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
Third Quarter 2016 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 the prospective investor. Please read this Prospectus carefully before investing. The Prospectus may be obtained by visiting the website at www.fpafunds.com, by calling toll-free, 1-800-982-4372, or by contacting the Fund in writing.

Average Annual Total Returns
As of September 30, 2016

	QTR	YTD	1 Year	Since 9/1/13	5 Years	10 Years
FPA Paramount Fund, Inc.	6.11 %	9.25 %	13.19 %	2.52 %	11.28 %	5.74 %
MSCI ACWI	5.30 %	6.60 %	11.96 %	6.76 %	10.63 %	4.34 %

Periods greater than one year are annualized. Performance is calculated on a total return basis which includes reinvestment of all distributions.

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.

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 expense ratio as of its most recent prospectus is 1.29%. A redemption fee of 2% will be imposed on redemptions within 90 days. Current month-end performance data may be obtained at www.fpafunds.com or by calling toll-free, 1-800-982-4372.

Please see important disclosures at the end of the commentary.

Dear Fellow Shareholders,

Portfolio performance

Fiscal 2016

For the last twelve months, the Fund gained 13.19% compared to an increase of 11.96% for the MSCI All Country World NR Index (the "Index"). **Microsoft**, **Samsung**, and **Joy Global** were the top performance contributors for the fiscal year. We believe Microsoft benefitted from demonstrating success in the transition of its software business model from license sales to subscriptions. As discussed later in this letter, in July Joy Global announced it would be acquired by Komatsu. **G4S**, **Fugro**, and **Michael Page** lagged and were the largest detractors of performance in the period. In the second quarter letter, we wrote that G4S has gone through significant challenges, a change in management and a difficult turnaround. Finally, we believe Michael Page's recruitment services business has been pressured by tepid job growth and the overhang from the UK Brexit vote.

Third Quarter 2016

During the third quarter of 2016, the Fund gained 6.11% compared to an increase of 5.30% for the Index. 2016 year-to-date, the Fund returned 9.25% versus 6.60% for the Index. Hastened by the global financial crisis, over the last few years, we noticed companies with low volatility factors outperforming the broader market. Much as we appreciate the quality characteristics of many of these businesses, as their multiples expanded meaningfully over the last several years, we found very few attractive valuation opportunities among them. Instead, we have owned what we believe are high-quality industrial, technology and consumer discretionary businesses that were more out of favor and often had cyclical exposures. In our first two Commentaries of the 2016, we observed that the Fund's outperformance in those periods was led by a rebound in these types of unpopular companies. The third quarter of 2016 was different. Many of our previously shunned holdings again performed well, but this time, so did most of our other holdings too. Illustrating the broad-based performance, more than 75% of the Fund's positions had positive returns. Perhaps this favorable breadth is unsurprising in a period when the S&P 500 reached its all-time high.

When evaluating comparisons to the Index, the geographic weightings of the Fund's holdings are also worth considering. As we build the portfolio, we purposely ignore the benchmark composition. We commit to typically having a minimum of 20% of total assets in U.S. companies and 20% of total assets in non-U.S. companies. The locations of the remaining positions are then solely based on where we find

opportunities. At quarter end, 25% of the Fund's assets were invested in U.S. companies.[1] This compares to the Index weighting of about 50% U.S. companies. We are pleased with the Fund's year-to-date performance given its lower U.S. exposure compared to the Index, as the MSCI U.S. Index has gained 7.82%, compared to the MSCI EU Index's gain of 0.02%.

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 increase the Fund's discount to intrinsic value, and to ultimately maximize long-term potential returns. Doing so with a concentrated portfolio means the Fund's performance will be lumpy. As fellow shareholders, 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.

Key performers

Our worst-performing holding this quarter was **Aggreko**, which was down 26.39% (in U.S. currency).[2] Based in the UK, the company is the world's leading provider of temporary power solutions. The group owns and manages a fleet of generators the size of shipping containers that are available for rent across a global network of service depots. Generators are typically used in emergency situations, for special events, and to complement or substitute for permanent power. Developed countries often use Aggreko's solutions to manage the inherent volatility of renewable energy sources, and to make up for under-investments in infrastructure. Developing countries, including many sub-Saharan Africa states that lack the resources to access permanent power, typically require the service to satisfy their growing needs for electricity.

As a result, a significant portion of Aggreko's business is pegged to emerging markets, where demand is sensitive to fluctuations in commodity prices and currency exchanges rates. In the last couple of years, the economic environment in these countries has proven difficult because of the steep decline in oil prices, the strengthening of the U.S. dollar, the subsequent weakening in economic growth and the dramatic geopolitical dislocation. The group also has some exposure to mining, and has historically generated more than 10% of its revenues from Oil & Gas - two sectors that are experiencing sharp down cycles. This series of cyclical headwinds has put negative pressure on the company's short-term operating performance, and subsequently on its share price.

