

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

FPA Paramount Fund

First Quarter 2016 Commentary

Average Annual Total Returns

As of March 31, 2016

	MTD	YTD	1 Year	Since 9/1/13	5 Years	10 Years
FPA Paramount Fund, Inc.	8.74 %	4.91 %	-3.12 %	1.41 %	4.89 %	4.74 %
MSCI ACWI	7.41 %	0.24 %	-4.34 %	5.58 %	5.22 %	4.08 %

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

A redemption fee of 2.00% will be imposed on redemptions within 90 days. Expense ratio is 1.26% as of most recent prospectus.

Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. This data represents past performance and investors should understand that investment returns and principal values fluctuate, so that when you redeem your investment it may be worth more or less than its original cost. Current month-end performance data may be obtained by calling toll-free, 1-800-982-4372.

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

Portfolio composition will change due to ongoing management of the fund. References to individual securities are for informational purposes only and should not be construed as recommendations by the Funds, Advisor or Distributor. To view portfolio holdings from the most recent quarter end, please refer to the end of this document or at www.fpafunds.com.

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

The Russell 2500 Index is an unmanaged index comprised of the 2,500 smallest companies in the Russell 3000 Index. The MSCI All Country World NR Index is a float-adjusted market capitalization index that is designed to measure the combined equity market performance of developed and emerging markets.

You cannot invest directly in an index.

Fund Risks

Investments in mutual funds carry risks and investors may lose principal value. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. The Fund may purchase foreign securities which are subject to interest rate, currency exchange rate, economic and political risks. Small and mid cap stocks involve greater risks and they can fluctuate in price more than larger company stocks. Groups of stocks, such as value and growth, go in and out of favor which may cause certain funds to underperform other equity funds.

A non-diversified fund may hold fewer securities than a diversified fund because it is permitted to invest a greater percentage of its assets in a smaller number of securities. Holding fewer securities increases the risk that the value of the fund could go down because of the poor performance of a single investment.

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

Dear fellow shareholders,

During the first quarter of 2016, the Fund gained 4.91% compared to an increase of 0.24% for the MSCI All Country World Index (Net) (the “Index”). Over the last twelve months, the Fund returned -3.12% versus -4.34% for the Index.

Beginning in the second half of 2014 and throughout 2015, we observed market returns were often being paced by companies reporting high rates of sales growth. While we recognized the quality characteristics inherent in many of those businesses, we nonetheless had no interest in buying them at the elevated prices demanded by the market. Instead, as we sold positions that were reaching our estimates of intrinsic value¹, we used the proceeds to buy high-quality businesses that were cast aside by the market because of their exposure to China, other emerging markets, or commodities. During the first quarter of 2016, market sentiment reversed, and many of those undervalued businesses in our portfolio delivered strong performances.

While it is impossible for us to predict how the market will treat our portfolio holdings with commodities or emerging markets exposure in the next few quarters, it is clear that these companies still face fundamental headwinds to their businesses. However, we are happy to wait patiently during the current downturns for two reasons. First, as a group, our companies are gaining competitive strength. Their managements have responded to industry dislocations with prudent cost cutting that maintains profitability and cash flow generation. In addition, their balance sheets remain strong, which is noteworthy since many competitors used debt to fund aggressive growth and are now retrenching dramatically. Second, the companies continue to trade at what we believe are depressed valuations (even after the first quarter price performance). Over the longer term, we expect those strengths to cause a shift in sentiment and close the gap between market prices and our estimates of intrinsic value.

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

¹ Intrinsic Value of a business refers to the discounted value of the cash flow that can be taken out of the business during its remaining life.

Key performers

Our worst-performing holding that we owned from the beginning of the quarter was U.K.-based **G4S**, which declined (17.43)% (in U.S. currency).² The company is a world-leading provider of security services.

While its business is primarily commercial, G4S is also well positioned in niches such as managing justice and immigration operations on behalf of public authorities, notably the British government. The group generates a meaningful portion of profits in developing countries, where it often enjoys dominant market positions.

While the size of our holding has fluctuated over time along with the discount to intrinsic value, we have been shareholders of G4S since 2013. At the end of 2015, however, the stock was once again trading at depressed levels. G4S shares subsequently fell further on a combination of weak economic growth in developing markets, continued challenges with government contracts, slower-than-expected results from management's actions (which has tested investors' patience), and sustained high levels of debt. We have taken advantage of the depressed valuation to rebuild a meaningful position in G4S.

