

As of December 31, 2018



FPA Paramount Fund, Inc. (FPRAX)

Second Half 2018 Webcast Presentation

Presented by:

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Fund highlights

- **Global mandate** – Minimum U.S. and International weight of 20%
- **Broad universe and benchmark agnostic** – Seeks to invest across market caps*, sectors, geographies
- **Bottom-up** – Select and value companies based on fundamentals. Look for high quality
- **Downside focused** – Avoid low quality and high leverage. Buy at a discount to fair value
- **Research-based** – Portfolio is output of research. Discounts dictate portfolio weightings
- **Concentrated** – Focus on best ideas - typically 25-50 holdings
- **Long-term approach** – Five-year expected average holding period

*The Fund will primarily invest in companies with a minimum \$2B market capitalization at time of purchase. **Please refer to the prospectus carefully before investing.**

** The portfolio managers believe a high quality business is one that is able to earn a high return on capital for sustained periods of time.

Please refer to the end of the presentation for important disclosures.

Performance – net of fees

Trailing Performance (%)

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

- Tale of two periods – Index gained ~4% in 3Q and fell ~13% in 4Q.
- 2H18 performance benefitted from several factors.
 - Rebound in Brazilian shares following protracted economic downturn and political paralysis
 - Companies with business models viewed as less sensitive to economic activity had more resilient share prices
 - Several globally-diversified technology holdings held up well
- Several factors detracted from 2H18 performance.
 - Oil price declines weighed on companies with energy sector customers
 - Companies perceived to be more economically sensitive experienced greater share price declines
 - Exposure to China hurt several holdings
- Fund may underperform in the short term. Investors encouraged to evaluate performance over multi-year periods.

Calculated using Morningstar Direct. Periods greater than one year are annualized. Fund performance is net of all fees and expenses and includes the reinvestment of distributions. Fund returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares, which would lower these figures. Comparison to an 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.

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, which may be lower or higher than the performance data quoted, may be obtained at www.fpa.com or by calling toll-free, 1-800-982-4372. Net expense ratio as of most recent prospectus is 1.29%.

[^] The total expense ratio is 1.44% (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, 2019. This agreement may only be terminated earlier by the Fund's Board of Directors (the "Board") or upon termination of the Advisory Agreement.

*The Fund transitioned to its current investment strategy on September 1, 2013. Performance prior to that date reflects performance of the prior portfolio managers and investment strategy and is not indicative of performance for any subsequent periods. **Please refer to the end of the presentation for important disclosures.**

Key performers

■ Top contributor – **Empire**

- Based in Canada. Empire is a leading grocer and wholesale food distributor.
- Purchased when share price reflected poor operating performance and management departures.
- New CEO had credible proposals and experience.
- Company has new management team, stabilized challenging segment and improved profitability.
- Share price converged with our assessment of intrinsic value, and we exited the position during the 4Q.

■ Largest detractor - **Sulzer**

- Based in Switzerland, Sulzer manufactures pumps and other machinery for energy, chemical and power generation customers.
- Crude oil prices declined 35% in 4Q18, which appears to have caused similar share price decline.
- Nothing changed over the period with business fundamentals, management, operating performance or strength of balance sheet.
- We increased our invested position in Sulzer during the 4Q.

Detractors and contributors are presented for the period Q4 2018 and are 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. References to individual securities are for informational purposes only and should not be construed as recommendations by the Fund, the portfolio manager, FPA, or the distributor. A copy of the methodology used and a list of every holding's contribution to the overall Fund's performance during the periods noted is available by contacting FPA Client Service at crm@fpa.com. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities listed. As of 12/31/18, the contribution to return and corresponding position sizes as a percent of net asset value were as follows: Empire: 0.30% (contribution); Sulzer: -0.93% (contribution), 2.6% (weight). **Past performance is no guarantee, nor is it indicative, of future results. Please refer to the end of the presentation for important disclosures.**

Purchases

Made several new purchases in period, including:

- In third quarter:

- **Hypera:** Based in Brazil, Hypera is one of the country's leading pharmaceutical companies.
- **Samsung:** Based in South Korea, Samsung Electronics is a leading global manufacturer of consumer and industrial electronic equipment, including smartphones, semiconductors and televisions.
- **Inditex:** Based in Spain, Inditex is a leading global retailer of fashion apparel, primarily under the Zara brand.
- **Renaissance Re (RenRe):** Based in Bermuda, RenRe is a global provider of reinsurance products.

- In fourth quarter:

- **Magazine Luiza:** Based in Brazil, is a leading retailer, operating physical stores and an ecommerce platform.
- **Notre Dame Intermedica:** Based in Brazil, Intermedica is a leading health insurer and operator of hospitals and other health care facilities.
- **Stroeer:** Based in Germany, Stroeer is a leading provider of out-of-home advertising solutions with around 300,000 sites across the country.

- Added to several existing holdings.

