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 (%)

As of Date: 12/31/2021	QTD	YTD	1 Year	3 Years	5 Years	10 Years*
FPA U.S. Core Equity Fund, Inc. ('Fund')	8.01	22.86	22.86	27.18	15.23	12.84
S&P 500	11.03	28.71	28.71	26.07	18.47	16.55

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.

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 is 1.34% and the net expense ratio is 1.22%, as of its most recent prospectus. 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.

The Investment Advisory Agreement ("IAA") between the Fund and First Pacific Advisors, LP (the "Adviser" or "FPA"), the Fund's investment adviser, requires FPA to reduce its investment advisory fee to the extent necessary to reimburse the Fund for any annual expenses (exclusive of interest, taxes, the cost of brokerage and research services, legal expenses related to portfolio securities, and extraordinary expenses such as litigation, merger, reorganization or recapitalization) in excess of 1.50% of the first $30 million and 1% of the remaining average net assets of the Fund for the year. This agreement is coterminous with the IAA, and Fund's Board of Trustees reviews the IAA annually as of Oct. 1 each year. The IAA may be terminated by the Fund's Board of Trustees, by the vote of a majority of the Fund's shareholders, or by the Adviser.

* On September 1, 2015, the Fund changed its name to FPA U.S. Value Fund, Inc. The current portfolio manager assumed management of the Fund on September 1, 2015. Contemporaneous with this change, the Fund transitioned to its current investment strategy. Performance prior to September 1, 2015 reflects the performance of the prior portfolio manager and investment strategy. Performance prior to September 1, 2015 is not indicative of performance for any subsequent periods. The transition took place during the time period from September 1, 2015 to September 30, 2015.

Effective December 28, 2020, the Fund changed its name to FPA U.S. Core Equity Fund, Inc., from FPA U.S. Value Fund, Inc. and adopted the S&P 500 as its formal benchmark.

Please see important disclosures at the end of the commentary.

Introduction[1]

In 2021, the FPA U.S. Core Equity Fund, Inc.'s ("Fund") performance was 22.86% (24.23% before fees and expenses), while the S&P 500 Index ("Index" or "S&P 500") returned 28.71%.

While the Fund's performance trailed that of the index in 2021, I am very pleased with the absolute return especially after posting such strong absolute and relative performance in 2019 and 2020. Taken together, the Fund's annualized return over the past three years is 27.18% (28.68% before fees and expenses), which compares favorably to the Index's 26.07% return. Considering most active equity managers underperform the Index in most years, I take great pride in having delivered attractive relative performance over the past few years. And this performance was achieved as a diversified U.S. equity Fund, which I believe is an important factor when considering how much risk is acceptable while seeking to deliver long-term capital growth.

Despite trailing in 2021, I believe we have created a better version of the Index by overweighting what I think is good, eliminating what is bad and adding other high quality foreign and U.S. companies that are not in the Index. What is worth noting is that we achieved favorable results over the past three years in a well-thought-out manner with an approximate 40% overlap with the Index over this time.

The Fund's trailing performance for 2021 is mostly attributable to having none or less than average exposure to the best performing sectors for the year such as Energy (up 46.54%), Real Estate (up 44.31%) and Financials (up 34.30%) coupled with having greater than average exposure to underperforming sectors such as Communication Services (up 21.70%) and Consumer Discretionary (up 23.64%).

I was not surprised to see Energy and Financials rebound from somewhat depressed 2020 levels as the U.S. and global economy began to recover in 2021. In my closing remarks for the Fund's fourth quarter 2020 commentary I said, "*The biggest thing we struggle with in managing the portfolio is that a lot of the companies we like the most generally do not have the cheapest valuations at the moment, whereas the companies with the lowest valuations typically do not have businesses in which we wish to invest for the long-term. At the same time, for lack of a better term, 'cash is trash' in a world where the monetary 'printing presses' seem unabated as more fiat currency continues to flood the economy and interest rates remain near historical lows. Given the current choices, we choose to remain diversified to mitigate risk and to invest in high-quality businesses even if we do not love the current valuations*."

