

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

We hope that investors will find FPA commentaries helpful to understand application of the same investment discipline in various markets, and can refer to particular items that interest them.

You should consider the Fund's investment objectives, risks, and charges and expenses carefully before you invest. The Prospectus details the Fund's objective and policies, sales 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.

Sales charges vary depending on levels of investment.

Average Annual Total Returns

As of December 31, 2012

Fund/Index	QTR	YTD	1 Year	Since Inception**
FPA International Value Fund	8.10%	24.04%	24.04%	23.24%
MSCI ACWI ex US	5.85%	16.83%	16.83%	14.25%

** Annualized. Inception of FPA International Value Fund is December 1, 2011.

A redemption fee of 2.00% will be imposed on redemptions. Net expense ratio calculated as of the supplement to the prospectus is 1.32%. The Advisor has agreed to waive fees/certain fund expenses effective February 1, 2013 through June 30, 2015. Gross expense ratio is 16.64%.

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

To view portfolio holdings from the most recent quarter end, please refer to the end of this document or at www.fpafunds.com.

Portfolio composition will change due to ongoing management of the fund. References to individual securities are for informational purposes only and should not be construed as recommendations by the Funds, Advisor or Distributor.

The discussions of Fund investments represent the views of the Fund's managers at the time of each report and are subject to change without notice. These views may not be relied upon as investment advice or as an indication of trading intent on behalf of any First Pacific Advisors portfolio. Security examples featured are samples for presentation purposes and are intended to illustrate our investment philosophy and its application. It should not be assumed that most recommendations made in the future will be profitable or will equal the performance of the securities.

The MSCI ACWI ex-USA Index 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. These indices do not reflect any commissions or fees which would be incurred by an investor purchasing the stocks they represent. The performance of the Fund and of the Averages is computed on a total return basis which includes reinvestment of all distributions.

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, including American Depositary 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.

The FPA Funds are distributed by UMB Distribution Services, LLC, 803 W. Michigan Street, Milwaukee, WI, 53233.

Dear fellow shareholders,

During the fourth quarter of 2012, the Fund rose 8.10% which compared positively to the MSCI All Country World Index's (ex-U.S.) (Net) (the "Index") gain of 5.85%. Since inception on December 1, 2011, our Fund has returned a positive 23.24% versus 14.25% for the Index. Over the period, the Fund's cash stake has fluctuated along with the opportunity set and has averaged about 30%.

Post-close updates

First, I'm pleased to announce Victor Liu will join the International Value Team as Senior Vice President on January 30, 2013. He has spent the most part of the past decade with Causeway Capital Management, adviser to the Causeway Funds. Victor is a powerful addition to the International Value Team. He is a seasoned, well-rounded professional who fundamentally understands business quality and has employed a long-term value investment approach with great success. Victor is also an impressive individual who is keen to build a track record and reputation he can be proud of, and I have every expectation that he will quickly join me as a co-portfolio manager.

FPA has also extended the expense waiver and reduced the Fund's expenses effective February 1, 2013. In keeping with the Firm's long standing commitment to putting *investors first*, FPA has contractually capped the Fund's expenses at 1.32% annually through June 30, 2015.

Tying ourselves to the mast

Performance continued on a positive note in another period of rising prices. We urge investors to not give these short-term results too much weight. The volatility of international markets combined with our stringent investment principles has afforded us some opportunities to deploy capital and generate good returns in an up-market. This may not always be possible. Sustained strong markets are alleviating fears and exacerbating greed. The specter of lagging returns is pushing many investors into equities regardless of valuations. We remain true to our discipline of investing in high-quality companies which we believe incorporate a high margin of safety¹. This is proving more and more difficult, as illustrated by the portfolio's declining price to value ratio². At the end of the quarter, our holdings offered a weighted average discount to estimated intrinsic value³ of just under 30% (versus 33% at September 30, 2012).

