

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 a prospective investor. Please read the Prospectus carefully before investing. The Prospectus may be obtained by visiting the website at [www.fpa.com](http://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: 3/31/2019	10 Years	5 Years	Since 9/1/13*	3 Years	1 Year	YTD	QTR
FPA Paramount Fund, Inc.	13.06	4.94	6.44	10.96	0.36	10.78	10.78
MSCI ACWI	11.98	6.45	8.28	10.67	2.60	12.18	12.18

\* 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. 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. 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 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](http://www.fpa.com) or by calling toll-free, 1-800-982-4372.**

*Please see important disclosures at the end of the commentary.*



## FPA Paramount Fund First Quarter 2019 Commentary

Dear Fellow Shareholders,

During the first quarter of 2019, the Fund gained 10.8% (in U.S. currency) compared to an increase of 12.2% for the MSCI All Country World Index (Net) (the “Index”).

While the first quarter results trailed 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 to our estimates of intrinsic value. 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 unwind. That is why we advocate evaluating the Fund’s performance over longer periods, ideally over a market cycle.

### Key Performers<sup>1</sup>

The market correction at the end of last year was followed by a strong rebound in the first quarter of 2019. The first quarter results across our portfolio were also strong, as all but six holdings generated positive absolute performance.

Among those with negative absolute performance, the biggest detractors in the quarter were **EssilorLuxottica**, **Hypera** and **Magazine Luiza**.

The largest detractor to performance this quarter was **EssilorLuxottica**. It was also our second-worst-performing holding, with a share price that fell 13.6% (in U.S. currency) in the period.<sup>2</sup> Based in France, the company is a recent combination of the leading global manufacturer of optical lenses and the leading global manufacturer of frames and sunglass lenses. A public dispute between the leaders of each of the formerly separate businesses raised concerns about the company’s ability to deliver the potential synergies outlined at the time of the merger announcement. We continue to believe EssilorLuxottica possesses a high-quality business model, has abundant financial strength and will favorably resolve its current management issues. In the meantime, we used the share price weakness to increase our position during the quarter.

Based in Brazil, Hypera is one of the country’s leading pharmaceutical companies. Magazine Luiza, also based in Brazil, is a leading retailer that operates an e-commerce platform and physical stores. Both Hypera and Magazine Luiza were two of our best contributors in the fourth quarter of 2018, as sentiment in the Brazilian market improved following government elections. In the first quarter, Brazilian market prices weakened as investors became concerned about the pace of political reforms. Despite the shifting sentiment, in our view nothing fundamental has changed at either company. We remain shareholders of both, and will continue to manage the Fund’s positions in line with the stocks’ discounts to intrinsic value relative to the rest of the portfolio.

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<sup>1</sup> This section provides the top detractors and contributors to the Fund’s performance based on contribution to return for the quarter. Contribution is 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 the Fund 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](mailto: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. Please see end of Commentary for contribution percentages and weights.**

<sup>2</sup> Performance is based on the percentage of EssilorLuxottica’s share price change from Dec. 31, 2018 to March 31, 2019 in U.S. currency. This share price change does not equate with the performance of the holding in the Fund’s portfolio. As of March 31, 2019, EssilorLuxottica represented 2.5% of the Fund’s total assets.

**Capgemini, Sulzer and Stroeer** were the top performance contributors for the quarter.

Here too, the portfolio experienced sharp reversals as Sulzer and Capgemini were our two largest detractors in the fourth quarter. Based in France, Capgemini is a leading global information technology consulting, outsourcing and professional services company. With a strong competitive position in Europe, the company is capitalizing on its clients' shift to digital business models. Based in Switzerland, Sulzer manufactures pumps and other machinery for energy, chemical and power generation customers. 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 recently created a leading provider of direct marketing services through several acquisitions.

### Portfolio Activity<sup>3</sup>

We made several new purchases in the first quarter, including **Melrose** and **Heineken**. Based in the UK, Melrose is a holding company of industrial businesses. Its long-tenured management team has demonstrated success at purchasing and restructuring portfolio companies over time. Based in the Netherlands, Heineken is the world's second-largest brewer.