I would not be surprised to see Energy or Financials outperform the Index again in 2022, but I would be surprised to see these sectors outperform the Index over the long-term. Over the long-term, revenue and earnings growth are typically the greatest factors in determining stock price returns. I believe the sectors the Fund has the greatest current exposure to, which are Information Technology and Communication Services, are likely to continue to exhibit above average growth whereas sectors such as Energy and Financials are less likely to do so. Therefore, a large part of my focus remains identifying companies within favorable sectors that are more likely to produce sustainable, above average revenue and earnings growth over time and then hopefully purchase them at attractive prices.

Even though the 10-year U.S. Treasury yield increased from approximately 0.9% to 1.5% in 2021, it remains near historical lows. I believe secularly growing mid- to large-capitalization companies trading at compelling valuations will continue to be a favorable place to invest for the long-term—especially relative to U.S. Treasuries and other investment alternatives.

Portfolio Commentary

During the fourth quarter, I continued to make some changes to the portfolio to seek to best position it for future success. To that end I eliminated 25 positions that made up 7.1% of the September 30, 2021 portfolio, increased the weighting of the 82 remaining positions by 1.1% to 93.4%, and added nine new positions

[1] **Past performance in not a guarantee, nor is it indicative, of future results.**

representing 5.4% of the December 31, 2021 portfolio. These new positions are in companies I have been following and that were on our wish list to purchase. Most are not at full position sizes yet due to valuation, and thus we are prepared to add to them should we get the opportunity.

As of December 31, 2021, the Fund was invested in 91 companies (77 of which are disclosed), including 56 disclosed investments that are in the S&P 500, which made up 85.0% of the portfolio. Moreover, the 56 disclosed positions in common with the Index made up 40.5% of the S&P 500's weighting as of December 31, 2021. A majority of the 56 positions were overweight in the Fund relative to the Index. The Fund's remaining 21 disclosed investments were large-cap foreign and U.S. companies. Combined, those 21 companies made up 8.9% of the portfolio.

In terms of geography, 90.1% of the disclosed portfolio was in U.S. companies, while 3.7% was in foreign equities, as of December 31, 2021. By market capitalization, 93.0% of the disclosed portfolio was invested in large-cap companies with market values above $10 billion, with about 67% invested in mega-caps (companies with market values above $200 billion). The Fund's weighted average market cap was approximately $955 billion, while the Fund's median market cap was approximately $81 billion.

Regarding portfolio concentration, the Fund's top five positions made up 41.7% of the Fund compared to approximately 24.3% for the S&P 500. The Fund's top 10 positions made up 49.9% of the portfolio versus 29.0% for the Index. Over time, our goal is to reduce the weighting of some of the Fund's largest positions and to increase some of the Fund's smallest ones as our conviction grows.

From an industry exposure standpoint, the portfolio had investments in nine of the 11 sectors in the S&P 500. Combined, those nine sectors made up approximately 94% of the S&P 500. Relative to the S&P 500, the portfolio is overweight information technology, communication services and consumer discretionary, and underweight financials, health care, industrials, consumer staples, real estate, and materials. At the end of the quarter, the Fund did not have any investments in utilities and energy. Collectively, those three sectors made up approximately 6% of the S&P 500.

Sector	**FPA U.S. Core Equity Fund**	**S&P 500**
Information Technology	36.1%	28.7%
Communication Services	24.1%	10.0%
Consumer Discretionary	17.9%	12.0%
Health Care	10.9%	13.1%
Financials	5.7%	11.3%
Industrials	2.1%	7.8%
Consumer Staples	1.3%	6.1%
Real Estate	0.6%	2.7%
Materials	0.1%	2.5%
Energy	0.0%	3.4%
Utilities	0.0%	2.5%
Total	**98.9%**	**100.0%**
Cash and equivalents (net of liabilities)	**1.1%**	

Source: FPA, Capital IQ. As of December 31, 2021. Totals might not add up to 100% due to rounding. Portfolio composition will change due to ongoing management of the Fund.