The Fund first invested in the group in 2012. In December of that year, Aggreko's market value fell sharply by over 20%. In our opinion, the decline was likely related to competitor APR Energy's aggressive investment in turbines, economic weakness in Europe, a pullback in U.S. remote military operations, and

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[1] The non-U.S. portion is made up of European companies (about 51% of Fund assets), Asia-Pacific companies (about 10% of Fund assets), with the balance in other regions and cash.

[2] Worst performer based on the percentage of Aggreko's share price change from 6/30/16 to 9/30/16 in U.S. currency. This share price change does not equate with the performance of the holding in the Fund's portfolio. As of 9/30/16, Aggreko represented 1.42% of the Fund's total assets.

reduced demand from Japan as nuclear power slowly came back on line. We believed APR's strategy was flawed and ill-fated. We also considered many of the aforementioned challenges to be cyclical rather than structural in nature, as well as both predictable and quantifiable, and we thought the correction in the group's share price to be overdone. While we were concerned about slowing economic growth in emerging markets and the resulting increased competitive pressure, we trusted that management would gracefully manoeuver through the downturn. With a ubiquitous asset base and a worldwide network, Aggreko can choose to deploy capital when and where growth opportunities exist and offer high returns, thus building enterprise value. Alternatively, the company can pull back on spending when demand is weak to improve asset utilization and maximize free cash flow.

Unfortunately, an unexpected change in leadership meant that management is now willing to accept lower returns in order to drive top-line growth. Mounting evidence of this new strategy caused us to adjust downward several of our assumptions about Aggreko's intrinsic value, although we still consider the business of high enough quality to own.

From a business fundamental standpoint, we remain interested in being shareholders of Aggreko, so long as the share price presents us with an appropriate margin of safety. Any potential increase in the position however would have to be dictated by the discount to intrinsic value that the stock offers relative to that of our other portfolio holdings.

U.S.-based **eBay** gained about 40.5% (in U.S. currency) during the quarter and was the Fund's best-performing holding this quarter.[3] The company operates the leading online marketplace (ebay.com) for buying and selling unique items. Despite its strong position online, for several years eBay's business has been under pressure from several issues. First, a security breach required users to reset passwords and second, changes to Google's search engine algorithms caused eBay's listings to fall noticeably down the search rankings. We believe that these issues led to a decline in traffic to the ebay.com website. Growth in buyers and transaction values accelerated this quarter for the first time in two years, which validated the series of technical fixes undertaken by the company to address these issues. In addition to eBay's self-help initiatives, overall consumer spending continues to shift from store-based retail sales to online and mobile sales, and we believe the company is well positioned to capture a portion of those online sales. Despite the recent positive performance, we believe the shares are reasonably priced, trading at a 7% FCF yield[4].

Company news

There was important news at **Joy Global** during the quarter. Based in the U.S., Joy is a leading global manufacturer of mining equipment. We first bought Joy shares at the end of 2013, when the company

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[3] Represents the percentage of eBay's share price change from 6/30/16 to 9/30/16. The percentage price change does not equate with the performance of the holding in the Fund's portfolio.
[4] FCF, or Free Cash Flow, is calculated as operating cash flow minus capital expenditures.

was starting to experience a sharp downturn in its end markets, and the share price had fallen more than 40% from its peak. Despite fears that the economic pressure on its customers would limit new equipment sales, we believed most of Joy's mining systems installed around the world would remain in service over the long term. In addition, since customers run the company's equipment under harsh conditions, we expected Joy to capture the ongoing higher-margin equipment service and replacement parts business. But the downturn over the last two years was more severe than we anticipated, so even the aftermarket parts and service sales were very negatively impacted. Management responded to the downturn by reducing operating expenses, eliminating growth capital spending and reducing working capital.

That was the backdrop leading up to July 21, when the company announced that it was being acquired by Komatsu of Japan. As a result, Joy shareholders will receive $28.30 in cash per Joy share at the close of the deal in the first half of next year.

From Komatsu's point of view, we can see why the deal makes strategic sense. The two companies compete head on with Caterpillar (CAT). Unlike CAT, which has its own dealer network, Komatsu and Joy mostly sell directly to customers. The Joy and Komatsu product lines are largely complimentary, with little direct overlap. Since we believe Joy has maintained its leading market share for sophisticated customers during the downturn, the combination strengthens Komatsu to take on CAT.