### Portfolio Profile

We owned 47 disclosed positions as of March 31, 2019. 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 \$105 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 \$20 billion, we are invested across a wide range of market capitalization sizes, including several businesses that are considered mega-caps.<sup>4</sup>

As of March 31, 2019, most of the Fund's assets were invested in companies domiciled in Europe (about 58%). The United States represented about 20%, with Asia-Pacific about 8%, and the balance in other regions and cash. Across all geographies, emerging market investments accounted for about 15% of the Fund's assets, including about 9% in Brazil. 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.

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<sup>3</sup> 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 Fund. As of 3/31/19, the securities mentioned and corresponding position sizes were as follows: Melrose, 2.0% and Heineken, 2.1%. 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](http://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.

<sup>4</sup> 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. Portfolio composition will change due to ongoing management of the Fund.

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

March 31, 2019

## 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](http://www.fpa.com).

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 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 %)** (as of 3/31/2019): Capgemini (0.6%, 2.8%); Sulzer (0.6%, 2.8%); Stroeer (0.5%, 2.8%), Microsoft (0.5%, 3.5), Oracle (0.5%, 2.5%).

**Bottom Five Detractors (Contribution %, Weight %)** (as of 3/31/2019): Essilorluxottica (-0.3%, 2.5%); Hypera (-0.2%, 2.1%) Magazine Luiza (-0.1%, 2.1%); Henkel (-0.1%, 2.0%), Grandvision (-0.0%, 2.3%).

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](mailto: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 index consists of 44 country indices comprising 23 developed and 21 emerging market country indices