Compared to the broader market, we believe the Fund's portfolio is of higher quality and has greater potential for revenue and earnings growth.[2]

	FPA U.S. Core Equity Fund	S&P 500
Large Capitalization Holdings % of Portfolio	90.1%	99.4%
Top 5 Holdings % of Portfolio	41.7%	24.3%
Top 10 Holdings % of Portfolio	49.9%	29.0%
Foreign Securities % of Portfolio	3.7%	0.0%
12-Month Forward P/E[3]	29.1x	20.9x
Price/Book[4]	9.1x	4.8x
Return on Equity[5]	29.7%	18.8%
EPS Growth Forecast (2-year, median)	13.5%	9.0%
Revenue Growth Historical (2-year, $-weighted median)	27.5%	16.1%
Revenue Growth Forecast (2-year, median)	17.8%	14.7%
Debt/Equity[6]	0.5x	0.9x
Median Market Capitalization[7] (billions)	$80.9	$34.0
Weighted Average Market Cap (billions)	$955.2	$665.2

Source: FPA, Capital IQ. Data as of December 31, 2021. Fund statistics for '% of Portfolio' holdings are based on net assets. Portfolio composition will change due to ongoing management of the Fund.

2021 Winners and Losers[8]

Winners	Performance Contribution	Losers	Performance Contribution
Alphabet	4.62%	Adidas AG	-0.54%
Microsoft	4.40%	Tencent	-0.39%
Apple	2.33%	PayPal	-0.37%
Meta Platforms	1.55%	Activision Blizzard	-0.26%
NVIDIA	1.43%	Autodesk	-0.22%

[2] The portfolio manager believes a high-quality company is one that is able to generate a return on capital in excess of its cost of capital for sustained periods of time.

[3] The forward price-to-earnings (P/E) ratio is derived by dividing the price of the stock by the estimated one year of future per-share earnings and is used as a relative value comparison for a company's shares. Forward P/E numbers are estimates and subject to change.

[4] Price/Book ratio is the current closing price of the stock divided by the latest quarter's book value per share.

[5] Return on Equity measures a portfolio company's profitability by dividing net income before taxes less preferred dividends by the value of stockholders' equity.

[6] Debt/Equity (D/E) Ratio is calculated by dividing a company's total liabilities by its shareholder equity. These numbers are available on the balance sheet of a company's financial statements. The ratio is used to evaluate a company's financial leverage.

[7] Market Cap, short for market capitalization, refers to the total dollar market value of a company's outstanding shares.

[8] Reflects top contributors and top detractors to the Fund's performance based on contribution-to-return. Contribution is presented gross of investment management fees, transactions costs, and Fund operating expenses, which if included, would reduce the returns presented. This is not a recommendation for a specific security and these securities may not be in the Fund at the time you receive this report. 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 at crm@fpa.com. The portfolio holdings as of the most recent quarter-end may be obtained at www.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. For a full list of holdings and weights by percentage of total assets please view the holdings report at the end of this Commentary.

Past performance is no guarantee, nor is it indicative, of future results.

One of the year's biggest losers was Tencent. Chinese technology stocks took a beating throughout the year (the KraneShares CSI China Internet ETF (ARCX: KWEB) declined 52.53% between the period 1/1/2021 and 12/31/2021) due to various Chinese government actions that began in November 2020 with the suspension of Ant Group's IPO. Next came guidelines to root out monopolistic practices in the internet industry, which was followed by an investigation into monopolistic practices at Alibaba. On April 10, 2021, Alibaba was fined a record $2.8 billion after regulators concluded the company abused its market position. On April 12, 2021, Ant was ordered to transform itself into a financial holdings company that will be supervised more like a bank. Then on April 29, 2021, regulators imposed similar curbs on the fintech arms of 13 firms, including Tencent and Meituan. On July 2, 2021, China's internet watchdog started a cybersecurity review of Didi two days after its U.S. IPO and ordered the firm to halt new user registrations. On July 9, 2021, new rules were proposed that requires companies with more than one million users to get cybersecurity clearance when seeking public market listings in other countries. On July 24, 2021, China's cabinet banned companies teaching school curriculum from making profits, raising capital, or going public. A week later Tencent and Alibaba began taking steps to open their platforms after regulators asked 25 companies to stop blocking links to their rivals. On August 17, 2021, President Xi Jinping re-emphasized the need for Common Prosperity, echoing remarks he first made at the 2017 Communist Party national congress, by requiring the adjustment of "excessive income" indicating the potential for higher taxes or the expectation of more charity contributions from the rich and corporations. Two weeks later China's media regulator issued rules limiting the amount of time children can play video games and slowed down approvals for new titles.[9] This was particularly painful for Tencent, which has a large video game business.

