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, by calling toll-free, 1-800-982-4372, or by contacting the Fund in writing.

### Average Annual Total Returns (%)

<table>
<thead>
<tr>
<th></th>
<th>As of Date: 6/30/2020</th>
<th>Since 8/1/84*</th>
<th>20 Years</th>
<th>15 Years</th>
<th>10 Years</th>
<th>5 Years</th>
<th>3 Years</th>
<th>1 Year</th>
<th>YTD</th>
<th>QTR</th>
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<tbody>
<tr>
<td><strong>Russell 2500</strong></td>
<td>11.11</td>
<td>7.74</td>
<td>7.85</td>
<td>11.46</td>
<td>5.41</td>
<td>4.08</td>
<td>-4.70</td>
<td>-11.05</td>
<td>26.56</td>
<td></td>
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</tbody>
</table>

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. An investor cannot invest directly in an index. The Fund does not include outperformance of any index or benchmark in its investment objectives.

* Inception date was July 11, 1984. An index comparison is not available based on the Fund’s inception date; therefore, data from August 1, 1984 is presented.

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 total expense ratio as of its most recent prospectus is 0.89%. 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.

Mr. Ahitov was named sole portfolio manager of the Fund effective October 1, 2017. Dennis Bryan and Arik Ahitov had been co-portfolio managers since November 2007 and February 2014, respectively, and managed the Fund in a manner that is substantially similar to the prior portfolio manager, Robert Rodriguez. Mr. Rodriguez ceased serving as the Fund’s portfolio manager effective December 2010.

The availability of shares of the Fund to new investors is limited. Please see the Prospectus for more detail.

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

I will start this letter in the same way I did our last letter: I hope that all of you and your families are healthy and doing well considering all the disheartening news out there.

After almost ten years of service, I have decided to pursue other opportunities with ties to international markets. I want to thank our clients, shareholders, and my partners at FPA for the trust you placed in me over the years.

The stock market has had a robust run in the second quarter of 2020. S&P 500 was up 20.54% during the quarter, which brought the index’s year-to-date performance to -3.08%. Russell 2500’s performance was 26.56% and -11.05%, respectively.¹ We were net sellers of equities during this rally and the Fund’s long exposure is once again under 60%. We finished the first half of the year with only a 54.9% long exposure. This lack of confidence in the market’s rally hurt the Fund’s results in the second quarter. The Fund was up 12.32% for the quarter and is down -9.67% for the year. The Fund has performed well compared to its Morningstar category and its performance was, as of June 30th, in 4th percentile year-to-date through 6/30/2020 out of 109 funds, and finished in the 10th percentile for the one-year period through 6/30/2020 out of 109 funds in the category.²

It is hard to believe that the S&P 500 index is down only 3% since the beginning of the year despite a deadly pandemic and a global recession. Before we dive into stock-specific discussion, let us briefly go over the background.

The unemployment rate hit 14.7% in April 2020 (the peak – at least so far – in this recession). This rate of unemployment is higher than any peak in previous recessions, at least since the 1948-49 recession.³ May employment numbers showed a slight improvement at 13.3%. The last unemployment report of the second quarter (released on June 25) marked the fourteenth straight week of more than one million first-time applications for unemployment benefits with 19.5 million Americans still collecting state unemployment benefits.⁴ Therefore, it is no surprise that 76% of Americans think that “things in America are going very badly” or “somewhat badly” and only 5% said, “things in America are going very well”.⁵

The Buffett Indicator (market capitalization of the stock market as percentage of the GDP) is once again over 155%.

¹ Comparison to an index is for illustrative purposes only. The Fund does not include outperformance of any index in its investment objectives.
² Source: Morningstar. The Fund is in the US Fund Mid-Cap Value Morningstar Category. The Fund has a 5-year percentile ranking = 97 (out of 96 funds) and a 10-year percentile ranking = 100 (out of 78 funds) through 6/30/2020. Please see the Important Disclosures for more information on Morningstar’s percentile rankings and categories.
³ Source: Compound Advisors; June 5, 2020. 5-Chart Friday; https://compoundadvisors.com/2020/5-chart-friday-6-5-20

Past performance is no guarantee, nor is it indicative, of future results.
The current Schiller price to earnings ratio is at almost 30x vs. its long-term average of 16.72x.

Almost every metric commonly used in equity market valuations is way above its historical percentage.

