



# FPA U.S. Core Equity Fund, Inc. Second Quarter 2022 Commentary

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](http://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: 6/30/2022	QTD	YTD	1 Year	3 Years	5 Years	10 Years*
FPA U.S. Core Equity Fund, Inc. ('Fund')	-18.92	-28.85	-23.25	6.54	6.09	8.81
S&P 500	-16.10	-19.96	-10.62	10.60	11.31	12.96

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 1.16%, 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](http://www.fpa.com) or by calling toll-free, 1-800-982-4372.

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.

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<sup>1</sup>

In the second quarter of 2022, the FPA U.S. Core Equity Fund, Inc.'s ("Fund") performance was -18.92% (-18.59% before fees and expenses), which compares to the -16.10% total return of the S&P 500 Index ("Index" or "S&P 500").

The Fund's underperformance in the second quarter, like the first quarter, is mostly attributable to having none or less than average exposure to outperforming sectors during the quarter such as Utilities (-5.73%), Consumer Staples (-5.23%) and Energy (-6.13%) coupled with having greater than average exposure to underperforming sectors such as Consumer Discretionary (-26.32%), Communication Services (-20.87%) and Information Technology (-20.44%).

The 10-year U.S. Treasury yield had another rapid rise in the second quarter following the first quarter's similar jump in magnitude, increasing from approximately 2.3% to 3.0%--and reaching as high as nearly 3.5% intra-quarter.<sup>2</sup> While interest rates remain near historical lows, the rate of change has impacted how the market values higher multiple stocks to a greater degree than lower multiple ones. In the short-term, this kind of multiple contraction, which impacted the Fund's return in the second quarter as well as the first quarter, can be frustrating. However, if you are investing for the long-term, multiple contraction or expansion historically has had the least amount of impact to equity returns. Rather, it is earnings per share (EPS) growth that has the greatest impact on a stock's total return over the long run and that is what we are most focused on getting right with our portfolio companies.

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 second quarter, I continued to make some changes to the Fund's portfolio to best position it for future success. To that end I eliminated 21 positions that made up 10.0% of the March 31, 2022 portfolio, decreased the weighting of the 57 remaining positions by 3.2% to 86.6%, and added 10 new positions representing 6.3% of the June 30, 2022 portfolio. These new positions are in companies I have been following and that were on my wish list to purchase. Most are not at full position sizes yet, and thus I am prepared to add to them.

As of June 30, 2022, the Fund was invested in 67 companies (61 of which are disclosed), including 47 disclosed investments that are in the S&P 500, which made up 78.3% of the portfolio. Moreover, the 47 disclosed positions in common made up 39.1% of the S&P 500's weighting as of June 30, 2022. A majority of the 47 positions were overweight in the Fund relative to the Index. The Fund's remaining 14 disclosed investments were mostly large-cap U.S. and foreign companies. Combined, those 14 companies made up 11.0% of the portfolio.

In terms of geography, 89.1% of the portfolio was in U.S. companies, while 3.9% was in foreign equities, as of June 30, 2022. By market capitalization, 90.7% of the portfolio was invested in large-cap companies with market values above \$10 billion, with about 51% invested in mega-caps (companies with market values above \$200 billion). The Fund's weighted average market cap was approximately \$676 billion, while the Fund's median market cap was approximately \$76 billion.

Regarding portfolio concentration, the Fund's top five positions made up 39.5% of the Fund compared to approximately 22.4% for the S&P 500. The Fund's top 10 positions made up 49.9% of the portfolio versus 27.0% for the Index. Over time, the goal is to continue to increase the weighting of some of the Fund's smaller positions as valuations become more compelling.

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<sup>1</sup> Past performance in not a guarantee, nor is it indicative, of future results.

<sup>2</sup> Source: Bloomberg.

From an industry exposure standpoint, the portfolio had investments in eight of the 11 sectors in the S&P 500. Combined, those eight sectors made up approximately 91.4% of the S&P 500 and 93.1% of the Fund's portfolio. Relative to the S&P 500, the portfolio was overweight information technology, communication services and consumer discretionary, and underweight financials, health care, energy, industrials, and consumer staples. At the end of the quarter, the Fund did not have any investments in utilities, materials, or real estate. Collectively, those three sectors made up approximately 8.6% of the S&P 500.

Sector	FPA U.S. Core Equity Fund	S&P 500
Information Technology	27.5%	26.8%
Consumer Discretionary	21.7%	10.5%
Communication Services	18.4%	8.9%
Financials	10.0%	10.8%
Health Care	8.8%	15.1%
Energy	3.4%	4.4%
Industrials	2.5%	7.8%
Consumer Staples	0.8%	7.0%
Utilities	0.0%	3.1%
Real Estate	0.0%	2.9%
Materials	0.0%	2.6%
<b>Total</b>	<b>93.1%</b>	<b>100.0%</b>
<b>Cash and equivalents (net of liabilities)</b>	<b>6.9%</b>	

Source: FPA, Capital IQ. As of June 30, 2022. 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.<sup>3</sup>

	FPA U.S. Core Equity Fund	S&P 500
Large Capitalization Holdings % of Portfolio	90.7%	98.6%
Top 5 Holdings % of Portfolio	39.5%	22.4%
Top 10 Holdings % of Portfolio	49.9%	27.0%
Foreign Securities % of Portfolio	3.9%	0.0%
12-Month Forward P/E <sup>4</sup>	17.2x	15.8x
Price/Book <sup>5</sup>	4.9x	3.7x
Return on Equity <sup>6</sup>	28.5%	20.9%
EPS Growth Forecast (2-year, median)	17.5%	9.1%
Revenue Growth Historical (2-year, \$-weighted median)	13.2%	17.5%

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> Price/Book ratio is the current closing price of the stock divided by the latest quarter's book value per share.

