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FIDUCIARY CAPITAL GROWTH FUND INC

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QUARTERLY REPORT
DECEMBER 31, 1995

FIDUCIARY
CAPITAL GROWTH
FUND, INC.

A NO-LOAD
MUTUAL FUND

FIDUCIARY
CAPITAL GROWTH
FUND, INC.

January 25, 1996

Dear Fellow Shareholder:

Our view, one year ago, that prospects for equity returns had improved, turned out to be a whopper of an understatement. We felt that interest rate declines and earnings increases would both be positives for the stock market. Interest rates declined more and earnings increased more than we anticipated. The result was the third best rise in the S&P 500 in the last fifty years. And while medium-sized and smaller company stocks under-performed the larger companies, the absolute returns were impressive. Fiduciary Capital Growth Fund increased 26.5% for the year. However, 1995 is, as they say, in the history books - or, in today's vernacular, on the Internet - and we must look ahead.

ECONOMY

The economy is growing slowly, but we see signs of weakness as we visit with companies. In the final analysis, economic growth is fueled by the consumer. Two-thirds of the Gross Domestic Product is comprised of consumer spending. This requires job growth, rising real disposable income and/or the ability of the consumer to borrow. Growth in jobs and disposable income is relatively anemic, and we remain cautious on the consumers' balance sheet. Installment debt has surpassed one trillion dollars for the first time, and stands at just over 19% of disposable personal income (Chart A). Whether this is a problem from the standpoint of the consumers' ability to service their debt is open to debate, but it certainly suggests that expanding consumer credit cannot provide much fuel for consumer spending. Consumer credit has provided a significant proportion of spending growth in the past (Chart B).

CHART A
CONSUMER INSTALLMENT DEBT AS A % OF DISPOSABLE PERSONAL INCOME

Dec 72	14.509	Sep 80	14.821	Jun 88	18.000
Mar 73	14.927	Dec 80	14.356	Sep 88	18.042

Jun 73	15.134	Mar 81	14.156	Dec 88	18.052
Sep 73	15.237	Jun 81	14.167	Mar 89	18.232
Dec 73	15.070	Sep 81	13.939	Jun 89	18.509
Mar 74	15.358	Dec 81	13.907	Sep 89	18.647
Jun 74	15.334	Mar 82	13.862	Dec 89	18.452
Sep 74	15.169	Jun 82	13.776	Mar 90	18.026
Dec 74	14.948	Sep 82	13.630	Jun 90	18.027
Mar 75	14.677	Dec 82	13.652	Sep 90	18.188
Jun 75	13.844	Mar 83	13.693	Dec 90	17.604
Sep 75	13.881	Jun 83	13.704	Mar 91	17.267
Dec 75	13.872	Sep 83	13.845	Jun 91	17.249
Mar 76	13.846	Dec 83	14.080	Sep 91	17.179
Jun 76	14.036	Mar 84	14.260	Dec 91	16.764
Sep 76	14.128	Jun 84	14.873	Mar 92	16.411
Dec 76	14.254	Sep 84	15.064	Jun 92	16.253
Mar 77	14.562	Dec 84	15.519	Sep 92	16.069
Jun 77	14.805	Mar 85	16.233	Dec 92	15.208
Sep 77	14.883	Jun 85	16.411	Mar 93	15.207
Dec 77	15.146	Sep 85	16.894	Jun 93	15.048
Mar 78	15.174	Dec 85	17.028	Sep 93	16.280
Jun 78	15.513	Mar 86	17.202	Dec 93	16.445
Sep 78	15.683	Jun 86	17.493	Mar 94	16.616
Dec 78	15.855	Sep 86	17.700	Jun 94	17.053
Mar 79	15.934	Dec 86	17.952	Sep 94	17.398
Jun 79	16.222	Mar 87	17.581	Dec 94	17.614
Sep 79	16.163	Jun 87	17.911	Mar 95	17.909
Dec 79	16.049	Sep 87	18.065	Jun 95	18.559
Mar 80	16.939	Dec 87	17.814	Sep 95	18.807
Jun 80	16.519	Mar 88	17.900		

CHART B
CONSUMER DEBT TRENDS
Percent of Spending Financed by Consumer Credit*<F1>