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**The Schiller Price to Earnings Ratio**

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7 Source: Multpl; June 30, 2020; Data from January 1, 1872 through July 13, 2020; https://www.multpl.com/shiller-pe
Now let’s look at who is buying in this current environment. Goldman Sachs estimates that foreign investors and households would be the largest buyers of US equities in 2020. Not a day goes by without yet another report on Robinhood and “day-trading millennials” and how it has “gamified online trading into addiction” and – in one very sad instance – a suicide with a note that said “how was a 20 year old with no income able to get assigned almost a million dollars worth of leverage?” Robinhood is hardly the only firm enjoying this retail boom.

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10 Source: Marker; June 22, 2020; Robinhood Has Gamified Online Trading Into an Addiction; https://marker.medium.com/robinhood-has-gamified-online-trading-into-an-addiction-cc1d7d989b0c

Online Brokers Enjoy Lockdown Boom – Monthly New Client Accounts (thousands)12

One survey – based on 2.5 million Americans - found that “people earning between $35,000 and $75,000 annually traded stocks about 90% more than the week prior to receiving their stimulus check” followed by an 82% increase by those making $100,000 to $150,000 per year.13 Investing Covid-19 stimulus checks14 with little to no investment knowledge we believe is a sign of irrational exuberance in the stock market. The net US equity demand by households is expected to go from $11 billion in 2019 to $280 billion in 2020.15

Buyers and Sellers of US Stocks16

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12 Source: Financial Times; July 1, 2020; Data from Charles Schwab, E-Trade, Interactive Brokers. Shows retail brokerage accounts, excludes acquisitions; The lockdown death of a 20-year-old day trader; https://www.ft.com/content/45d0a047-360f-4abf-86ee-108f436015a1; Chart Source: Charles Schwab, E-Trade, Interactive Brokers. Chart covers period from January 1, 2018 through May 31, 2020. Chart data includes retail brokerage accounts only and excludes acquisitions.

13 Source: CNBC; May 21, 2020; Many Americans used part of their coronavirus stimulus check to trade stocks; https://www.cnbc.com/2020/05/21/many-americans-used-part-of-their-coronavirus-stimulus-check-to-trade-stocks.html

14 Source: CNBC; June 17, 2020; Fintech app Robinhood is driving a retail trading renaissance during the stock market’s wild ride; https://www.cnbc.com/2020/06/17/robinhood-drives-retail-trading-renaissance-durning-markets-wild-ride.html


And, finally, the combined efforts by central banks around the world keep the party going: Fitch Ratings estimates the global quantitative easing assets purchases of $6 trillion in 2020.\(^\text{17}\)

This background gives us pause. The current rally in the stock market strikes us as one not based on the realities of the economy and strength of public companies but one of smoke and mirrors.

Now, let us review some of our holdings.

### Q2 Best and Worst Performers\(^\text{18}\)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Vonage</td>
<td>1.65%</td>
<td>5.1%</td>
<td>Ambarella</td>
<td>-0.04%</td>
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<tr>
<td>InterDigital</td>
<td>1.59%</td>
<td>6.7%</td>
<td>TreeHouse Foods</td>
<td>0.11%</td>
<td>2.4%</td>
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<tr>
<td>Noble Energy</td>
<td>1.56%</td>
<td>2.7%</td>
<td>Change Healthcare</td>
<td>0.12%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Dana Incorporated</td>
<td>1.10%</td>
<td>2.2%</td>
<td>Oshkosh</td>
<td>0.14%</td>
<td>1.3%</td>
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<tr>
<td>Aaron’s</td>
<td>0.91%</td>
<td>1.5%</td>
<td>Gentex</td>
<td>0.17%</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

**5.16%  13.1%**  **0.54%  5.7%**

### Company discussions: \(^\text{19}\)

#### Change Healthcare Inc. (CHNG)\(^\text{20}\)

- **Business description:**
  - Change Healthcare (“CHNG”) provides a suite of software, analytics, technology-enabled services and network solutions that drive improved results in the workflows of healthcare system payers and providers.
  - Solutions are designed to improve clinical decision making, simplify billing, collection and payment processes and enable a better patient experience and outcome. The offering is modular and can range from discrete solutions for specific geographies or departments to broad enterprise-wide solutions.
  - Company facilitated nearly 14bn transactions, $1tn in claims and distributed $150bn in payments in FY19. Customer base includes the vast majority US payers and providers.

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\(^{18}\) Reflects the Fund’s top five best and worst performing holdings based on contribution to return for Q2 2020. 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 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. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities listed.