We, too, are somewhat frustrated with the new management and their reluctance to communicate more openly with shareholders, but our patience is less easily tested than most. We are cognizant of the unique challenges caused by this type of business, and take a long-term view of the business. Fundamentally, we believe G4S is capable of generating good growth in the long run, given its exposure to developing markets, rising security concerns, and the need for governments to cut costs through outsourcing. We think some of the company's pending initiatives will eventually bear fruit, driving margins to upper single-digit levels, thus allowing both cash flows and returns to improve. While the balance sheet needs to be strengthened, we expect G4S to benefit from planned disposals and greater cash generation, not to mention the possibility of reducing dividend payouts. Last, but not least, we believe the stock price is excessively discounted at less than 11x next year's earnings, and a free cash flow yield of 7-8% in the next couple of years. With that, we think G4S meets our investment criteria, and is a compelling investment opportunity.

Our best-performing holding in the quarter was U.S.-based **Joy Global**, which gained about 27.52% (in U.S. currency).³ Joy is a global manufacturer of mining equipment whose end markets have suffered a severe downturn. Despite the economic pressure on its customers, we believe most of Joy's mining systems installed around the world will remain in service over the long term. And, since customers run

² Represents the percentage of G4S's share price change from 12/31/15 to 3/31/16. The percentage price change does not necessarily equate with the performance of the holding in the Fund's portfolio.

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the company's equipment under harsh conditions, we expect Joy to capture the ongoing higher-margin equipment service and replacement parts business. The global duopoly with Caterpillar continues, with Joy maintaining its leading market share for sophisticated customers. Management has responded to the downturn by reducing operating expenses, eliminating growth capital spending and reducing working capital. The business trades at a double-digit free cash flow yield. We remain willing to wait for some normalization of underlying business conditions.

Portfolio activity

After a relatively subdued ending to 2015, volatility returned to start the new year as the Index fell about 11% in the first six weeks before rebounding approximately 13% to close the first quarter. We took advantage of the gyrations to purchase three new positions, including **Hugo Boss** and **Baidu**. Based in Germany, Hugo Boss is a world-leading brand in both formal and casual clothing, as well as fashion accessories, primarily for men. Baidu, based in China, is the country's leading internet search provider. With a service similar to Google's search business outside China, Baidu allows businesses to advertise based on Chinese users' online search inquiries.

The quarter's volatility also prompted us to eliminate five positions, including **Adidas**, **Hypermecas**, **PayPal**, and **Brambles**. Adidas, based in Germany, is one of the world's largest sporting goods manufacturers. Hypermecas, based in Brazil, is a leading producer of Brazilian pharmaceutical and consumer products. The company was discussed in last quarter's letter as our best performer. **PayPal**, based in the U.S., enables businesses to accept and process various forms of customer payments. Australia-based **Brambles** is the largest global supplier of shipping pallets. In our opinion, all four of the companies still exhibit the quality characteristics we desire, but price appreciation eliminated the margin of safety⁴ for each, and we exited the positions.

We also increased or trimmed existing positions as necessary to optimize the portfolio's overall discount to intrinsic value. Our cash balance ended at about 9%, which is similar to last quarter.

Portfolio profile

Since last quarter, the Fund's overall profile is little changed. We owned 38 companies at the end of the quarter which remains within the range of the 25 to 50 businesses that we would expect to own at any given point in time. The top ten holdings represented about 44% of Fund assets, and position sizes are based on the relative discount to intrinsic value of each stock. That means the largest weightings correspond to the largest discounts.

⁴ Margin of safety - Refers to when an issuer's shares trade at a discount to the portfolio managers' estimate of their intrinsic value.

Most of the positions are in large-cap companies (median approximately \$13 billion), including several businesses that are considered mega-caps⁵. That's partly a function of our mandate, which focuses on companies with market caps in excess of \$2 billion. Companies domiciled in Europe and the U.S. continue to dominate our portfolio, with Asia Pacific and a few emerging market investments making up the balance. Where a company is domiciled is largely irrelevant to us, however, since many of our holdings are large companies that typically conduct business on a global scale. That means they often generate significant amounts of their cash outside their home countries, rendering traditional country classifications less useful.

