

SECURITIES AND EXCHANGE COMMISSION

FORM N-Q

Quarterly schedule of portfolio holdings of registered management investment company filed on
Form N-Q

Filing Date: **2008-08-29** | Period of Report: **2008-06-30**
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FILER

FPA FUNDS TRUST

CIK: **924727** | IRS No.: **043236699** | State of Incorpor.: **MA** | Fiscal Year End: **1031**
Type: **N-Q** | Act: **40** | File No.: **811-08544** | Film No.: **081047965**

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-8544

FPA Funds Trust

(Exact name of registrant as specified in charter)

11400 West Olympic Boulevard, Suite 1200, Los Angeles, California 90064
(Address of principal executive offices) (Zip code)

J. Richard Atwood, Treasurer, FPA Funds Trust,
11400 West Olympic Boulevard, Suite 1200, Los Angeles, California 90064
(Name and address of agent for service)

Registrant's telephone number, including area code: (310) 473-0225

Date of fiscal year end: March 31

Date of reporting period: June 30, 2008

ITEM 1. Schedule of Investments.

FPA Funds Trust's FPA Crescent Fund
Portfolio of Investments
June 30, 2008 (unaudited)

| COMMON STOCKS – LONG | Shares or Principal Amount | Value |
|--------------------------------------|---|-----------------------|
| ENERGY – 19.9% | | |
| Chevron Corporation | 275,000 | \$ 27,260,750 |
| ConocoPhillips† | 878,300 | 82,902,737 |
| ENSCO International Incorporated† | 929,200 | 75,023,608 |
| Patterson-UTI Energy, Inc. | 1,000,000 | 36,040,000 |
| Plains Exploration & Production Co.* | 130,000 | 9,486,100 |
| Rowan Companies, Inc. | 730,000 | 34,127,500 |
| | | <u>\$ 264,840,695</u> |
| RETAILING – 6.3% | | |

| | | | |
|----------------------------|-----------|----|------------|
| Charming Shoppes, Inc. * | 2,031,000 | \$ | 9,322,290 |
| Circuit City Stores, Inc.* | 1,558,900 | | 4,505,221 |
| Foot Locker, Inc. | 1,384,500 | | 17,237,025 |
| Lowe' s Companies, Inc. | 613,300 | | 12,725,975 |
| Wal-Mart Stores, Inc. | 495,400 | | 27,841,480 |
| Zale Corporation* | 650,000 | | 12,278,500 |
| | | \$ | 83,910,491 |

HEALTH CARE – 6.1%

| | | | |
|-------------------|---------|----|------------|
| Amgen Inc. * | 456,600 | \$ | 21,533,256 |
| Covidien Ltd. | 791,900 | | 37,924,091 |
| Omnicare, Inc. | 446,000 | | 11,694,120 |
| WellPoint, Inc. * | 212,500 | | 10,127,750 |
| | | \$ | 81,279,217 |

FINANCIAL SERVICES – 5.5%

| | | | |
|------------------------------|-----------|----|------------|
| Assurant, Inc.† | 770,000 | \$ | 50,789,200 |
| Criteria CaixaCorp, S.A. | 700,000 | | 4,200,000 |
| Discover Financial Services | 1,023,000 | | 13,472,910 |
| Interactive Data Corporation | 175,000 | | 4,397,750 |
| | | \$ | 72,859,860 |

AUTOMOTIVE – 4.4%

| | | | |
|-------------------------------------|---------|----|------------|
| Group 1 Automotive, Inc. | 936,800 | \$ | 18,614,216 |
| Magna International Inc. (Class A)† | 299,200 | | 17,724,608 |
| Navistar International Corporation* | 345,500 | | 22,740,810 |
| | | \$ | 59,079,634 |

INDUSTRIAL PRODUCTS – 2.9%

| | | | |
|--------------------------|---------|----|------------|
| AGCO Corporation* | 256,500 | \$ | 13,443,165 |
| Cymer, Inc.* | 262,900 | | 7,066,752 |
| Owens Corning* | 200,000 | | 4,550,000 |
| Trinity Industries, Inc. | 375,150 | | 13,013,953 |
| | | \$ | 38,073,870 |

