



## June 16, 2017 FPA Capital Fund, Inc. Update

A new investment consultant to a large shareholder of FPA Capital Fund, Inc. (the “Fund”) recently removed the Fund and two others from the shareholder’s investment line-up as previously publicized on their website<sup>1</sup>. All of their investment was redeemed from the Fund as of June 2, 2017. A large portion of the request was structured as a redemption “in-kind”, providing the shareholder with securities rather than all cash. The in-kind redemption allowed the Fund to reduce its potential capital gain exposure from approximately 20% of net asset value (“NAV”) before the redemption to approximately 10% of NAV after the redemption. Specifically, unrealized capital gains exposure was reduced by almost \$97 million, or the equivalent of more than \$6.00 per share.

### About FPA

FPA, a Los Angeles-based institutional money management firm, employs a disciplined approach to value investing, prudently seeking superior long-term returns while maintaining a focus on capital preservation.

FPA currently manages approximately \$30 billion across multiple strategies.

For questions, please contact:

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**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 fund literature tab on this website, by email at [crm@fpafunds.com](mailto: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. It is important to remember that there are risks inherent in any investment and there is no assurance that any investment or asset class will provide positive performance over time. The return of principal in a bond fund is not guaranteed. Bond funds have the same issuer, interest rate, inflation and credit risks that are associated with underlying bonds owned by the fund. Lower rated bonds, convertible securities and other types of debt obligations involve greater risks than higher rated bonds. Mortgage securities and collateralized mortgage obligations are subject to prepayment risk and the risk of default on the underlying mortgages or other assets; such derivatives may increase volatility. Convertible securities are generally not investment grade and are subject to greater credit risk than higher-rated investments. High yield securities can be volatile and subject to much higher instances of default. The Fund may experience increased costs, losses and delays in liquidating underlying securities should the seller of a repurchase agreement declare bankruptcy or default.

Please consult your tax advisor regarding higher capital gains distributions due to the redemption.

The FPA Funds are distributed by UMB Distribution Services, LLC.

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<sup>1</sup> [https://www.ohio457.org/iApp/tcm/ohio457/learning/news/2017/investment\\_changes.jsp](https://www.ohio457.org/iApp/tcm/ohio457/learning/news/2017/investment_changes.jsp)