We caution that the Fund could trail the Index during times of market rallies. Increased risk appetite tends to favor companies unsuitable for the Fund, and scarce opportunities typically translate into increased cash exposure. This may negatively impact relative performance in the short-run. We are comfortable pulling away from buoyant markets, and think of it as investing in deferred outperformance. We believe this should help minimize the risk of permanent losses while positioning us to take advantage of future market dislocations and seek to produce superior returns in the long run.

¹ Buying with a "margin of safety" is when a security is purchased for less than its estimated value. This helps 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.

² Price to Value (Price to Intrinsic Value) is a term to describe the market price of a security compared to the estimated intrinsic value.

³ The actual value of a company or an asset based on an underlying perception of its true value including all aspects of the business, in terms of both tangible and intangible factors.

Holding true to our absolute value approach is likely to prove challenging. Market prices can sustain prolonged rallies during which external pressure and behavioral biases typically exacerbate. We'll be tying ourselves to the mast as sirens bewitch most market participants with prospect of short-term gains, and will stay focused on long-term capital appreciation. As we navigate these more confident markets, we encourage shareholders to ignore index comparisons and to consider the Fund's returns over the long run.

Key performers

Our best performing holding in the quarter was **LSL** (up 24.19% in US currency). A leading provider of UK property services, LSL was also our weakest performing holding in the previous quarter. We highlighted at the time the attractiveness of LSL, given the highly asymmetric nature of an investment in the company, with what we believed to be a small chance of losing a limited amount of money versus the prospect of significant upside. The stock, which had been trading at distressed valuations, had come down further following a reported increase in provisions for indemnity claims. Consistent with our valuation discipline, we had taken the opportunity to increase our exposure. We have been invested in LSL since the Fund's inception and our interest in the stock remains, within the limits of the Fund's risk management guidelines. We believe it is one of the few genuine bargains that exist in the current market environment despite the recent run up in its share price.

Our worst performing holding in the quarter was **G4S** (down 2.80% in US currency). Based in the UK, G4S is a world leading provider of security services. The company is particularly well-positioned in sensitive niches such as managing justice, immigration, and classified operations for public authorities both in the US and in the UK. G4S generates a meaningful portion of its profits in developing countries where it often enjoys dominant market shares. Despite well-publicized woes over its London Olympics contract, senior management has a long track record of good execution and sound financial discipline. They've made positive enhancements to the group's portfolio by pulling out of structurally impaired markets, and consistently creating value through bolt-on acquisitions. G4S revenues have grown at an average organic rate of 6% per annum over the past 5 years while profit margins have remained stable. We expect demand for G4S services to be sustainably strong with positive economic momentum in emerging markets, rising security concerns, and the need for governments to cut costs through outsourcing. This business requires little capital and will likely continue generating good free cash flows⁴ and operating returns on capital⁵ in excess of 40% going forward.

Like in the case of LSL, we've been invested in G4S since the Fund's inception and eluded to our increased interest in the stock in our last quarterly commentary. After a prolonged period of strong performance and commensurate reduction in portfolio weighting, G4S was hit last July at the time of the London Olympics. Subsequent repeated weakness in the share price while the underlying business had continued to build value gave us an opportunity to add significantly to the position.

Genuine bargains

We are continuously looking for opportunities to invest in franchise-like businesses that we know well on the back of significant temporary price dislocations. This led us to add two holdings to the portfolio during the quarter. We initiated new positions in UK-based Aggreko and Cookson. Aggreko is the world's largest provider of rental power generation equipment. In mid-December, the company's stock slumped the most in more than ten years wiping close to \$2bn off its market value (down 22%) in one day after saying it expected

⁴ Free cash flow (FCF) represents the cash that a company is able to generate after laying out the money required to maintain or expand its asset base.

⁵ A return from an investment that is not considered income.

earnings to be “slightly lower” next year. While we considered Aggreko to be a high quality name, we found valuations prior to this didn’t allow for our required margin of safety. With no identifiable material change in the business fundamentals, we considered the correction to present us with a genuine bargain.

