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, 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.**

**Average Annual Total Returns**
As of March 31, 2015

| Fund/Index | QTR | YTD | 1 Year | 3 Years** | 5 Years** | 10 Years** |
|---|---|---|---|---|---|---|
| FPA Paramount | 3.35 % | 3.35 % | -3.85 % | 9.12 % | 10.09 % | 6.83 % |
| MSCI ACWI | 2.31 % | 2.31 % | 5.42 % | 10.75 % | 8.99 % | 6.44 % |
| Russell 2500 | 5.17 % | 5.17 % | 10.07 % | 17.13 % | 15.48 % | 9.62 % |

** Annualized. FPA Paramount Fund transitioned to its current World Value strategy on September 1, 2013.
A redemption fee of 2.00% will be imposed on redemptions within 90 days. Expense ratio is 1.26% as of most recent prospectus.

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

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

The Russell 2500 Index is an unmanaged index comprised of the 2,500 smallest companies in the Russell 3000 Index.

The MSCI All Country World NR Index is a float-adjusted market capitalization index that is designed to measure the combined equity market performance of developed and emerging markets.

You cannot invest directly in an index

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

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

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

FPA
investors first

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

Dear fellow shareholders,

During the first quarter of 2015, the Fund rose 3.35% compared to the MSCI All Country World Index's (Net) (the "Index") gain of 2.31%. Over the last twelve months, the Fund's performance was weak, both in relative and absolute terms, declining 3.85% versus a gain of 5.42% for the Index. For readers interested in the details behind last year's underperformance, please see our fourth quarter 2014 Commentary.[1]

As always, we believe it is important for shareholders and future investors to understand our performance objective and the return profile implied. Our portfolio management goal is to continuously maximize the Fund's discount to intrinsic value, and therefore maximize long-term potential returns. Doing so with a concentrated portfolio means performance will be lumpy, including underperformance like we experienced in 2014. As fellow shareholders in the Funds we manage, we are willing to tolerate this type of short-term volatility because we believe increasing discounts create the best chances for long-term outperformance.

**Market Commentary**

***Distorted Reality***

Thinking about the current environment, we are reminded of an interview with the singer Tom Waits in which he said, "I guess I've always lived upside down when I want things I can't have." It feels to us like central banks are taking that sentiment to heart, as their actions are clearly distorting markets. For examples, we need to look no further than the negative interest rates on ten year Swiss government bonds, and the possibility that holders of floating rate mortgages in Europe could receive principal reductions in addition to paying no interest on their loans. While not currently invested in financials, from a high level we struggle to understand how business models in the European insurance and banking industries are equipped to deal with these conditions. Non-financial companies around the world are also impacted by this environment. If low interest rates were resulting from excess consumer savings, companies would likely invest to try to create demand. Instead, they recognize current rate levels are manufactured by the central banks, consumers are pushed into the stock market in search of yield and the more shares companies repurchase the greater the reward in the market. We have no idea how long this circular relationship will last, but the greater the distortions evident in areas like long term interest rates, the more uncomfortable we become.

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[1] The FPA Paramount Fund fourth quarter 2014 Commentary can be found at: (http://www.fpafunds.com/docs/quarterly-commentaries-paramount-fund/q4-2014-paramount-commentary-final.pdf?sfvrsn=2)

No matter how misshapen the markets become, we will continue to scour the globe for potential new investments. As our lack of purchase activity this quarter attests, we were unable to find the right combination of high- quality businesses selling at discounted valuations. We remain steadfast in our requirement that both those two attributes be present in any new purchases.

**Portfolio Commentary**

***Key Performers***

Our worst performing holding in the quarter was **Joy Global**, which declined (15.39%) (in U.S. currency). Joy is a global manufacturer of mining equipment, whose biggest customers are coal producers. Worldwide coal prices have been depressed by weaker economic growth in China and closures of coal-fired power plants by U.S. utilities. Even though this has limited customer demand for new mining equipment, the key to our investment in Joy is the aftermarket part of the business. As customers run existing equipment under harsh mining conditions, higher-margin service and replacement parts continue to be required. Management is carefully reducing costs and the balance sheet provides ample flexibility.