Portfolio composition will change due to ongoing management of the funds. References to individual securities or sectors should not be construed as a recommendation to purchase or sell such securities, and any information provided is not a sufficient basis upon which to make an investment decision. It should not be assumed that future investments will be profitable or will equal the performance of the security examples discussed. **Past performance is no guarantee, nor is it indicative, of future results.**

As of 12/31/18, the securities mentioned and corresponding position sizes were as follows: Hypera: 2.8%; Samsung: 1.0%; Inditex: 2.4%; RenRe: 2.5%; Magazine Luiza: 3.0%; Notre Dame Intermedica: 2.%; Stroeer: 0.9%.

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Sales

Sold out of several positions in period, including:

- In third quarter:

- **Scout24:** Based in Germany, Scout24 is a leading operator of online classified advertising portals in several European countries.
- **Mednax:** Based in the United States, Mednax is the largest employer of hospital-based doctors specializing in neonatology and anesthesiology.
- **Publicis:** Based in France, Publicis is a leading global advertising, media management, public relations and communication services company.

- In fourth quarter:

- **Empire:** Based in Canada, Empire is a leading grocery store operator and wholesale food distributor.
- **Alicorp:** Based in Peru, Alicorp is the country's leading producer of food, home and personal care products including margarine, pastas, mayonnaise, detergent, and hair care products.
- **Twenty-First Century Fox:** Based in the U.S., Fox operates a global media business.
- **Frutarom:** Based in Israel, Frutarom is a leading producer of key ingredients for food and beverage products.

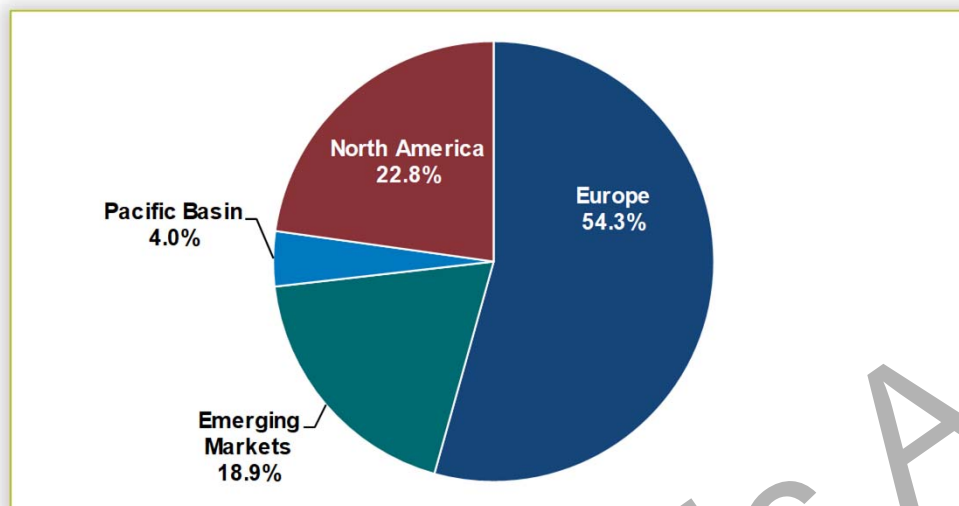
- Also trimmed several holdings whose stock prices have partly converged with assessment of fair value.

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Portfolio profile as of December 31, 2018

Geographic allocation (% of assets invested):



Overview:

- Circa 98% invested
- 44 disclosed positions. Top 10 account for about 25% of total assets
- \$88bn weighted average market cap (approx. \$1bn to >\$800bn)

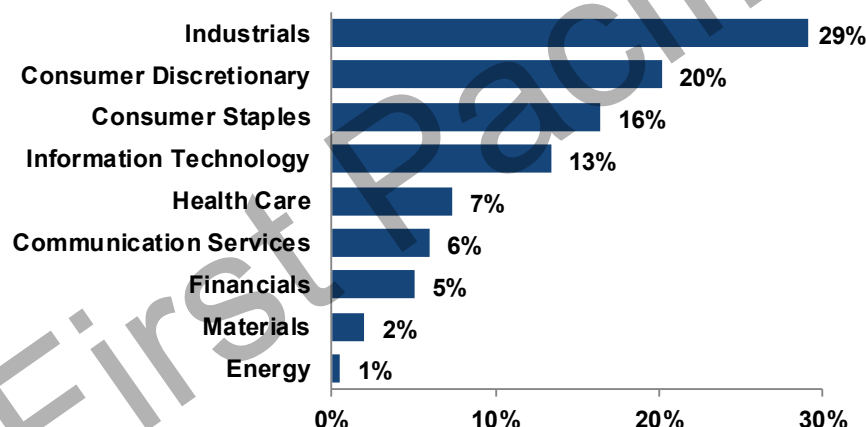
Geographic Analysis:

- Most exposure to Europe and U.S.
- Geography agnostic

Sector Analysis:

- Favor capital-light businesses including services, robust industrials, and consumer goods. Limited exposure to banks.
- Industrials holdings not homogenous. Range of business models with diverse customer and geographic exposures.
- Technology exposure reflects strength of fundamentals. Not a call on technology developments.
- Sector agnostic

Sector allocation (% of assets invested):



Source: Capital IQ. Sector classification scheme reflects GICS (Global Industry Classification Standard). Portfolio composition will change due to ongoing management of the Fund. Please refer to the end of the presentation for important disclosures.