Dec 72	18.826	Mar 81	-1.591	Jun 89	26.528
Mar 73	22.841	Jun 81	2.589	Sep 89	26.939
Jun 73	24.927	Sep 81	6.304	Dec 89	29.664
Sep 73	26.347	Dec 81	9.673	Mar 90	16.145
Dec 73	30.275	Mar 82	11.157	Jun 90	14.997
Mar 74	27.002	Jun 82	10.695	Sep 90	14.194
Jun 74	19.603	Sep 82	9.484	Dec 90	10.637
Sep 74	15.686	Dec 82	7.347	Mar 91	3.139
Dec 74	12.930	Mar 83	8.940	Jun 91	1.837
Mar 75	6.311	Jun 83	9.100	Sep 91	-7.171
Jun 75	2.619	Sep 83	13.100	Dec 91	-8.923
Sep 75	1.143	Dec 83	18.247	Mar 92	1.812
Dec 75	2.789	Mar 84	23.092	Jun 92	-0.996
Mar 76	7.344	Jun 84	30.915	Sep 92	-1.822
Jun 76	12.557	Sep 84	38.164	Dec 92	-0.153
Sep 76	15.203	Dec 84	41.229	Mar 93	3.976
Dec 76	16.354	Mar 85	38.227	Jun 93	8.112

Mar 77	19.136	Jun 85	38.307	Sep 93	13.823
Jun 77	21.120	Sep 85	32.447	Dec 93	24.368
Sep 77	23.330	Dec 85	35.629	Mar 94	26.995
Dec 77	25.043	Mar 86	38.273	Jun 94	35.262
Mar 78	26.922	Jun 86	38.276	Sep 94	39.148
Jun 78	23.027	Sep 86	36.828	Dec 94	41.757
Sep 78	24.708	Dec 86	32.732	Mar 95	49.056
Dec 78	25.308	Mar 87	25.470	Jun 95	48.017
Mar 79	24.720	Jun 87	17.248	Sep 95	52.071
Jun 79	27.964	Sep 87	18.895		
Sep 79	23.013	Dec 87	16.665		
Dec 79	21.186	Mar 88	20.547		
Mar 80	18.566	Jun 88	22.325		
Jun 80	13.378	Sep 88	20.557		
Sep 80	5.755	Dec 88	19.322		
Dec 80	1.203	Mar 89	26.105		

*<F1>Annual $ Change in Credit as a Percent of Annual $ Change in Spending.
3 Month Moving Average

As an aside, we question the wisdom of the expanding use of credit cards backed by home equity and, the latest twist, 401K plan balances. As wonderful as the free market is, it historically has fueled excesses, and we feel, in this case, that the borrowing public is being led down the primrose path.

Inflation has been in check for some time, as wages, the primary driver of inflation, have lagged. The unanimity of thought on inflation, that there is nothing to worry about, is cause for more concern, not less. We will look for signs of changing sentiment on the wage front.

INTEREST RATES

We expect interest rates to end the year pretty much where they started, a bold forecast given the volatility in recent years. While additional cuts in the Fed Funds rate are likely, this is mostly discounted in the long term sector of the bond market. A satisfactory budget accord is also in the market; anything less could result in higher long rates.

CORPORATE EARNINGS

Over the long haul, stock prices move in line with the underlying earnings of the companies. Hence, the long-term return of about 10% per year in the S&P 500 is comprised of approximately 6% per year price change, driven by the historic 6% per year earnings growth of the S&P companies, plus an average dividend return of about 4%. Pretty simple. Over the short haul, however, stock prices reflect investor psychology and expectations as to what earnings will be. The market can, for relatively long periods, generate returns either less than (1966 to 1979) or greater than (1980-1991) the underlying profit growth. But over the last thirty years the stock price change is almost identical to the growth in earnings (Table 1).

TABLE 1

	EARNINGS GROWTH	STOCK PRICE GROWTH
1966-1979	7.80%	1.11%
1980-1991	0.57%	11.92%
1992-1995	22.80%	10.20%
1966-1995	6.70%	6.52%

So what? S&P earnings have been on a tear, increasing over 120% since the cyclical low in the 4th quarter of 1991. This is a 23% per year increase from the low (Chart C), but only a 5.5% annual increase from the last peak (Chart D). The 15-quarter expansion in earnings, through September, is about twice as long as the previous two expansions. In our view, the cyclical rebound has pretty well run its course. After-tax profit margins will approximate 6%, a 25-year high. And despite the benefits of significant corporate restructurings, the peak to peak gains thus far have actually trailed the historic average.