Cookson included two main businesses at the time of our investment that were later split. One, Vesuvius which is the leading world manufacturer of metal casting production equipment and steel flow control products. The other, Alent which is one of the larger producers of solder products for the electronics industry. Misconceptions as to the fundamentals of Vesuvius’ business together with mispricing at the time of the separation provided us with what we considered to be a genuine bargain. All-in, the holding has returned circa five times the Index’s performance over the ownership period.⁶

We also sold two holdings in the quarter, Alent and Swatch. Based in Switzerland, Swatch is the world’s leading maker of Swiss mechanical watches and owner of renowned brands such as Breguet, Omega, and Tissot. We had been invested in Swatch since the Fund’s inception. In the time we owned the stock it returned +25.80%, and no longer offered an adequate margin of safety. Net, net, our cash exposure increased so that at the end of the quarter, our Fund was 66%⁷ invested (down from 71% at September 30, 2012).

Nothing new on the Eastern front

With limited activity, the general profile of the portfolio didn’t change much during the quarter. We remain geared towards companies domiciled in Europe. This is only a reflection of where we continue to find the most compelling opportunities, as our approach is agnostic to geographic or sector exposure. In addition, many of the businesses we invest in operate globally and thus, generate a large portion of both their current and future cash flows outside Europe. That means the risk to our estimate of fair value is less coming from Europe than corporations’ domiciles might otherwise suggest. Where business value is created is what’s important to us.

Despite sustained strength in asset prices over the quarter in part driven by continued aggressive government interventions and subsequent capitulations of even the more skeptical minds, we see few changes in many of the structural challenges facing the world economy: high levels of debt in particular at the sovereign level, many structurally weak financial institutions notably in Europe, likelihood of continued tax increases together with further austerity measures, and slower economic growth especially in mature markets. In the long run, we worry that massive injections of liquidity into the economy might lead to high levels of inflation. We are also concerned with increasing government interferences in the normal course of business.

On the Eastern front, Japan’s latest attempt to weaken its currency has led to a significant change in macro sentiments on the region. This does not change our analyses of local businesses and management teams, nor does it materially affect our assessments of intrinsic values. While there are high quality companies in Japan, we are typically deterred from investing by weak financial discipline or insufficient margin of safety. We also take a currency agnostic approach whereby we don’t assume any future foreign exchange reversion to support our investment thesis. As a result, the Fund has currently no exposure to companies domiciled in Japan.

Stay the course

In concluding this letter, we want to remind shareholders of our commitment to focus on competitively advantaged businesses with strong balance sheets run by capable management teams, and only buying their

⁶ MSCI ACWI Ex US Index performance over ownership period (10/16/12 – 12/31/12) was 5.78%.

⁷ The percentage shown excludes a subscription receivable of \$20.8 million received by the Fund as of 12/31/12 in order to more accurately characterize the portfolio manager’s investment allocations.

stocks when they trade at a significant discount to estimated intrinsic values. Whereas share prices have continued to increase in recent months, business values have not improved as significantly, and we struggle to find compelling investment opportunities in this environment. Like other investors, we experience the pressing forces of rallying markets, but believe that discipline and consistency are paramount to successful asset management. While it may translate into short-term relative underperformance, we think our absolute value strategy provides the best approach to seek to deliver superior long-term returns while minimizing the risk of permanent losses. We plan to stay the course, no matter how enchanting the siren's songs.

As always, we thank you for your confidence and look forward to continue serving your interests as shareholders of the FPA International Value Fund.