\(^{19}\) In this Company Discussions section, references to individual securities are for informational purposes only and should not be construed as recommendations by the Fund, the portfolio manager, 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.

\(^{20}\) Company SEC Filings, Investor Relations website (http://ir.interdigital.com/), and FPA estimates.

**Past performance is no guarantee, nor is it indicative, of future results.** Please see Important Disclosures at the end of this Commentary.
including 2,200 government and commercial payers, 900,000 physicians (90% of active US physicians), 118,000 dentists (59% of active US dentists), 33,000 pharmacies (50% of US pharmacies), 5,500 hospitals (89% of total) and 600 labs. The network reaches 112mm unique patents, or 34% of US population.

- Why we like the business:
  - 100% customer retention rate in FY19 with 88% of revenues recurring.
  - Company grows with medical billings in dollars and number of transactions, share gain and additional solutions.

- Why we had an opportunity to invest:
  - Company’s leverage of 4.6x was elevated versus many companies on the market. Yet Company had no liquidity issues or close covenants and in a space where companies trade at 10-12x EBITDA, a company with 88% recurring revenues (including volume-based) should be able to handle 4.6x leverage and reduce leverage within one or two years.
  - COVID-19 has so far resulted in reduced medical billings for a time as hospitals, practitioners and consumers postpone non-emergency visits. We believe COVID-19 treatments will make up for part of the difference and elective procedures will eventually return. In the meantime, management is working on improved cost structure that should benefit us beyond COVID-19.
  - Company has multiple divisions and they never seem to all perform well at any given time resulting in poor growth. We believe that between a divestiture and investment, the Company is taking the right steps in addressing the performance and will show both growth and margin improvement.

- Thesis:
  - Sell-off caused by COVID-19 provided an attractive entry point to a leading and essential service provider to the national healthcare industry. We believe the disruption is temporary.
  - Over time, as company demonstrates improving growth with strong contribution margins, we think its multiples should go back to 10-12x.

- Key Performance Indicators (KPIs)
  - Revenue growth, EBITDA margin, FCF, Leverage and Capital allocation.
  - Overall healthcare spend and focus on medical waste.

**InterDigital, Inc. (IDCC):**

- Business description:
  - InterDigital monetizes IP in the wireless tech space. The Company is not a basic patent portfolio manager or a patent troll but, rather, is an inventor of patents with 290 engineers worldwide. IDCC spends significant sums on research and development and files patents on technology considered essential for the wireless device industry. In turn, it demands licensing revenues for its 31,000+ patents.
  - On 03/01/2018, IDCC purchased Technicolor’s portfolio of 21k+ patents (deal closed in July 2018).

- Why we like the business:
  - There has been tremendous growth in wireless communication (and expected to continue) yet it is hard to predict future market share of any individual company, but it is also hard to disagree with the growth of wireless communication.
  - The big two – Apple and Samsung – are under contract (+ many more). Signed first Chinese OEM (ZTE) in Q3’19 followed by Huawei in Q2’20.
  - Future growth opportunities: 5G, Internet of Things (IoT), Video, and Artificial Intelligence (AI).

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21 InterDigital Investor Relations website; http://ir.interdigital.com/
Operating leverage: recurring revenue has been increasing at a greater pace than operating expenses.
- Strong balance sheet and a history of wise capital allocation.

- Why we had an opportunity to invest:
  - Huawei agreement expired at the end of 2018 and the company has been negotiating with them since. The lost revenues were significant. Then COVID-19 happened, so the announcement that Huawei agreement was done in April 2020 went largely unrewarded.
  - IDCC decreased their share count from 45mm at the end of 2010 to 35.5mm today. Net cash makes up more than 30%+ of the company’s market cap.
  - A potential new revenue stream – IoT that has not materialized yet.

- Thesis:
  - We believe that the use of wireless connected devices will continue to grow and we want to invest in a company that supplies its technology to all the players. In essence, IDCC is a backdoor way to participate in the growth of mobile communications. In addition, the company has expanded into video and other markets as a way to further monetize its patent portfolio, which we believe will bear fruit.

- KPIs
  - Recurring revenues minus cash costs → is the company continuing to generate strong free cashflow?
  - Contract signings and renewals.
  - New patent applications and approvals.