None of this addresses the quality of earnings issue. Large-scale write-offs have reduced depreciation and amortization charges, thus boosting reported earnings. We estimate that reported earnings growth over the past five years is roughly double the growth in cash earnings (cash flow), and about 4 times the rate of growth in sales, a clearly unsustainable pace.

If corporate earnings flatten out this year, as we expect, the stronger earnings prospects of our portfolio companies will be very important, and should result in better relative performance over the year ahead.

CHART C
STANDARD & POOR'S 500 EARNINGS

1982	15.36	1987	14.48	1992	15.97
	14.81		15.10		16.19
	14.17		14.42		17.05
	13.56		15.86		18.04
1983	12.64	1988	17.50	1993	19.06
	12.42		18.59		19.84
	12.59		21.67		19.33
	13.30		22.73		20.41
1984	14.03	1989	23.75	1994	21.89
	15.26		24.96		22.71
	16.20		25.22		25.20
	16.58		23.69		27.33
1985	16.64	1990	22.87	1995	30.65
	16.39		21.67		32.55
	15.61		21.26		34.43
	15.23		21.74		35.18
1986	14.51	1991	21.34		
	14.52		20.94		
	14.71		19.41		
	14.95		17.82		

Sources: Standard & Poor's Corporation o Copyright 1996 Crandall, Pierce & Company

CHART D
STANDARD & POOR'S 500 EARNINGS PER SHARE GROWTH
Business Cycles

Trough to Trough	Q1 1983 to Q2 1987	4.25 Years	3.6%
Peak to Peak	Q4 1984 to Q2 1989	4.5 Years	9.7%
Trough to Trough	Q2 1987 to Q4 1991	4.5 Years	2.3%
Peak to Peak	Q2 1989 to Q3 1995	6.25 Years	5.5%

Sources: Standard & Poor's Corporation; Crandall, Pierce & Company

THE STOCK MARKET

After three years of strong absolute and relative performance by medium-sized and smaller companies compared to the S&P 500, 1994 saw slight out-performance by the S&P, and 1995, an even wider spread. Last year, the S&P 500 outperformed over 85% of the domestic equity mutual funds. Investors poured money into index funds. Meanwhile, the market is expensive by most measures, except nominal p/e ratios. And adjusting for the quality of earnings issue raised above, the S&P is probably selling for over 20 times earnings. There has never been a longer period without a 10% correction in the Dow, and the modest mid-year correction of 3.3% in the Dow last year was the smallest on record. None of this suggests disaster ahead, but investor expectations should reflect the likelihood of a more difficult 1996.

Rarely do cautionary admonitions come to pass as rapidly as the unraveling of the technology sector, primarily semiconductors, which we discussed at length last July. Most technology stocks peaked within weeks after that, and declines of 25-50% are commonplace among the major companies, with many smaller companies declining much more. We will continue to follow many of these excellent companies as we look for future investment opportunities.

The market became increasingly two-tiered during 1995. Of 7512 companies with a market cap less than $1 billion, 2668, or 35%, are down 33% or more from their 52-week highs. Of 431 companies with a market cap greater than $4 billion, seven, or 1.6%, are down over 33% from their 52-week highs. From a valuation standpoint, we are definitely fishing in the right pond.

While we feel that 1996 will generally be more difficult for stock market investors, and that absolute returns will be substantially less than those achieved during 1995, we feel that we are positioned to do well relative to the market, and that our companies will perform very well in an environment of slowing corporate profits.

Thank you for your continuing confidence in Fiduciary Capital Growth Fund, Inc.

Sincerely,

/s/ Ted D. Kellner, C.F.A. /s/ Donald S. Wilson, C.F.A.

Ted D. Kellner, C.F.A.
President

Donald S. Wilson, C.F.A.
Vice President

225 E. Mason St. o Milwaukee, WI 53202 414-226-4555

Fiduciary Capital Growth Fund, Inc.
STATEMENT OF NET ASSETS
December 31, 1995 (Unaudited)