UTILITIES – 2.9%

| | | | |
|-----------------------|-----------|----|------------|
| PG&E Corporation | 160,000 | \$ | 6,350,400 |
| Reliant Energy, Inc.* | 1,489,600 | | 31,683,792 |
| | | \$ | 38,034,192 |

SERVICE – 2.7%

| | | | |
|--------------------------|---------|----|------------|
| Brink' s Company, The | 257,500 | \$ | 16,845,650 |
| G&K Services, Inc. | 306,600 | | 9,339,036 |
| Oesterreichische Post AG | 250,000 | | 9,525,000 |
| | | \$ | 35,709,686 |

CONSUMER NON-DURABLE GOODS – 2.3%

| | | | |
|---|---------|----|------------|
| Koninklijke Philips Electronics N.V. | 845,000 | \$ | 28,561,000 |
| WestPoint International, Inc.*‡(1) | 167,161 | | 1,877,218 |
| WestPoint International, Inc. (rights)*‡(1) | 149,230 | | 367,106 |
| | | \$ | 30,805,324 |

INVESTMENT COMPANIES – 1.1%

| | | | |
|--------------------------|-----------|----|------------|
| Ares Capital Corporation | 1,408,709 | \$ | 14,199,787 |
|--------------------------|-----------|----|------------|

MULTI-INDUSTRY – 1.0%

| | | | |
|------------------|---------|----|-------------------|
| Onex Corporation | 441,400 | \$ | <u>12,950,676</u> |
|------------------|---------|----|-------------------|

REAL ESTATE – 0.9%

| | | | |
|--------------|---------|----|-------------------|
| Ventas, Inc. | 280,000 | \$ | <u>11,919,600</u> |
|--------------|---------|----|-------------------|

| | | | |
|---|--|----|--------------------|
| TOTAL COMMON STOCKS – 56.0% (Cost \$555,572,011) | | \$ | <u>743,663,032</u> |
|---|--|----|--------------------|

PREFERRED STOCK – 0.6% (Cost \$11,064,370)

| | | | |
|---|---------|----|------------------|
| General Motors Corporation (Series B) – 5.25% | 601,200 | \$ | <u>8,236,440</u> |
|---|---------|----|------------------|

BONDS & DEBENTURES**SHORT-TERM U.S. GOVERNMENT & AGENCIES – 15.7%**

| | | | | |
|---|----|------------|----|------------|
| Federal Home Loan Bank (Discount Note) – 2.18% 08/27/08 | \$ | 20,000,000 | \$ | 19,933,400 |
|---|----|------------|----|------------|

| | | | | |
|---|--|------------|--|------------|
| Federal Home Loan Bank – 2.45% 09/19/08 | | 21,405,000 | | 21,366,043 |
|---|--|------------|--|------------|

| | | | | |
|--|--|------------|--|------------|
| Federal Home Loan Bank – 4.5% 10/28/08 | | 66,500,000 | | 66,769,325 |
|--|--|------------|--|------------|

| | | | | |
|-------------------------------------|--|-------------|--|-------------------|
| U.S. Treasury Bill – 1.95% 09/11/08 | | 100,000,000 | | <u>99,666,000</u> |
|-------------------------------------|--|-------------|--|-------------------|

| | | |
|--|----|--------------------|
| | \$ | <u>207,734,768</u> |
|--|----|--------------------|

CORPORATE BONDS & DEBENTURES – 5.6%

| | | | | |
|----------------------------|----|-----------|----|-----------|
| B&G Foods, Inc. – 12% 2016 | \$ | 3,645,000 | \$ | 3,645,000 |
|----------------------------|----|-----------|----|-----------|

| | | | | |
|--|---|------------|--|------------|
| Castle Holdco 4, Ltd. – 8.65% 2014 (floating rate) | £ | 15,500,000 | | 16,364,900 |
|--|---|------------|--|------------|

| | | | | |
|-------------------------------------|---|-----------|--|-----------|
| Castle Holdco 4, Ltd. – 9.875% 2015 | £ | 5,500,000 | | 3,615,700 |
|-------------------------------------|---|-----------|--|-----------|

| | | | | |
|--|----|---------|--|---------|
| Dynergy-Roseton Danskamme – 7.27% 2010 | \$ | 811,496 | | 821,648 |
|--|----|---------|--|---------|

