	INDUSTRIA DE DISENO TEXTIL*			25.52	3,949,176	2.7%
ISS DC	110,766	ISS A/S*			28.00	3,101,092	2.1%
OR FP	6,412	L'OREAL*			228.82	1,467,221	1.0%
LH	22,130	LABORATORY CORP AMER HLDGS			126.36	2,796,347	1.9%
MGLU3	93,512	MAGAZINE LUIZA SA*			46.61	4,358,602	3.0%
MSFT	49,800	MICROSOFT CORP			101.57	5,058,186	3.4%
NESN SW	33,290	NESTLE SA*			81.16	2,701,908	1.8%
GNDI3	521,324	NOTRE DAME INTERMED PAR SA*			7.50	3,909,337	2.6%
ORLY	10,400	O'REILLY AUTOMOTIVE, INC.			344.33	3,581,032	2.4%
ORCL	85,770	ORACLE CORPORATION			45.15	3,872,516	2.6%
OTHER COMMON STOCKS							
PAGE LN	634,105	PAGEGROUP PLC*			5.74	3,642,575	2.5%
PSG SM	672,901	PROSEGUR COMP SEGURIDAD*			5.06	3,405,325	2.3%
RAND NA	88,810	RANDSTAD HOLDING NV*			45.85	4,071,931	2.8%
RNR	27,070	RENAISSANCERE HOLDINGS LTD			133.70	3,619,259	2.5%
RYA ID	474,565	RYANAIR HOLDINGS PLC*			12.27	5,822,775	4.0%
005930 KS	41,826	SAMSUNG ELECTRONICS CO LTD*			34.81	1,456,034	1.0%

SAP GY	32,170 SAP AG*			99.25	3,192,860	2.2%
SCL CN	61,360 SHAWCOR LTD*			12.14	745,201	0.5%
SW FP	32,540 SODEXO*			102.56	3,337,151	2.3%
SAX GR	28,270 STROEER SE + CO KGAA*			48.47	1,370,195	0.9%
SUN SW	48,313 SULZER AG*			79.70	3,850,367	2.6%
	TOTAL COMMON STOCKS				145,991,410	99.2%
	REPURCHASE AGREEMENTS					
741,000	STATE STREET BANK/FICC REPO	0.5	1/2/2019		741,000	0.5%
	TOTAL REPURCHASE AGREEMENTS				741,000	0.5%
	CASH & EQUIVALENTS				453,265	0.3%
	TOTAL CASH & EQUIVALENTS				1,194,265	0.8%
	TOTAL NET ASSETS				147,185,676	100.0%
	NUMBER OF EQUITY POSITIONS				43	

* Indicates Foreign Security

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