Looking at it from Joy's perspective, we need to evaluate how they handled two of the cardinal rules of running a cyclical industrial business. Rule number one is never take on excess financial leverage. When the industry cycle eventually turns down and negative operating leverage takes profitability with it, you don't want to be beholden to your creditors. Rule number two is to sell assets late in the cycle [when there are signs the party is coming to an end], and to buy assets early in the cycle [during the hangover phase]. Joy's management stayed true to the first rule, but while precisely timing the cycle peaks and troughs is only possible in hindsight, it appears to us the company is violating rule number two.

At the time of the announcement, Joy's shares were down more than 75% from their peak, despite almost doubling year to date. The takeout price represents a multiple of 1.5x times sales, which compares to the 2.0x sales CAT paid for Bucyrus in 2010 at the peak. Whether or not this turns out to be a fair price for Joy's shareholders will depend on the pace of recovery in the mining industry in the years ahead. We suspect five years from now, however, Komatsu will be congratulated on the deal for both its strategic merits and the price paid, and our frustration with Joy management for selling at the bottom of the cycle will be justified.

Regardless, because Komatsu is paying all cash, we don't get to participate in the future results, whatever they are. Instead, our sell price is locked in, which means that barring another offer, which we don't expect, we have suffered a permanent impairment on the position. The size of the loss is mitigated by the lower-cost purchases we made in second half of last year, but not by enough to keep the total position from being impaired.

Even though we vet the management team of every company before investing, our experience with Joy will serve as a reminder of the importance of management. This is true in all environments, but especially crucial during difficult stretches. The old adage about taking care with whom you share a foxhole certainly has applied in this case, as we think management made an expedient decision that transfers long-term value from Joy to Komatsu shareholders.

Portfolio activity

Coming off the Brexit[5]-induced declines at the end of last quarter, the equity markets rebounded to begin the third quarter, and then maintained those levels throughout the period. Along the way, as previously noted, several major indices reached all-time highs. Price increases for several of our holdings reduced their margins of safety and caused us to exit the positions. These included **Sodexo** and **Danone**. Sodexo, based in France, is a leading global provider of on-premise food-service operations. Danone, also based in France, is the world's leading producer of fresh dairy products. They also operate a strong baby food business, a fast-growing medical nutrition business and a good water business. Not only had the stock reached fair value in this case, but the company had also become yet another example of large institutional businesses being lured into taking on financial leverage to make large, questionable acquisitions. In July, Danone announced the purchase of Silk soymilk producer Whitewave for $13 billion (over a quarter of the Danone's market cap). Whitewave reported sales of $944 million and operating profit of $375 million in fiscal year 2015, implying an acquisition multiple of 35x last year's profits.

Despite the broad-based market appreciation, we still found several companies under pressure, which gave us the chance to make new purchases, including **Britvic** and **Mednax**. Based in the UK, Britvic is a leading soft drinks company with a strong portfolio of proprietary brands, and operations in Great Britain, Ireland, northern Europe, France, the U.S. and Brazil. In our opinion, the shares have been under pressure because of its unpopular decision to delist a high sugar-added product, a weak trading environment no longer offset by weak commodity prices, and higher labor cost inflation from the new National Living Wage in the UK. Based in the U.S., Mednax is the largest employer of hospital-based doctors specializing in neonatology and anesthesiology. Worries about recent organic growth weakness have weighed on the shares, which provided our entry point.

We also increased or trimmed existing positions as necessary during the third quarter to optimize the portfolio's overall discount to intrinsic value. Our cash balance ended at a little less than 10%, which is similar to last quarter.

Portfolio profile

[5] Brexit refers to the June 23, 2016, referendum whereby British citizens voted to exit the European Union.

We owned 43 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 time. The top ten holdings represented about 35% 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.

Most of the positions are in large-cap companies (median approximately $8 billion), including several businesses that are considered mega-caps[6]. 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 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.

Team update

At the beginning of the fourth quarter, we welcomed a new team member, John Madden, who joined us from NWQ Investments. John has worked as an international equity analyst for the last five years, and earned a bachelor's degree in economics at the University of Notre Dame.

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

Respectfully submitted,

The World Value Team

Gregory Herr Portfolio Manager	Pierre O. Py Portfolio Manager
Jason Dempsey Analyst	John Madden Analyst

October 10, 2016

[6] 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.

FPA investors first

FPA Paramount Fund, Inc.