SHARES		QUOTED MARKET VALUE (B)<F2>
	LONG-TERM INVESTMENTS - 89.3% (A)<F1>	
	COMMON STOCKS - 84.7% (A)<F1>	
	BANKS/SAVINGS & LOANS - 3.1%	
52,000	Marshall & Ilsley Corp.	$1,352,000
	CHEMICAL/SPECIALTY MATERIALS - 5.3%	
12,000	Minerals Technologies Inc.	438,000
33,000	Raychem Corp.	1,876,875
		2,314,875
	COMPUTERS - 3.3%	
42,000	Stratus Computer, Inc.	1,454,250
	CONSUMER PRODUCTS - NON-DURABLES - 1.5%	
25,000	Newell Co.	646,875
	CONSUMER SERVICES - 1.4%	
18,000	Roto-Rooter, Inc.	594,000
	DISTRIBUTION - 2.0%	
26,500	Fisher Scientific International	884,437
	ELECTRONICS - 0.4%	
7,600	Belden Inc.	195,700
	Energy/Energy Services - 4.0%	
45,000	Burlington Resources Inc.	1,766,250
	HEALTH INDUSTRIES - 5.4%	
20,000	Dentsply International Inc.	800,000
38,500	Haemonetics Corp.	683,375

38,000	Sybron International Corp.	902,500

		2,385,875
	INDUSTRIAL SERVICES - 1.0%	
8,000	Bandag, Inc.	424,000
	INSURANCE - 7.6%	
20,000	John Alden Financial Corp.	417,500
32,000	Old Republic International Corp.	1,136,000
19,000	Progressive Corp. (Ohio)	928,625
21,000	Providian Corp.	855,750

		3,337,875
	LEISURE/RESTAURANTS - 4.6%	
75,000	Brinker International, Inc.	1,134,375
128,500	Ryan's Family Steak Houses, Inc.	899,500

		2,033,875
	MISCELLANEOUS - BUSINESS SERVICES - 2.9%	
50,000	G & K Services, Inc.	$1,275,000
	MISCELLANEOUS - CONSUMER MANUFACTURING - 1.6%	
22,500	Corning Inc.	720,000
	MISCELLANEOUS - FINANCE - 3.3%	
11,600	Federal National Mortgage Association	1,439,850
	PAPER/PACKAGING - 5.0%	
20,700	AptarGroup, Inc.	773,663
20,000	P. H. Glatfelter Co.	342,500
20,000	Liqui-Box Corp.	592,500
17,600	Wausau Paper Mills Co.	479,600

		2,188,263
	POLLUTION CONTROL - 4.4%	
58,000	Browning-Ferris Industries, Inc.	1,711,000
33,000	Harding Lawson Associates Group, Inc. (formerly Harding Associates, Inc.)	198,000

		1,909,000
	PRINTING/PUBLISHING/FORMS - 5.2%	
21,500	Banta Corp.	946,000
46,000	Deluxe Corp.	1,334,000

		2,280,000
	PRODUCER MANUFACTURING - 8.7%	
46,000	Pall Corp.	1,236,250
57,000	Regal-Beloit Corp.	1,239,750
57,000	Watts Industries, Inc.	1,325,250

		3,801,250
	RETAIL TRADE - 5.5%	
53,000	Casey's General Stores, Inc.	1,159,375
90,000	Family Dollar Stores, Inc.	1,237,500

		2,396,875
	SOFTWARE/SERVICE - 8.5%	
58,000	Mentor Graphics Corp.	1,058,500
26,000	Policy Management Systems Corp.	1,238,250
50,000	SunGard Data Systems Inc.	1,425,000

		3,721,750
	MISCELLANEOUS - 0.0 %	
1,297	Windmere Warrants, 01/19/98	$0

	Total common stocks	37,122,000

U.S. TREASURY NOTES - 4.6% (a)<F1>		
2,000,000	U. S. Treasury Notes, 4.375%, due 08/15/96	1,989,062

	Total long-term investments	39,111,062
SHORT-TERM INVESTMENTS - 10.3% (a)<F1>		
	VARIABLE RATE DEMAND NOTES	
1,838,000	American Family Financial Services	1,838,000
1,111,376	Pitney Bowes Credit Corp.	1,111,376
1,555,000	Wisconsin Electric Power Company	1,555,000

	Total short-term investments	4,504,376

	Total investments	43,615,438
	Cash and receivables, less liabilities 0.4% (a)<F1>	195,611

NET ASSETS	$43,811,049
Net Asset Value Per Share ($0.01 par value 10,000,000 shares authorized), offering and redemption price ($43,811,049 / 2,179,140 shares outstanding)	$20.10

(a)<F1>Percentages for the various classifications relate to net assets.
(b)<F2>Each security, excluding short-term investments, is valued at the last sale price reported by the principal security exchange on which the issue is traded, or if no sale is reported, the latest bid price. Securities which are traded over-the-counter are valued at the latest bid price. Short-term investments are valued at cost which approximates quoted market value.

FIDUCIARY CAPITAL GROWTH FUND, INC.
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