Conclusion:

As of June 30, the total number of coronavirus cases in the world was believed to be over 10mm with over 500,000 deaths. The United States reportedly made up more than 25% of both numbers. Unfortunately, by the time this letter is published the numbers are expected to be higher. Some developed countries seem to have bent the curve (at least for the time being), but most developing/emerging nations still are seeing increasing case counts. It is sad to see the United States among those that are failing their citizens. Europe and the US had the same trajectory during the beginning of the crisis but have diverged greatly as of late.

Covid-19 Case Count

Source: 361 Capital; Data from Macrobond and Nordea; As of June 30, 2020; https://361capital.com/weekly-briefing/so-close/
I do not believe that we will have a “V-shaped recovery.” With central banks continuing to pump a tremendous amount of money, we might experience some improvement from the bottom but we are not convinced that the path to recovery will be smooth. Extreme caution ahead!

I will end this letter in the same way I did our last letter: Our sincere gratitude and appreciation to all, who have been fighting or helping us during the pandemic.

Thank you for your support and the trust you placed in me over the past ten years.

Sincerely,

Arik Ahitov

Important Disclosures

This update is for informational and discussion purposes only and does not constitute, and should not be construed as, an offer or solicitation for the purchase or sale with respect to any securities, products or services discussed, and neither does it provide investment advice. Any such offer or solicitation shall only be made pursuant to the Fund’s Prospectus, which supersedes the information contained herein in its entirety.

The views expressed herein and any forward-looking statements are as of the date of the 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. You should not construe the contents of this document as legal, tax, accounting, investment or other advice or recommendations.

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 manager, 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.

The statements made herein may be forward-looking and/or based on current expectations, projections, and/or information currently available. Actual results may differ from those anticipated. The portfolio managers and/or FPA cannot assure future results and disclaims any obligation to update or alter any statistical data and/or references thereto, as well as any forward-looking statements, whether as a result of new information, future events, or otherwise. Such statements may or may not be accurate over the long-term.

Investments, including 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; 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.

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.

Value stocks, including those selected by the Fund’s portfolio manager, are subject to the risk that their intrinsic value may never be realized by the market and that their prices may go down. Securities selected by the portfolio manager using a value strategy may never reach their intrinsic value because the market fails to recognize what the portfolio manager considers to be the true business value or because the portfolio manager 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.
Definitions

The **US Fund Mid-Cap Value Morningstar Category** is comprised of mid-cap value portfolios that focus on medium-size companies or own a mix of small-, mid-, and large-cap stocks. All look for U.S. stocks that are less expensive or growing more slowly than the market. The U.S. mid-cap range for market capitalization typically falls between $1 billion and $8 billion and represents 20% of the total capitalization of the U.S. equity market. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).

**Morningstar Percentile Rankings** are based on the total return percentile rank within each Morningstar Category and do not account for a fund’s sales charge (if applicable). The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. Historical percentile ranks are based on a snapshot of the funds as they were at the time of the calculation. Percentile ranks within categories are most useful in those groups that have a large number of funds. For small universes, funds will be ranked at the highest percentage possible. For instance, if there are only two specialty-modality funds with 10-year average total returns, Morningstar will assign a percentile rank of 1 to the top-performing fund, and the second fund will earn a percentile rank of 51 (indicating the fund underperformed 50% of the sample).

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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. The Fund does not include outperformance of any index or benchmark in its investment objectives. An investor cannot invest directly in an index.

The **Russell 2500 TR USD Index** consists of the 2,500 smallest companies in the Russell 3000 total capitalization universe offers investors access to the small to mid-cap segment of the U.S. equity universe, commonly referred to as “smid” cap.

The **Standard & Poor’s 500 Stock Index** (S&P 500) is a capitalization-weighted index which covers industrial, utility, transportation and financial service companies, and represents approximately 75% of the New York Stock Exchange (NYSE) capitalization and 30% of NYSE issues. The S&P 500 is considered a measure of large capitalization stock performance.

**Cyclically Adjusted P/E** is a price earnings ratio based on average inflation-adjusted earnings from the previous 10 years.

**Dividend Yield** is the ratio of a company’s annual dividend compared to its share price.

**Equity Risk Premium (ERP)** is a long-term prediction of how much the stock market will outperform risk-free debt instruments. This can be done by taking the estimated expected returns on stocks and subtracting them from the estimated expected return on risk-free bonds.

**EV/EBITDA** is a ratio that compares a company's Enterprise Value. It looks at the entire market value rather than just the equity value, so all ownership interests and asset claims from both debt and equity are included. (EV) to its Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA).