LabCorp

- Leading provider of clinical lab services, operating with two segments.
 - LabCorp® Diagnostics (LCD) is U.S. independent provider of diagnostic lab testing.
 - Scale benefits from national network of 50 testing labs and 1,900 collection centers processing an average 500,000 specimens daily.
 - » Payers want to negotiate with labs that provide best geographic coverage.
 - » Researchers invent diagnostic tests, but have no distribution.
 - Covance Drug Development (CDD) provides services to the global biopharmaceutical industry.
 - Central laboratory provides diagnostic testing for late stage clinical trials.
 - Global infrastructure critical and not easily replicable
- Attractive profitability – mid-teens OPM% with scope to improve.
- Operating ROCE ~40%; Strong cash conversion.
- Financial strength provided by ~\$1B/yr in FCF; Balance sheet 2.5x ND/EBITDA.
- Long-tenured management with meaningful stock ownership. Operates business well. Reasonable capital allocation.

- Challenges:
 - Government reimbursement drag for LCD business in 2019.
 - Market share shifts among large commercial insurers.
- Risk/reward appears favorable.
 - Market sentiment cautious on growth.
- Selling at 11x operating profit and an 8% free cash flow yield.

As of December 31, 2018. Source: FPA; ROCE=Return on capital employed; FCF=Free cash flow; ND=Net debt; EBITDA=Earnings before interest, taxes, depreciation and amortization.

This case study is being shown only as an illustration of FPA's investment process and is not a recommendation for any particular type of security, transaction or sector, and any information provided is not a sufficient basis upon which to make an investment decision. It should not be assumed that any transaction in the future will be profitable. References to specific securities, transactions or sectors should not be construed as recommendations by FPA, any fund managed by FPA, the portfolio managers, or the distributor. As of 12/31/18, the position sizes of the securities mentioned as % of net assets were as follows: LabCorp: 1.9%.

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Investment philosophy

We are long-term value investors. We look for well-run, financially strong, high-quality businesses* that can be purchased at a discount to their intrinsic values.



The chart above is an illustrative hypothetical example to show our Investment Philosophy and is not an actual Fund holding.

* The portfolio manager believes a high quality business is one that is able to earn a high return on capital for sustained periods of time



Question & Answer

First Pacific Advisors,

Important Disclosures

These slides are intended as supplemental material to the Second Half 2017 FPA Paramount Fund audio presentation that is posted on our website fpa.com.

It is important to understand that the views expressed on these slides and in the accompanying audio presentation are as of the date presented (February 1, 2018) and are subject to change based on market and other conditions. These views may differ from other portfolio managers and analysts of the firm as a whole, and are not intended to be a forecast of future events, a guarantee of future results or investment advice. Any mention of individual securities or sectors should not be construed as a recommendation to purchase or sell such securities, and any information provided is not a sufficient basis upon which to make an investment decision. The information provided does not constitute, and should not be construed as, an offer or solicitation with respect to any securities, products or services discussed. 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.

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 the Prospectus carefully before investing. The Prospectus may be obtained by visiting the website at www.fpa.com, by email at crm@fpa.com, toll-free by calling 1-800-982-4372 or by contacting the Fund in writing.

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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, 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. Groups of stocks, such as value and growth, go in and out of favor which may cause certain funds to underperform other equity funds.

Important Disclosures – cont'd

Value securities, including those selected by the Fund's portfolio managers, are subject to the risks that their intrinsic value may never be realized by the market and that their prices may go down. In addition, value style investing may fall out of favor and underperform growth or other styles of investing during given periods. Securities selected by the portfolio managers using a value strategy may never reach their intrinsic value because the market fails to recognize what the portfolio managers consider to be the true business value or because the portfolio managers have misjudged those values.

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.

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 may 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 may hold positions that are not within the Fund's investment strategy. Indices are unmanaged and do not reflect any commissions, transaction costs, or fees and expenses which would be incurred by an investor purchasing the underlying securities and that would reduce the performance in an actual account. The Fund does not include outperformance of any index or benchmark in its investment objectives. An investor cannot invest directly in an index.

The **MSCI All Country World ex US (Net) Index** is a free float-adjusted market capitalization weighted index that is designed to measure the combined equity market performance of developed and emerging market countries excluding the United States. The MSCI ACWI consists of 44 country indices comprising 23 developed and 21 emerging market country indices. Net index returns reinvest dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

Other Definitions

Allocation Effect: How the weighting of the groups affect the portfolio's performance.

EBITA (Earnings before interest, taxes and amortization) is a financial indicator used widely as a measure of efficiency and profitability.

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