| | | | | |
|---|--|-----------|--|-----------|
| First Data Corporation Term Loan B2 – 5.35% 2014 (floating rate)‡ | | 4,975,000 | | 4,564,562 |
|---|--|-----------|--|-----------|

| | | | | |
|-------------------------------------|--|-----------|--|---------|
| Sally Holdings LLC – 9.25% 11/15/14 | | 1,000,000 | | 965,000 |
|-------------------------------------|--|-----------|--|---------|

| | | | | |
|-------------------------------------|--|------------|--|------------|
| Sally Holdings LLC – 10.5% 11/15/16 | | 24,000,000 | | 22,920,000 |
|-------------------------------------|--|------------|--|------------|

| | | | | |
|--|--|-----------|--|-----------|
| Tenet Healthcare Corporation – 9.875% 2014 | | 8,000,000 | | 8,119,600 |
|--|--|-----------|--|-----------|

| | | | | |
|--|--|-----------|--|-----------|
| Thermadyne Holdings Corporation – 10.5% 2014 | | 5,000,000 | | 4,775,000 |
|--|--|-----------|--|-----------|

| | | | | |
|--|--|-----------|--|------------------|
| Valassis Communications, Inc. – 8.25% 2015 | | 9,990,000 | | <u>9,090,900</u> |
|--|--|-----------|--|------------------|

| | | |
|--|----|-------------------|
| | \$ | <u>74,882,310</u> |
|--|----|-------------------|

U.S. GOVERNMENT & AGENCIES – 5.6%

| | | | | |
|--|----|------------|----|------------|
| Federal Home Loan Mortgage Corporation – 5% 2018 | \$ | 11,256,294 | \$ | 11,373,134 |
|--|----|------------|----|------------|

| | | | | |
|---|--|--------|--|--------|
| Federal National Mortgage Association – 7.5% 2028 | | 91,492 | | 97,536 |
|---|--|--------|--|--------|

| | | | | |
|-----------------------------------|--|------------|--|------------|
| U.S. Treasury Note – 3.875% 2010† | | 15,000,000 | | 15,377,344 |
|-----------------------------------|--|------------|--|------------|

| | | | | |
|-----------------------------------|--|------------|--|------------|
| U.S. Treasury Note – 4.375% 2010† | | 40,000,000 | | 41,556,250 |
|-----------------------------------|--|------------|--|------------|

| | | | | |
|--|--|-----------|--|------------------|
| U.S. Treasury Inflation-Indexed Notes – 3.375% 2012† | | 5,443,155 | | <u>6,011,710</u> |
|--|--|-----------|--|------------------|

| | | |
|--|----|-------------------|
| | \$ | <u>74,415,974</u> |
|--|----|-------------------|

CONVERTIBLE DEBENTURE – 0.4%

| | | | | |
|---|----|-----------|----|------------------|
| General Growth Properties, Inc. – 3.98% 2027‡ | \$ | 7,000,000 | \$ | <u>5,486,250</u> |
|---|----|-----------|----|------------------|

| | | | | |
|--|--|--|----|--------------------|
| TOTAL BONDS & DEBENTURES – 27.3% (Cost \$372,440,261) | | | \$ | <u>362,519,302</u> |
|--|--|--|----|--------------------|

| | | | | |
|---|--|--|----|----------------------|
| TOTAL INVESTMENT SECURITIES – 83.9% (Cost \$939,076,642) | | | \$ | <u>1,114,418,774</u> |
|---|--|--|----|----------------------|

SHORT-TERM INVESTMENTS – 19.7%

| | | | | |
|--|----|------------|----|------------|
| Federal Farm Credit Bank (Discount Note) – 2% 07/01/08 | \$ | 55,889,000 | \$ | 55,889,000 |
|--|----|------------|----|------------|

| | | | | |
|---|--|------------|--|------------|
| Federal Farm Credit Bank (Discount Note) – 2.05% 07/07/08 | | 46,543,000 | | 46,527,098 |
|---|--|------------|--|------------|

| | | | | |
|---|--|------------|--|------------|
| General Electric Capital Services, Inc. – 2.1% 07/07/08 | | 55,000,000 | | 54,980,750 |
|---|--|------------|--|------------|