**Enterprise value-to-sales (EV/Sales)** is a valuation measure that compares the enterprise value (EV) of a company to its annual sales. EV-to-sales gives investors a quantifiable metric of how much it costs to purchase the company’s sales.
High Yield YTM is the total return anticipated on a high yield bond if the bond is held until it matures. Yield to maturity is considered a long-term bond yield but is expressed as an annual rate.

High Yield Spread is the percentage difference in current yields of various classes of high-yield bonds compared against investment-grade corporate bonds, Treasury bonds, or another benchmark bond measure. Spreads are often expressed as a difference in percentage points or basis points. The high-yield bond spread is also referred to as credit spread.

Investment Grade Spread is the difference in yield between a U.S. Treasury bond and an investment grade bond of the same maturity.

Price/Earnings ratio (P/E) is the price of a stock divided by its earnings per share.

Price-to-book (P/BV or Price/Book) is a ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share.

Nominal 10-Year Treasury rate is the yield on a 10-year Treasury note without adjusting for the effect of inflation.

NTM Free Cash Flow is the cash a company generates after accounting for cash outflows to support operations and maintain its capital assets over the next twelve months (NTM).

NTM/PE is a forward-looking price to earnings ratio (P/E) over the next twelve months (NTM).

Real 10-year Treasury rate is the yield on a 10-year Treasury note that is adjusted for the effect of inflation.

Return on invested capital (ROIC) is a calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments.

*The Fund is distributed by UMB Distribution Services, LLC, 235 W. Galena Street, Milwaukee, WI, 53212.*
# FPA Capital Fund, Inc.

## Portfolio Holdings

**6/30/2020**

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<tr>
<th>Ticker</th>
<th>Principal/Shares</th>
<th>Security</th>
<th>Coupon Rate (%)</th>
<th>Maturity Date</th>
<th>Mkt Price ($)</th>
<th>Mkt Value ($)</th>
<th>% of Net Asset Value</th>
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<tr>
<td><strong>COMMON STOCK (LONG)</strong></td>
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<td>437,888</td>
<td>INVESTORS BANCORP INC</td>
<td>8.50</td>
<td>3,717,798</td>
<td>1.9%</td>
<td></td>
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<tr>
<td>MKSI</td>
<td>18,635</td>
<td>MKS INSTRUMENTS INC</td>
<td>113.24</td>
<td>2,110,227</td>
<td>1.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NBL</td>
<td>601,419</td>
<td>NOBLE ENERGY INC</td>
<td>8.96</td>
<td>5,388,714</td>
<td>2.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OIS</td>
<td>37,406</td>
<td>OSKOSH CORP</td>
<td>71.62</td>
<td>2,679,018</td>
<td>1.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SAIC</td>
<td>79,232</td>
<td>SCIENCE APPLICATIONS INTL</td>
<td>77.68</td>
<td>6,154,742</td>
<td>3.1%</td>
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<tr>
<td>THS</td>
<td>110,109</td>
<td>TREEHOUSE FOODS INC</td>
<td>43.80</td>
<td>4,822,774</td>
<td>2.4%</td>
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<tr>
<td>MTN</td>
<td>10,792</td>
<td>VAIL RESORTS INC</td>
<td>182.15</td>
<td>1,965,763</td>
<td>1.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VNOM</td>
<td>161,406</td>
<td>VIPER ENERGY PARTNERS LP</td>
<td>10.36</td>
<td>1,672,166</td>
<td>0.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VG</td>
<td>1,024,988</td>
<td>VONAGE HOLDINGS CORP</td>
<td>10.06</td>
<td>10,311,379</td>
<td>5.1%</td>
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<td></td>
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<tr>
<td>WDC</td>
<td>101,511</td>
<td>WESTERN DIGITAL CORP</td>
<td>44.15</td>
<td>4,481,711</td>
<td>2.2%</td>
<td></td>
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</tr>
</tbody>
</table>