Our best performing reported holding in the quarter was **Fugro**, which returned 28.32% (in US currency). We commented on the company in both of the past two quarters, as the stock was a meaningful negative contributor to the Fund's return in the second part of 2014. Based in Holland, Fugro is a leading provider of geotechnical and geophysical analyses, primarily for oil and gas projects. As such, the group has experienced significant disruptions caused by the sharp decline in oil prices. In the past few months however, management has stepped up to this market challenge. They've taken actions to lower costs, reduce capex, and strengthen the balance sheet. They've also generally improved operations, aligned incentives better with cash generation and value creation, and looked to focus Fugro's portfolio further on core businesses. Longer-term, we expect business conditions to improve as depleting oil fields will ultimately need to be replaced, and we think Fugro has some fundamentally solid businesses.

In addition, Dutch peer Boskalis has built a stake in the company of about 25% over the past few months. Boskalis is a leading global provider of dredging services which is more than 30% owned by local investment trust HAL. HAL is controlled by the Van der Vorn family, one of the richest in Holland. This is in addition to the small group of long-term value investors on the registry, who together account for more than 15% of the stock. Other transactions in the sector, including one involving some of Fugro's closest peers at a compelling multiple, have also helped with the market's understanding of the company's value.

Overall, we think Fugro is on track to becoming a cleaner portfolio of higher quality businesses, run by a strong management team adequately aligned with shareholders' interests, with a robust balance sheet. With that, we believe the stock remains attractively priced at current levels, and given the cyclical weakness in the group's core markets. We maintain a large investment in the company as a result.

***Activity***

This quarter there were no new additions to the portfolio. Turning to companies exiting the portfolio, we sold out of **Maxim Integrated, Pernod Ricard** and **SKF**. Maxim, based in the U.S., designs and manufactures high-performance analog semiconductors. We are attracted to this part of the semiconductor industry because product cycles are long (can be decades), pricing is stable and production techniques require limited capital investment. The resulting profitability for Maxim is high, with operating margins averaging more than 20% over the last decade. Operating returns on capital employed exceed 20%, and abundant free cash flow and modest financial leverage limit the business's financial risk. Despite these high-quality attributes, recent increases in the share price eliminated our margin of safety.

Based in France, Pernod Ricard, is a leading global producer of premium spirits. The company's portfolio has many strong global brands and spans all the major spirits categories. It is also well balanced geographically with particular strength in Asia including China and India. Over time the business has averaged operating profit margins in the mid-20% range, and had operating returns on capital employed approach 30%. After increases in the share price, we no longer felt its valuation offered an appropriate margin of safety.

SKF, based in Sweden, is a leading global manufacturer of roller bearings and seals. The business serves diverse end markets, each of which has unique requirements which allows SKF to customize its product for these various niches. The bearings represent a tiny portion of the total cost of the machinery in which they reside, but are essential to its operation. Aftermarket sales, which are recurring and have attractive profitability, make up almost half of total sales. Since 2007, operating returns on capital employed for the business have averaged around 20%, and the company has maintained modest financial leverage. Here too, increases in its share price caused us to exit the position.

***Portfolio Profile***

In line with our low-turnover approach, the Fund's overall profile is little changed. We owned 30 companies at the end of the quarter. This remains within the range of the 25 to 50 businesses that we would expect to own at any given point in time. The top ten holdings represented about 47% of Fund assets, and position sizes are based on the relative discount to intrinsic value of each (largest weightings correspond to the largest discounts). Most of the positions are still large-caps (median $15 billion) including several considered mega-caps, which reflect where we find the better combination of quality and discount to intrinsic value.

Companies domiciled in Europe and the U.S. continue to represent most of our portfolio, with Asia Pacific and a few emerging market investments making up the balance. Where a company is domiciled generally matters little to us, however. Since many of these are large companies, they typically conduct business on a global basis. That means they often generate significant amounts of their cash flows outside their home countries, rendering traditional country classification less useful.

***Investment approach***

We focus on competitively advantaged businesses, with solid balance sheets and strong cash flows, run by management teams that both operate the businesses well and deploy capital in a value-creative manner, whose shares we can purchase at significant discounts to our estimates of intrinsic value.

We are grateful for your confidence and trust in the FPA Paramount Fund, and look forward to continuing to serve your interests.