Our investment thesis behind Tencent was that it is a very good company with market leading businesses trading at an attractive valuation given tremendous growth opportunities. These growth opportunities exist largely because of China's robust economic growth thanks to its budding technology industry as well as its emerging middle class that is increasingly adopting these technology advances. We knew the political risk of investing in China and as a result we put a self-imposed five percent exposure limit to Chinese equities, which we never hit. As the political environment worsened throughout the year, we trimmed the Fund's exposure to Chinese equities. In hindsight we should have trimmed the Fund's exposure more aggressively than we did. In total, Chinese equity exposure cost the Fund 0.54% in 2021.

In prior Commentaries I discussed our affinity for FAAAM (Facebook, Alphabet, Amazon, Apple and Microsoft), which are our top five positions. Since Facebook renamed itself Meta Platforms, I am renaming this MAAAM. MAAAM largely delivered for the Fund in 2021 with the exception of Amazon as it saw growth slow down a bit in its core e-commerce operations as retail stores increasingly reopened throughout the world and presented more competition for Amazon compared to 2020. Nonetheless we are very optimistic regarding Amazon's future.

Looking at Amazon's various businesses and the disclosure it gives to investors shows just how much it is investing into them, particularly within e-commerce. While this depresses current profits, these investments serve to further distance itself from the competition, which I think should bode well for future revenue and earnings as it continues to take market share. Amazon's non-Amazon Web Services (AWS) businesses collectively broke even on $95 billion in revenue in the third quarter of 2021 compared to an approximate $2.7 billion operating profit on $85 billion in revenue in the third quarter of 2020.

Digging a little deeper into its non-AWS sub segments reveals some interesting takeaways. Of the approximate $10 billion non-AWS revenue growth, about $8 billion was in its highest margin businesses that include third-party seller services, subscription services, and advertising services. At the same time, its worldwide shipping costs increased approximately $3 billion or 20% compared to the 8% growth in paid units.[10] Amazon has been investing a tremendous amount into its in-house delivery services by having more local warehouses that allow it to deliver increasingly more items at a faster pace—and ultimately potentially at a lower cost as it gains more local density and leverages these expenses. No other company is attempting to do what Amazon is doing here. My view is that these investments will further enhance its

[9] https://www.bloomberg.com/graphics/2021-china-tech-crackdown-one-year/

[10] https://s2.q4cdn.com/299287126/files/doc_financials/2021/q3/Q3-2021-Earnings-Release.pdf

economic moat. As such I believe Amazon will deliver above average investment returns over the long-term.

Closing

We are optimistic that the Fund will generate good absolute and relative returns compared to the S&P 500 going forward.

We look forward to delivering value for our fellow shareholders. Thank you for your confidence and continued support.

Respectfully submitted,

Gregory R. Nathan
Portfolio Manager
January 2021

Important Disclosures

This Commentary 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 of 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. This Commentary does not constitute an investment management agreement or offering circular.

The views expressed herein and any forward-looking statements are as of the date of this 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.

Portfolio composition will change due to ongoing management of the Fund. References to individual securities or sectors 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 or sector examples discussed. The portfolio holdings as of the most recent quarter-end may be obtained at www.fpa.com.

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The information contained herein is not complete, may change, and is subject to, and is qualified in its entirety by, the more complete disclosures, risk factors, and other information contained in the Fund's Prospectus and Statement of Additional Information. The information is furnished as of the date shown. No representation is made with respect to its completeness or timeliness. The information is not intended to be, nor shall it be construed as, investment advice or a recommendation of any kind.

Certain statements contained in this presentation may be forward-looking and/or based on current expectations, projections, and information currently available. Actual events or results may materially differ from those we anticipate, or the actual performance of any investments described herein may differ from those reflected or contemplated in such forward-looking statements, due to various risks and uncertainties. We cannot assure future results and disclaim any obligation to update or alter 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. Statistical data or references thereto were taken from sources which we deem to be reliable, but their accuracy cannot be guaranteed.