Respectfully submitted,

Pierre O. Py
Portfolio Manager
January 22, 2013

SEDOL	TICKER	SHARES	SECURITY	MKT PRICE	MKT VALUE	WEIGHTING (%)**
7110720	ADEN.VX	13,759	ADECCO SA*	\$ 52.47	\$ 721,990.56	3.51%
0147899	AGK.LN	30,000	AGGREKO PLC*	28.27	848,197.80	4.12%
5608915	ATE.FP	11,200	ALTEN*	34.50	386,425.87	1.88%
5698789	ASSAB.SS	11,179	ASSA ABLOY*	37.36	417,634.98	2.03%
B12TR11	ATEA.NO	97,400	ATEA ASA*	10.79	1,051,098.04	5.11%
B1FP891	BBA.LN	137,827	BBA AVIATION PLC*	3.62	499,419.86	2.43%
B1FJOC0	BXB.AU	64,070	BRAMBLES LTD	7.81	500,219.86	2.43%
BON8QD5	BVIC.LN	93,822	BRITVIC PLC*	6.61	620,324.62	3.02%
5529027	DAI.GR	12,941	DAIMLER AG*	54.52	705,512.37	3.43%
0237400	DGE.LN	11,851	DIAGEO PLC*	29.04	344,117.05	1.67%
B01FLG6	GFS.LN	185,081	G4S*	4.17	771,393.27	3.75%
4557104	G1A.GR	9,493	GEA GROUP AG*	32.29	306,488.32	1.49%
6673042	IPL.AU	126,824	INCITEC PIVOT*	3.36	425,863.32	2.07%
B11ZRK9	LR.FP	10,523	LEGRAND SA*	42.06	442,553.97	2.15%
B1G5HX7	LSL.LN	419,565	LSL PROPERTY SERVICES PLC*	4.21	1,765,735.53	8.58%
3023231	MPI.LN	103,250	MICHAEL PAGE INTERNATIONAL*	6.42	662,695.15	3.22%
4380429	PUB.FP	7,916	PUBLICIS GROUPE*	59.70	472,607.76	2.30%
4846288	SAP.GR	6,182	SAP AG*	80.07	495,019.85	2.41%
0795823	SNR.LN	231,700	SENIOR PLC*	3.24	751,472.70	3.65%
7062713	SW.FP	3,146	SODEXO*	84.07	264,491.04	1.29%
0773960	TPK.LN	17,600	TRAVIS PERKINS PLC*	17.68	311,148.85	1.51%
B82YXW8	VSVS.LN	148,000	VESUVIUS PLC*	5.62	832,078.79	4.05%
			TOTAL EQUITIES:		13,596,489.57	66.10%
		139,319	EUR CURRENCY 1/9/14 (139,318 EUR@ \$1.292)	(0.03)	(3,817.34)	
		67,635	EUR CURRENCY 1/9/14 (67,635 EUR@ \$1.33068)	0.01	762.92	
		12,895	EUR CURRENCY 1/9/14 (12,895 EUR@ \$1.31835)	(0.00)	(13.54)	
		38,026	EUR CURRENCY 1/9/14 (38,026 EUR@ \$1.3149)	(0.00)	(171.12)	
		24,119	EUR CURRENCY 5/7/14 (24,119 EUR@ \$1.32673)	0.01	176.80	
		68,244	EUR CURRENCY 5/7/14 (68,244 EUR@ \$1.3188)	(0.00)	(40.95)	
		19,138	EUR CURRENCY 5/12/14 (19,138 EUR@ \$1.30633)	(0.01)	(250.13)	
		15,503	EUR CURRENCY 5/12/14 (15,503 EUR@ \$1.2901)	(0.03)	(454.23)	
		138,269	EUR CURRENCY 6/6/14 (138,269 EUR@ \$1.26565)	(0.05)	(7,431.95)	
		31,616	EUR CURRENCY 6/12/14 (31,616 EUR@ \$1.26517)	(0.05)	(1,714.55)	
		118,255	EUR CURRENCY 6/16/14 (118,255 EUR@ \$1.26844)	(0.05)	(6,026.30)	
		39,611	EUR CURRENCY 6/27/14 (39,611 EUR@ \$1.26226)	(0.06)	(2,263.40)	
		123,832	EUR CURRENCY 7/09/14 (123,832 EUR@ \$1.2517)	(0.07)	(8,383.40)	
		96,970	EUR CURRENCY 7/18/14 (96,970 EUR@ \$1.2375)	(0.08)	(7,941.82)	
		96,552	EUR CURRENCY 7/18/14 (96,552 EUR@ \$1.24285)	(0.08)	(7,391.08)	
		52,066	GBP CURRENCY 1/9/14 (52,066 GBP@ \$1.5365)	(0.09)	(4,602.67)	
		38,554	GBP CURRENCY 1/9/14 (38,554 GBP@ \$1.55627)	(0.07)	(2,645.94)	
		19,220	GBP CURRENCY 1/9/14 (19,220 GBP@ \$1.56091)	(0.06)	(1,229.86)	
		50,956	GBP CURRENCY 1/9/14 (50,956 GBP@ \$1.56997)	(0.05)	(2,799.03)	
		25,202	GBP CURRENCY 1/9/14 (25,202 GBP@ \$1.58715)	(0.04)	(951.39)	
		18,791	GBP CURRENCY 4/24/14 (18,791 GBP@ \$1.59647)	(0.03)	(534.24)	
		31,031	GBP CURRENCY 4/24/14 (31,031 GBP@ \$1.6113)	(0.01)	(422.02)	
		35,526	GBP CURRENCY 5/7/14 (35,526 GBP@ \$1.60445)	(0.02)	(726.51)	
		15,639	GBP CURRENCY 5/12/14 (15,639 GBP@ \$1.5986)	(0.03)	(411.30)	
		9,460	GBP CURRENCY 5/12/14 (9,460 GBP@ \$1.5856)	(0.04)	(371.78)	
		152,602	GBP CURRENCY 5/22/14 (152,602 GBP@ \$1.57272)	(0.05)	(7,962.77)	
		63,804	GBP CURRENCY 5/29/14 (63,804 GBP@ \$1.5673)	(0.06)	(3,675.11)	
		26,262	GBP CURRENCY 5/30/14 (26,262 GBP@ \$1.5612)	(0.06)	(1,672.88)	
		32,491	GBP CURRENCY 6/9/14 (32,491 GBP@ \$1.5389)	(0.09)	(2,794.20)	
		16,253	GBP CURRENCY 6/9/14 (16,253 GBP@ \$1.5382)	(0.09)	(1,409.11)	
		32,607	GBP CURRENCY 6/9/14 (32,607 GBP@ \$1.5334)	(0.09)	(2,983.57)	
		100,000	GBP CURRENCY 7/9/14 (100,000 GBP@ \$1.55)	(0.07)	(7,490.00)	
		32,098	GBP CURRENCY 7/18/14 (32,098 GBP@ \$1.55775)	(0.07)	(2,155.35)	
		96,546	GBP CURRENCY 8/07/14 (96,546 GBP@ \$1.55367)	(0.07)	(6,876.94)	