Respectfully submitted,

The Global Value Team

| | |
|---|---|
| Gregory Herr<br>Portfolio Manager | Pierre O. Py<br>Portfolio Manager |
| Jason Dempsey<br>Analyst | Victor Liu<br>Analyst |

April 17, 2015

# FPA Paramount Fund, Inc.

*Portfolio Holdings*

3/31/15

| CUSIP/SEDOL | TICKER | SHARES | SECURITY | MKT PRICE ($) | MKT VALUE ($) | % OF NET ASSET VALUE |
|---|---|---|---|---|---|---|
| G1151C101 | ACN | 12,875 | ACCENTURE PLC CL A | 93.69 | 1,206,258.75 | 0.67% |
| 4031976 | ADS GR | 130,700 | ADIDAS AG* | 79.24 | 10,356,040.11 | 5.74% |
| B4WQ2Z2 | AGK LN | 362,007 | AGGREKO PLC* | 22.65 | 8,200,008.14 | 4.54% |
| B86SZR5 | ALQ AU | 2,248,000 | ALS LIMITED* | 3.78 | 8,492,458.52 | 4.71% |
| B1FJ0C0 | BXB AU | 285,000 | BRAMBLES LTD* | 8.77 | 2,500,649.31 | 1.39% |
| 4061393 | CDI FP | 9,600 | CHRISTIAN DIOR* | 188.98 | 1,814,162.34 | 1.01% |
| 17275R102 | CSCO | 74,100 | CISCO SYSTEMS INC | 27.53 | 2,039,602.50 | 1.13% |
| 192446102 | CTSH | 37,400 | COGNIZANT TECHNOLOGY SOLUTIONS CL A | 62.39 | 2,333,386.00 | 1.29% |
| B1Y9TB3 | BN FP | 72,100 | DANONE S.A.* | 67.33 | 4,854,649.81 | 2.69% |
| 0237400 | DGE LN | 223,400 | DIAGEO PLC* | 27.58 | 6,162,226.11 | 3.41% |
| 278642103 | EBAY | 48,900 | EBAY INC | 57.68 | 2,820,552.00 | 1.56% |
| B096LW7 | FUR NA | 436,275 | FUGRO NV* | 26.86 | 11,718,238.72 | 6.49% |
| B01FLG6 | GFS LN | 905,250 | G4S* | 4.39 | 3,972,143.97 | 2.20% |
| B2QY968 | HYPE3 BZ | 972,400 | HYPERMARCAS SA* | 6.17 | 6,002,187.03 | 3.33% |
| 6673042 | IPL AU | 576,483 | INCITEC PIVOT* | 3.10 | 1,787,048.61 | 0.99% |
| 481165108 | JOY | 120,900 | JOY GLOBAL INC | 39.18 | 4,736,862.00 | 2.63% |
| 50540R409 | LH | 50,400 | LABORATORY CORP AMER HLDGS | 126.09 | 6,354,936.00 | 3.52% |
| 580135101 | MCD | 52,600 | MCDONALDS CORP | 97.44 | 5,125,344.00 | 2.84% |
| 3023231 | MPI LN | 684,022 | MICHAEL PAGE INTL* | 7.74 | 5,291,547.04 | 2.93% |
| 594918104 | MSFT | 123,100 | MICROSOFT CORP | 40.66 | 5,004,630.50 | 2.77% |
| 7123870 | NESN VX | 12,600 | NESTLE SA* | 75.53 | 951,677.30 | 0.53% |
| 68389X105 | ORCL | 218,400 | ORACLE CORPORATION | 43.15 | 9,423,960.00 | 5.22% |
| 703395103 | PDCO | 29,000 | PATTERSON COMPANIES INC | 48.79 | 1,414,910.00 | 0.78% |
| B4PFFW4 | 1913 HK | 1,221,800 | PRADA SPA* | 6.06 | 7,407,093.06 | 4.10% |
| 4380429 | PUB FP | 13,650 | PUBLICIS GROUPE* | 77.24 | 1,054,260.89 | 0.58% |
| 4846288 | SAP GR | 78,150 | SAP AG* | 72.61 | 5,674,600.76 | 3.14% |
| 7062713 | SW FP | 18,900 | SODEXO* | 97.62 | 1,845,055.35 | 1.02% |
| 4854719 | SUN SW | 72,000 | SULZER AG* | 110.10 | 7,927,557.11 | 4.39% |
| 874039100 | TSM | 41,400 | TAIWAN SEMICONDUCTOR MFG LTD SPD ADR | 23.48 | 972,072.00 | 0.54% |
| B3Y0JD2 | TNTE NA | 1,329,000 | TNT EXPRESS NV* | 6.37 | 8,461,154.43 | 4.69% |
| | | | **TOTAL EQUITIES:** | | **145,905,272.35** | **80.83%** |
| | | | **CASH & EQUIVALENTS (NET OF LIABILITIES):** | | **34,607,344.11** | **19.17%** |
| | | | **TOTAL NET ASSETS:** | | **$ 180,512,616.46** | **100.00%** |
| | | | **NO. OF EQUITY POSTIONS:** | | **30** | |

* Indicates Foreign Security

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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