The reader is advised that the Fund's investment strategy includes active management with corresponding changes in allocations from one period of time to the next. Therefore, any data with respect to investment allocations as of a given date is of limited use and may not be reflective of the portfolio manager's more general views with respect to proper geographic, instrument and/or sector allocations. The data is presented for indicative purposes only and, as a result, may not be relied upon for any purposes whatsoever.

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; these risks may be heightened 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 may 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 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 manager considers 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.

In making any investment decision, you must rely on your own examination of the Fund, including the risks involved in an investment. Investments mentioned herein may not be suitable for all recipients and in each case, potential investors are advised not to make any investment decision unless they have taken independent advice from an appropriately authorized advisor. An investment in any security mentioned herein does not guarantee a positive return as securities are subject to market risks, including the potential loss of principal. You should not construe the contents of this document as legal, tax, investment or other advice or recommendations.

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

Index / Other Definitions

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 may 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 and which would reduce the performance in an actual account. An investor cannot invest directly in an index.

The **S&P 500 Index** includes a representative sample of 500 hundred companies in leading industries of the U.S. economy. The index focuses on the large-cap segment of the market, with over 80% coverage of U.S. equities, but is also considered a proxy for the total market.

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

TICKER	PRINCIPAL/ SHARES	SECURITY	COUPON RATE (%)	MATURITY DATE	MKT PRICE ($)	MKT VALUE ($)	% OF NET ASSET VALUE
		COMMON STOCK (LONG)					
SHW	275	SHERWIN-WILLIAMS CO/THE			352.16	96,844	0.1%
SHOP	135	SHOPIFY INC - CLASS A*			1,377.39	185,948	0.2%
SPOT	535	SPOTIFY TECHNOLOGY SA*			234.03	125,206	0.2%
SFM	12,850	SPROUTS FARMERS MARKET INC			29.68	381,388	0.5%
SBUX	2,910	STARBUCKS CORP			116.97	340,383	0.4%
SYK	815	STRYKER CORP			267.42	217,947	0.3%
TTWO	1,360	TAKE-TWO INTERACTIVE SOFTWRE			177.72	241,699	0.3%
TMO	1,969	THERMO FISHER SCIENTIFIC INC			667.24	1,313,796	1.6%
TRMB	1,425	TRIMBLE INC			87.19	124,246	0.2%
ULTA	1,280	ULTA BEAUTY INC			412.34	527,795	0.7%
UNH	2,595	UNITEDHEALTH GROUP INC			502.14	1,303,053	1.6%
UMG NA	4,500	UNIVERSAL MUSIC GROUP BV*			28.21	126,954	0.2%
V	6,010	VISA INC-CLASS A SHARES			216.71	1,302,427	1.6%
DIS	8,395	WALT DISNEY CO/THE			154.89	1,300,302	1.6%
WLTW	2,400	WILLIS TOWERS WATSON PLC*			237.49	569,976	0.7%
ZTS	2,405	ZOETIS INC			244.03	586,892	0.7%
ZS	1,095	ZSCALER INC			321.33	351,856	0.4%
		OTHER COMMON STOCK (LONG)				4,049,299	5.0%
		TOTAL COMMON STOCK (LONG)				80,099,092	98.9%
		TOTAL INVESTMENT SECURITIES				80,099,092	98.9%
		REPURCHASE AGREEMENTS					
	793,000	STATE STREET BANK/FICC REPO	0.000	01/03/2022		793,000	1.0%
		TOTAL REPURCHASE AGREEMENTS				793,000	1.0%
		CASH & EQUIVALENTS				127,230	0.2%
		TOTAL CASH & EQUIVALENTS				920,230	1.1%
		TOTAL NET ASSETS				81,019,322	100.0%
		NUMBER OF LONG EQUITY POSITIONS					77

* Indicates foreign security.

Portfolio Holding Disclosures

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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.

On September 1, 2015, the Fund changed its name to FPA U.S. Value Fund, Inc., and the current portfolio manager assumed management of the Fund on that date. Contemporaneous with this change, the Fund transitioned to its current investment strategy. Effective December 28, 2020, the Fund's name was changed from FPA U.S. Value Fund, Inc. to FPA U.S. Core Equity Fund, Inc.

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

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