Portfolio Holdings

09/30/16

TICKER	SHARES	SECURITY	MKT PRICE ($)	MKT VALUE ($)	% OF NET ASSET VALUE
ADEN VX	45,500	ADECCO GROUP AG REG*	56.37	2,564,637.59	1.72%
AGK LN	240,047	AGGREKO PLC*	12.33	2,959,420.69	1.99%
GOOG	4,500	ALPHABET INC CL C	777.29	3,497,805.00	2.35%
ALQ AU	994,621	ALS LIMITED*	4.60	4,572,245.77	3.07%
ANN AU	148,300	ANSELL LTD*	17.65	2,618,128.81	1.76%
BIDU	13,500	BAIDU INC SPON ADR	182.07	2,457,945.00	1.65%
BVIC LN	360,610	BRITVIC PLC*	7.82	2,819,367.19	1.89%
BRBY LN	185,000	BURBERRY GROUP PLC *	17.84	3,301,189.04	2.22%
CFR VX	54,880	CIE FINANCIERE RICHEMON REG*	60.99	3,346,998.28	2.25%
CSCO	89,100	CISCO SYSTEMS INC	31.72	2,826,252.00	1.90%
DGE LN	57,400	DIAGEO PLC*	28.64	1,644,140.35	1.10%
DKSH SW	49,000	DKSH HOLDING LTD*	73.56	3,604,605.94	2.42%
EBAY	24,900	EBAY INC	32.90	819,210.00	0.55%
FUR NA	351,275	FUGRO NV*	16.18	5,683,329.17	3.81%
HWDN LN	477,430	HOWDEN JOINERY GROUP PLC	5.60	2,674,810.62	1.79%
BOSS GY	65,500	HUGO BOSS AG ORD*	55.36	3,625,777.21	2.43%
JOY	165,900	JOY GLOBAL INC	27.74	4,602,066.00	3.09%
LH	20,400	LABORATORY CORP AMER HLDGS	137.48	2,804,592.00	1.88%
MD	23,570	MEDNAX INC	66.25	1,561,512.50	1.05%
MGGT LN	461,590	MEGGITT PLC*	5.84	2,694,162.69	1.81%
MEO1V FH	120,000	METSO OYJ*	29.18	3,501,891.16	2.35%
MSFT	83,100	MICROSOFT CORP	57.60	4,786,560.00	3.21%
NESN VX	19,100	NESTLE SA*	78.96	1,508,213.60	1.01%
OMC	33,000	OMNICOM GROUP	85.00	2,805,000.00	1.88%
ORCL	160,900	ORACLE CORPORATION	39.28	6,320,152.00	4.24%
PAGE LN	1,779,022	PAGEGROUP PLC*	4.34	7,720,004.45	5.18%
		OTHER		5,581,738.82	3.74%
1913 HK	1,991,800	PRADA SPA*	3.21	6,396,662.21	4.29%
PSG SM	370,360	PROSEGUR COMP SEGURIDAD*	6.98	2,585,389.84	1.73%
PUB FP	40,030	PUBLICIS GROUPE*	75.67	3,028,979.68	2.03%
RHI	73,500	ROBERT HALF INTL INC	37.86	2,782,710.00	1.87%
ROR LN	607,330	ROTORK PLC*	2.73	1,660,665.56	1.11%
005930 KS	1,060	SAMSUNG ELECTRONICS CO LTD*	1,456.76	1,544,167.68	1.04%
SAND SS	192,210	SANDVIK AB	11.00	2,115,020.13	1.42%
SAP GY	33,150	SAP AG*	91.45	3,031,643.55	2.03%
SCL CN	109,500	SHAWCOR LTD*	24.67	2,701,715.00	1.81%
SIG	56,500	SIGNET JEWELERS LTD	74.53	4,210,945.00	2.83%
SUN SW	36,784	SULZER AG*	104.70	3,851,257.00	2.58%
UHR VX	10,700	SWATCH GROUP AG*	283.49	3,033,313.99	2.04%

TICKER	SHARES	SECURITY	MKT PRICE ($)	MKT VALUE ($)	% OF NET ASSET VALUE
TSM	50,720	TAIWAN SEMICONDUCTOR MFG LTD SPD ADR	30.59	1,551,524.80	1.04%
FOX	150,000	TWENTY FIRST CENTURY FOX B	24.74	3,711,000.00	2.49%
		TOTAL EQUITIES:		**135,106,750.32**	**90.65%**
		CASH & EQUIVALENTS (NET OF LIABILITIES):		**13,943,171.73**	**9.35%**
		TOTAL NET ASSETS:		**$ 149,049,922.05**	**100.00%**
		NO. OF EQUITY POSTIONS:		**40**	

* Indicates Foreign Security

Portfolio Holding Submission Disclosure

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.

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, politica 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. 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. Please consult your tax advisor regarding higher capital gains distributions due to a change in portfolio strategy.

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, fhe Portfolio Managers or Distributor.

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

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.

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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. 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.

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.

Index Definitions

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

Indices are unmanaged, do not reflect any commissions or fees which would be incurred by an investor purchasing the underlying securities. Investors cannot invest directly in an index.

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