**TOTAL COMMON STOCK (LONG)**

109,927,926 **54.9%**

**TOTAL INVESTMENT SECURITIES**

109,927,926 **54.9%**

**U.S. GOVERNMENT AND AGENCIES (SHORT-TERM)**

<table>
<thead>
<tr>
<th>Ticker</th>
<th>Principal/Shares</th>
<th>Security</th>
<th>Coupon Rate (%)</th>
<th>Maturity Date</th>
<th>Mkt Price ($)</th>
<th>Mkt Value ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>12,500,000</td>
<td>UNITED STATES TREASURY BILL</td>
<td>0.175</td>
<td>01/28/2021</td>
<td>99.90</td>
<td>12,487,594</td>
<td>6.2%</td>
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<tr>
<td>10,000,000</td>
<td>UNITED STATES TREASURY BILL</td>
<td>0.165</td>
<td>12/31/2020</td>
<td>99.92</td>
<td>9,991,557</td>
<td>5.0%</td>
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<tr>
<td>10,000,000</td>
<td>UNITED STATES TREASURY NOTE/BOND</td>
<td>1.375</td>
<td>08/31/2020</td>
<td>100.21</td>
<td>10,020,842</td>
<td>5.0%</td>
</tr>
<tr>
<td>6,500,000</td>
<td>UNITED STATES TREASURY NOTE/BOND</td>
<td>2.750</td>
<td>11/30/2020</td>
<td>101.07</td>
<td>6,589,666</td>
<td>3.3%</td>
</tr>
<tr>
<td>7,500,000</td>
<td>UNITED STATES TREASURY NOTE/BOND</td>
<td>1.375</td>
<td>09/30/2020</td>
<td>100.31</td>
<td>7,523,150</td>
<td>3.8%</td>
</tr>
<tr>
<td>12,500,000</td>
<td>UNITED STATES TREASURY NOTE/BOND</td>
<td>1.625</td>
<td>07/31/2020</td>
<td>100.12</td>
<td>12,515,479</td>
<td>6.2%</td>
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<tr>
<td>10,000,000</td>
<td>UNITED STATES TREASURY NOTE/BOND</td>
<td>1.625</td>
<td>10/15/2020</td>
<td>100.44</td>
<td>10,043,503</td>
<td>5.0%</td>
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**TOTAL U.S. GOVERNMENT AND AGENCIES (SHORT-TERM)**

69,151,790 **34.5%**

**REPURCHASE AGREEMENTS**

<table>
<thead>
<tr>
<th>Ticker</th>
<th>Principal/Shares</th>
<th>Security</th>
<th>Coupon Rate (%)</th>
<th>Maturity Date</th>
<th>Mkt Price ($)</th>
<th>Mkt Value ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>21,463,000</td>
<td>STATE STREET BANK/FICC REPO</td>
<td>0.000</td>
<td>07/01/2020</td>
<td>21,463,000</td>
<td>10.7%</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL REPURCHASE AGREEMENTS**

21,463,000 **10.7%**

**CASH & EQUIVALENTS**

(176,866) **-0.1%**

**TOTAL CASH & EQUIVALENTS**

90,437,925 **45.1%**

**TOTAL NET ASSETS**

200,365,851 **100.0%**

**NUMBER OF LONG EQUITY POSITIONS**

22

**NUMBER OF LONG FIXED INCOME CREDIT POSITIONS**

7

* Indicates foreign security.
FPA Capital Fund, Inc.  
Portfolio Holdings  

<table>
<thead>
<tr>
<th>TIKER</th>
<th>PRINCIPAL/SHARES</th>
<th>SECURITY</th>
<th>COUPON RATE (%)</th>
<th>MATURITY DATE</th>
<th>MKT PRICE ($)</th>
<th>MKT VALUE ($)</th>
<th>% OF NET ASSET VALUE</th>
</tr>
</thead>
</table>

Portfolio Holding Disclosures

You should consider the FPA Capital Fund, Inc.'s ("Fund") 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 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.

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 manager, FPA, or the distributor.

Investments, including investment 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 (ADR)s and other depository receipts, which are subject to interest rate, currency exchange rate, economic and political risks; this may be enhanced when investing in emerging markets. 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.

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. Small and mid-cap stocks involve greater risks and they can fluctuate in price more than larger company stocks.

The return of principal in a bond investment is not guaranteed. Bonds have issuer, interest rate, inflation and credit risks. Lower rated bonds, callable bonds and other types of debt obligations involve greater risks. Interest rate risk is when interest rates go up, the value of fixed income securities, such as bonds, typically go down and investors may lose principal value. Credit risk is the risk of loss of principle due to the issuer's failure to repay a loan. Generally, the lower the quality rating of a security, the greater the risk that the issuer will fail to pay interest fully and return principal in a timely manner. If an issuer defaults the security may lose some or all its value.

Please refer to the Fund's Prospectus for a complete overview of the primary risks associated with the Fund.

The Fund is distributed by UMB Distribution Services, LLC, 235 W. Galena Street, Milwaukee, WI, 53212.