| | | | | |
|---|--|------------|--|------------|
| Toyota Motor Credit Corporation – 2.1% 07/11/08 | | 45,000,000 | | 44,973,750 |
|---|--|------------|--|------------|

| | | | | |
|--|--|------------|--|-------------------|
| Federal Home Loan Bank (Discount Note) – 2.2% 07/18/08 | | 60,000,000 | | <u>59,944,345</u> |
|--|--|------------|--|-------------------|

| | | |
|---|-----------|-------------------------|
| TOTAL SHORT-TERM INVESTMENTS (Cost \$262,314,943) | | \$ 262,314,943 |
| TOTAL INVESTMENTS – 103.6% (Cost \$1,201,391,585) | | \$ 1,376,733,717 |
| COMMON STOCKS – SHORT – (5.7)% (Proceeds \$97,010,996) | | |
| Alliance Data Systems Corporation* | (19,800) | \$ (1,119,690) |
| Allied Capital Corporation | (239,400) | (3,325,266) |
| American Capital Strategies, Ltd. | (89,200) | (2,120,284) |
| Apollo Group, Inc.* | (39,400) | (1,743,844) |
| <hr/> | | |
| Apollo Investment Corporation | (420,400) | (6,024,332) |
| AutoNation, Inc.* | (234,400) | (2,348,688) |
| Banco Bilbao Vizcaya Argentaria, S.A. (ADR) | (426,800) | (8,096,396) |
| Banco Popular Espanol, S.A. | (271,100) | (3,752,024) |
| Barclays plc (ADR) | (47,500) | (1,099,625) |
| BJ' s Wholesale Club, Inc.* | (71,000) | (2,747,700) |
| Brunswick Corporation | (157,000) | (1,664,200) |
| Capital One Financial Corporation | (153,000) | (5,815,530) |
| General Motors Corporation | (70,100) | (806,150) |
| Guess?, Inc. | (102,000) | (3,819,900) |
| Jarden Corporation* | (102,900) | (1,876,896) |
| Landry' s Restaurants, Inc. | (124,900) | (2,244,453) |
| Lehman Brothers Holdings Inc. | (44,500) | (881,545) |
| LG Philips LCD Co., Ltd. (ADR)* | (52,200) | (975,096) |
| LUKOIL OAO (ADR) | (61,900) | (6,103,340) |
| Marvel Enterprises, Inc.* | (102,600) | (3,297,564) |
| PharMerica Corporation* | (351,800) | (7,947,162) |
| Taiwan Semiconductor Manufacturing Company Limited (ADR) | (288,030) | (3,142,407) |
| TCF Financial Corporation | (156,900) | (1,887,507) |
| VistaPrint Limited* | (91,900) | (2,459,244) |
| West Marine, Inc.* | (115,000) | (471,500) |
| TOTAL COMMON STOCKS SHORT | | \$ (75,770,343) |
| Other assets less liabilities, net – 2.1% | | \$ 27,545,384 |
| TOTAL NET ASSETS – 100.0% – Note 2 | | \$ 1,328,508,758 |

† Security segregated as collateral for common stocks sold short.

* Non-income producing securities

‡ Restricted securities. These securities constituted 0.9% of total net assets at June 30, 2008.

(1) The WestPoint International, Inc. equity holding (stock and rights) is illiquid and has been valued by the Board of Trustees in accordance with the Fund' s fair value procedures.

NOTE 1 – Disclosure of Fair Value Measurements

The Fund adopted Statement of Financial Accounting Standards No. 157 (FAS 157), Fair Value Measurements, on April 1, 2008. FAS 157 requires the Fund to classify its assets based on valuation method, using three levels. Level 1 investment securities are valued based on quoted market prices in active markets for identical assets. Level 2 investment securities are valued based on significant observable market inputs, such as quoted prices for similar assets and quoted prices in inactive markets or other market observable inputs. Level 3 investment securities are valued using significant unobservable inputs that reflect the Fund's determination of assumptions that market participants might reasonably use in valuing the assets. The valuation levels are not necessarily an indication of the risk associated with investing in those securities. The following table presents the valuation levels of the Fund's investments as of June 30, 2008:

| <u>Investment Securities Long</u> | |
|---|-------------------------|
| Level 1 - Quoted prices | \$ 940,456,614 |
| Level 2 - Other significant observable inputs** | 434,032,779 |
| Level 3 - Significant unobservable inputs | 2,244,324 |
| Total investments long | \$ 1,376,733,717 |

** Includes \$262,314,943 of short-term investments with maturities of 60 days or less that are valued at amortized cost.