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

Respectfully submitted,

The World Value Team

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Portfolio Manager

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Portfolio Manager

Jason Dempsey
Analyst

April 29, 2016

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.

TICKER	SHARES	SECURITY	MKT PRICE (\$)	MKT VALUE (\$)	% OF NET ASSET VALUE
AGK LN	372,007	AGGREKO PLC*	15.47	5,754,354.55	3.77%
GOOG	4,500	ALPHABET INC CL C	744.95	3,352,275.00	2.20%
ALQ AU	1,615,221	ALS LIMITED*	3.06	4,940,210.46	3.24%
ANN AU	267,600	ANSELL LTD*	13.25	3,546,677.54	2.33%
BIDU	16,000	BAIDU INC SPON ADR	190.88	3,054,080.00	2.00%
CDI FP	60,000	CIE FINANCIERE RICHEMON REG	66.09	3,965,472.41	2.60%
CSCO	89,100	CISCO SYSTEMS INC	28.47	2,536,677.00	1.67%
BN FP	35,600	DANONE S.A.*	71.13	2,532,232.15	1.66%
DGE LN	72,400	DIAGEO PLC*	27.02	1,956,467.29	1.28%
DKSH SW	42,000	DKSH HOLDING LTD*	68.38	2,871,925.54	1.88%
EBAY	24,900	EBAY INC	23.86	594,114.00	0.39%
FUR NA	351,275	FUGRO NV*	19.20	6,745,203.33	4.42%
GFS LN	1,367,370	G4S*	2.74	3,743,163.05	2.46%
BOSS GY	44,000	HUGO BOSS AG ORD*	65.59	2,885,895.96	1.89%
IPL AU	486,702	INCITEC PIVOT*	2.45	1,190,130.04	0.78%
ITRK LN	34,000	INTERTEK GROUP PLC*	45.49	1,546,524.42	1.01%
JOY	215,900	JOY GLOBAL INC	16.07	3,469,513.00	2.28%
LH	50,400	LABORATORY CORP AMER HLDGS	117.13	5,903,352.00	3.87%
MCD	20,900	MCDONALDS CORP	125.68	2,626,712.00	1.72%
MGGT LN	637,200	MEGGITT PLC*	5.84	3,721,113.73	2.44%
MPI LN	804,022	MICHAEL PAGE INTL*	6.13	4,928,583.80	3.23%
MSFT	123,100	MICROSOFT CORP	55.23	6,798,813.00	4.46%
NESN VX	19,100	NESTLE SA*	74.72	1,427,211.27	0.94%
ORCL	188,400	ORACLE CORPORATION	40.91	7,707,444.00	5.05%
		OTHER		3,554,716.78	2.33%
1913 HK	1,991,800	PRADA SPA*	3.44	6,855,570.52	4.50%
PUB FP	52,950	PUBLICIS GROUPE*	70.22	3,718,138.24	2.44%
ROR LN	730,000	ROTORK PLC*	2.63	1,916,588.39	1.26%
005930 KS	2,270	SAMSUNG ELECTRONICS CO LTD*	1147.25	2,604,267.23	1.71%
SAP GR	25,350	SAP AG*	80.90	2,050,933.53	1.35%
SCL CN	109,500	SHAWCOR LTD*	21.74	2,380,123.20	1.56%
SW FP	14,400	SODEXO*	107.80	1,552,386.63	1.02%
SUN SW	55,000	SULZER AG*	99.32	5,462,534.45	3.58%
UHR VX	10,700	SWATCH GROUP AG*	346.42	3,706,692.32	2.43%
TSM	58,900	TAIWAN SEMICONDUCTOR MFG LTD SPD ADR	26.20	1,543,180.00	1.01%



TICKER	SHARES	SECURITY	MKT PRICE (\$)	MKT VALUE (\$)	% OF NET ASSET VALUE
TNTE NA	1,334,560	TNT EXPRESS NV*	8.97	11,975,644.57	7.85%
FOX	118,000	TWENTY FIRST CENTURY FOX B	28.20	3,327,600.00	2.18%
TOTAL EQUITIES:				138,446,521.40	90.79%
CASH & EQUIVALENTS (NET OF LIABILITIES):				14,049,559.27	9.21%
TOTAL NET ASSETS:				\$ 152,496,080.67	100.00%
NO. OF EQUITY POSTIONS:				36	

* Indicates Foreign Security

Portfolio Holding Submission Disclosure

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