47,868	GBP CURRENCY 8/15/14 (47,868 GBP@ \$1.5668)	(0.06)	(2,781.15)	
94,778	GBP CURRENCY 8/28/14 (94,778 GBP@ \$1.58265)	(0.04)	(4,004.36)	
37,240	GBP CURRENCY 9/30/14 (37,240 GBP@ \$1.61115)	(0.01)	(512.06)	
46,433	GBP CURRENCY 10/09/14 (46,432.73 GBP@ \$1.61524)	(0.01)	(448.54)	
	TOTAL DERIVATIVES/FUTURES		(104,420.86)	-0.51%
	TOTAL MARKET VALUE:		13,492,068.71	65.59%
	CASH & EQUIVALENTS (NET OF LIABILITIES, EXCLUDING FUND SUBSCRIPTION RECEIVABLES):		7,078,320.17	34.41%
	TOTAL NET ASSETS EXCLUDING FUND SUBSCRIPTION RECEIVABLES:		20,570,388.88	100.00%
	FUND SUBSCRIPTION RECEIVABLES		20,837,097.67	
	TOTAL NET ASSETS:		\$ 41,407,486.55	
	NO. OF EQUITY POSTIONS:		22	

* Indicates Foreign Security

** The percentages shown exclude subscription receivables of \$20.8 million received by the Fund as of 12/31/12 in order to more accurately characterize the portfolio manager's investment allocations

Portfolio Holding Submission Disclosure

Except for certain publicly available information incorporated herein, the information contained in these materials is our confidential and proprietary information and is being submitted to you for your confidential use with the express understanding that, without our prior written permission, you will not release these materials or discuss the information contained herein or make reproductions of or use these materials for any purpose other than evaluating a potential advisory relationship with First Pacific Advisors.

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