The following table summarizes the Fund's Level 3 long investment securities and related transactions during the three months ended June 30, 2008:

| | |
|--|---------------------|
| Beginning value at 4/1/08 | \$ 2,243,212 |
| Net unrealized appreciation (depreciation) | 1,112 |
| Ending value at 6/30/08 | \$ 2,244,324 |

| <u>Common Stocks Short</u> | |
|---|------------------------|
| Level 1 - Quoted prices | \$ (75,770,343) |
| Level 2 - Other significant observable inputs | - |
| Level 3 - Significant unobservable inputs | - |
| Total common stocks short | \$ (75,770,343) |

NOTE 2 - Federal Income Tax

The aggregate cost of investments and proceeds from securities sold short was \$843,154,031 for Federal income tax purposes. Net unrealized appreciation consists of:

| | |
|-------------------------------------|-----------------------|
| Gross unrealized appreciation: | \$ 460,069,371 |
| Gross unrealized depreciation: | (264,574,972) |
| Net unrealized appreciation: | \$ 195,494,399 |

ITEM 2. CONTROLS AND PROCEDURES.

- (a) The principal executive officer and principal financial officer of the registrant have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) are effective based on their evaluation of the disclosure controls and procedures as of a date within 90 days of the filing date of this report.
- (b) There have been no significant changes in the registrant's internal controls over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal controls over financial reporting.

ITEM 3. EXHIBITS.

- (a) Separate certification for the registrant's principal executive officer and principal financial officer, as required by Rule 30a-2(a) under the Investment Company Act of 1940. Attached hereto.
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FPA FUNDS TRUST S FPA CRESCENT FUND

By: /s/ STEVEN T. ROMICK

Steven T. Romick, President
(Principal Executive Officer)

Date: August 29, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

FPA FUNDS TRUST S FPA CRESCENT FUND

By: /s/ STEVEN T. ROMICK

Steven T. Romick, President
(Principal Executive Officer)

Date: August 29, 2008

By: /s/ J. RICHARD ATWOOD

J. Richard Atwood, Treasurer
(Principal Financial Officer)

Date: August 29, 2008

CERTIFICATION

I, Steven T. Romick, certify that:

1. I have reviewed this report on Form N-Q of FPA Funds Trust' s FPA Crescent Fund;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the schedule of investments included in this report fairly presents in all material respects the investments of the registrant as of the end of the fiscal quarter for which the report is filed;
4. The registrant' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal controls over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report, based on such evaluation; and
 - d) Disclosed in this report any change in the registrant' s internal controls over financial reporting that occurred during the registrant' s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant' s internal controls over financial reporting; and
5. The registrant' s other certifying officer and I have disclosed to the registrant' s auditors and the audit committee of the registrant' s board of trustees (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize, and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal controls over financial reporting.

Date: August 29, 2008

/s/ STEVEN T. ROMICK

Steven T. Romick, President (Principal Executive Officer)

CERTIFICATION

I, J. Richard Atwood, certify that:

1. I have reviewed this report on Form N-Q of FPA Funds Trust' s FPA Crescent Fund;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the schedule of investments included in this report fairly presents in all material respects the investments of the registrant as of the end of the fiscal quarter for which the report is filed;
4. The registrant' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal controls over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report, based on such evaluation; and
 - d) Disclosed in this report any change in the registrant' s internal controls over financial reporting that occurred during the registrant' s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant' s internal controls over financial reporting; and
5. The registrant' s other certifying officer and I have disclosed to the registrant' s auditors and the audit committee of the registrant' s board of trustees (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize, and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal controls over financial reporting.

Date: August 29, 2008

/s/ J. RICHARD ATWOOD

J. Richard Atwood, Treasurer (Principal Financial Officer)