*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
<b>COMMON STOCKS</b>							
ADS GY	12,085	ADIDAS AG*			243.22	2,939,330	1.8%
AIBG ID	875,100	AIB GROUP PLC*			4.50	3,937,977	2.5%
AI FP	23,840	AIR LIQUIDE(L)*			127.26	3,033,912	1.9%
GOOG	4,673	ALPHABET INC CL C			1,173.31	5,482,878	3.4%
ALQ AU	590,254	ALS LIMITED*			5.40	3,189,727	2.0%
ABEV3 BZ	947,206	AMBEV SA*			4.30	4,071,533	2.5%
BIDU	19,165	BAIDU INC SPON ADR			164.85	3,159,350	2.0%
BKNG	2,200	BOOKING HOLDINGS INC			1,744.91	3,838,802	2.4%
BXB AU	342,030	BRAMBLES LTD*			8.36	2,859,335	1.8%
BVIC LN	228,434	BRITVIC PLC*			12.41	2,835,016	1.8%
CAP FP	37,160	CAPGEMINI*			121.34	4,509,063	2.8%
CSCO	38,450	CISCO SYSTEMS INC			53.99	2,075,916	1.3%
SGO FP	107,480	COMPAGNIE DE SAINT GOBAIN*			36.26	3,897,115	2.4%
BN FP	41,290	DANONE S.A.*			77.00	3,179,369	2.0%
DG	33,405	DOLLAR GENERAL CORP			119.30	3,985,217	2.5%
EDEN FP	8,800	EDENRED*			45.54	400,757	0.2%
EL FP	36,606	ESSILORLUXOTTICA			109.24	3,998,835	2.5%
FEMSAUBD MM	381,233	FOMENTO ECONOMICO MEXICANO*			9.22	3,514,133	2.2%
GVNV NA	169,464	GRANDVISION N.V.*			21.67	3,671,452	2.3%
HEIO NA	33,204	HEINEKEN HOLDING N.V.*			100.34	3,331,636	2.1%
HEN GY	33,500	HENKEL AG & CO KGAA*			95.15	3,187,621	2.0%
HYPE3 BZ	497,632	HYPERA SA*			6.61	3,291,831	2.1%
IMCD NA	45,339	IMCD GROUP NV*			76.30	3,459,209	2.2%
ITX SM	148,330	INDUSTRIA DE DISENO TEXTIL*			29.40	4,361,115	2.7%
ISS DC	104,836	ISS A/S*			30.46	3,192,958	2.0%
OR FP	6,155	L'OREAL*			269.29	1,657,488	1.0%
LH	24,600	LABORATORY CORP AMER HLDGS			152.98	3,763,308	2.3%
MGLU3 BZ	74,877	MAGAZINE LUIZA SA*			44.15	3,305,577	2.1%
MRO LN	1,354,180	MELROSE INDUSTRIES PLC*			2.39	3,234,515	2.0%
MSFT	47,090	MICROSOFT CORP			117.94	5,553,795	3.5%
NESN SW	30,470	NESTLE SA*			95.35	2,905,327	1.8%
GNDI3 BZ	373,105	NOTRE DAME INTERMED PAR SA*			8.38	3,125,607	1.9%
ORLY	9,300	O'REILLY AUTOMOTIVE, INC.			388.30	3,611,190	2.2%
ORCL	74,800	ORACLE CORPORATION			53.71	4,017,508	2.5%
<b>OTHER COMMON STOCKS</b>							
PAGE LN	682,854	PAGEGROUP PLC*			6.13	4,183,297	2.6%
PSG SM	592,113	PROSEGUR COMP SEGURIDAD*			5.42	3,209,419	2.0%
RAND NA	54,290	RANDSTAD HOLDING NV*			48.83	2,650,868	1.7%
RNR	24,410	RENAISSANCERE HOLDINGS LTD			143.50	3,502,835	2.2%
RYA ID	474,565	RYANAIR HOLDINGS PLC*			13.09	6,209,786	3.9%
005930 KS	19,626	SAMSUNG ELECTRONICS CO LTD*			39.44	774,107	0.5%
SAP GY	29,840	SAP AG*			115.60	3,449,639	2.1%
SCL CN	900	SHAWCOR LTD*			14.97	13,476	0.0%
SW FP	32,540	SODEXO*			110.12	3,583,285	2.2%
SAX GR	76,840	STROEER SE + CO KGAA			58.61	4,503,336	2.8%
SUN SW	46,683	SULZER AG*			97.59	4,555,995	2.8%
700 HK	70,250	TENCENT HOLDINGS LTD*			45.99	3,230,642	2.0%
<b>TOTAL COMMON STOCKS</b>						<b>159,597,217</b>	<b>99.5%</b>



TICKER/CUSIP	SHARES/PRINCIPAL	SECURITY	COUPON RATE (%)	MATURITY DATE	MKT PRICE (\$)	MKT VALUE (\$)	% OF NET ASSET VALUE
		<b>REPURCHASE AGREEMENTS</b>					
	1,416,000	STATE STREET BANK/FICC REPO	0.5	4/1/2019		1,416,000	0.9%
		<b>TOTAL REPURCHASE AGREEMENTS</b>				<b>1,416,000</b>	<b>0.9%</b>
		CASH & EQUIVALENTS				(628,449)	-0.4%
		<b>TOTAL CASH &amp; EQUIVALENTS</b>				<b>787,551</b>	<b>0.5%</b>
		<b>TOTAL NET ASSETS</b>				<b>160,384,768</b>	<b>100.0%</b>
		<b>NUMBER OF EQUITY POSTIONS</b>				<b>46</b>	

\* Indicates Foreign Security

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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 which are subject to interest rate, currency exchange rate, economic and political risks; this may be enhanced when investing in emerging markets. 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. Securities of smaller, less well-known companies involve greater risks and they can fluctuate in price more than larger company securities. Groups of stocks, such as value and growth, go in and out of favor which may cause certain funds to underperform other equity funds. You risk paying more for a security than you received from its sale.

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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. Significant taxable distributions impact fund expenses which in turn negatively impacts Fund performance. Please consult your tax advisor regarding higher capital gains distributions due to a change in portfolio strategy.

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