<sup>6</sup> Return on Equity measures a portfolio company's profitability by dividing net income before taxes less preferred dividends by the value of stockholders' equity.

Revenue Growth Forecast (2-year, median)	11.3%	9.9%
Debt/Equity <sup>7</sup>	0.2x	0.9x
Median Market Capitalization <sup>8</sup> (billions)	\$76.2	\$27.3
Weighted Average Market Cap (billions)	\$675.9	\$477.4

Source: FPA, Capital IQ. Data as of June 30, 2022. Fund statistics for '% of Portfolio' holdings are based on net assets. Portfolio composition will change due to ongoing management of the Fund.

## Q2'22 Winners and Losers<sup>9</sup>

Winners	Performance Contribution	Losers	Performance Contribution
Humana	0.08%	Amazon.com	-2.71%
AutoZone	0.04%	Alphabet	-2.27%
Cigna	0.03%	Microsoft	-1.81%
UnitedHealth Group	0.01%	Apple	-1.77%
Ulta Beauty	0.00%	Meta	-1.53%

Three of the Fund's biggest winners in the second quarter were health insurers, which the Fund has been invested in for several years. In a quarter where the market was hit hard in part due to recession fears, the healthcare sector was a relative outperformer since it is typically viewed by the market as more recession resistant. With unemployment levels low coupled with an aging U.S. population, we believe the wind is at the back of health insurers. While there will likely continue to be political risk that the government tries to do something to reign in healthcare costs, which could directly or indirectly impact health insurers' business, I believe the risk is low and resulting impact relatively muted. While the Fund's exposure to the industry ended the second quarter at about the same as the first quarter at just over 4%, I am finding more attractive opportunities elsewhere in the market. So do not be surprised to see the industry exposure come down over time.

The five biggest detractors to performance were the Fund's five largest holdings, with Amazon.com being the biggest loser. As interest rates rose further in 2022 during the second quarter, higher EPS multiple stocks such as Amazon.com fared relatively poorly. While Amazon's AWS business is doing extremely well (growing fast and generating robust free cash flow), its retail operations are not growing nearly as fast nor are they as profitable. That segment is being impacted by a host of issues—some self-inflicted such as overbuilding local warehouse capacity for faster delivery of more goods to customers and some more out of its control such as supply chain disruptions and higher than expected wage inflation. Amazon.com is discussed in our previous letters so please reference those for a more detailed view on the company.<sup>10</sup> The bottom line is my investment thesis remains unchanged. I believe the moat around its businesses continues to grow as it makes further investments into its operations that very few companies are willing to or even have the

<sup>7</sup> 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.

<sup>8</sup> Market Cap, short for market capitalization, refers to the total dollar market value of a company's outstanding shares.

<sup>9</sup> 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](mailto:crm@fpa.com). The portfolio holdings as of the most recent quarter-end may be obtained at [www.fpa.com](http://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.

<sup>10</sup> Please refer to the commentary archive at <https://fpa.com/funds/fpa-u-s-value-fund-quarterly-commentary-archive>

capability to make. Unless there is new information that invalidates my investment thesis or there are better investment opportunities for the Fund's capital, it will remain a patient, long-term shareholder.

### **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  
July 2022

## 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](http://www.fpa.com).

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. The information and data contained herein 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.

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 Depositary 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.

**Earnings Per Share (EPS)** is calculated as a company's profit divided by the outstanding shares of its common stock. The resulting number serves as an indicator of a company's profitability.

**Free Cash Flow (FCF)** is the cash a company generates after taking into consideration cash outflows that support its operations and maintain its capital assets.

**Price to Earnings** is the ratio for valuing a company that measures its current share price relative to its EPS. The price-to-earnings ratio is also sometimes known as the price multiple or the earnings multiple.

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



**FPA U.S.CORE EQUITY FUND, INC.**  
Portfolio Holdings

6/30/2022

TICKER	PRINCIPAL/ SHARES	SECURITY	COUPON RATE (%)	MATURITY DATE	MKT PRICE (\$)	MKT VALUE (\$)	% OF NET ASSET VALUE
<b>COMMON STOCK (LONG)</b>							
ABT	3,829	ABBOTT LABORATORIES			108.65	416,021	0.8%
ACN	1,050	ACCENTURE PLC-CL A*			277.65	291,533	0.5%
ATVI	6,693	ACTIVISION BLIZZARD INC			77.86	521,117	1.0%
ADS GY	5,280	ADIDAS AG*			176.85	933,779	1.7%
ADBE	775	ADOBE INC			366.06	283,697	0.5%
EADSY	19,400	AIRBUS SE - UNSP ADR*			24.29	471,226	0.9%
GOOG	2,545	ALPHABET INC-CL C			2,187.45	5,567,060	10.4%
AMZN	32,400	AMAZON.COM INC			106.21	3,441,204	6.4%
AON	2,045	AON PLC*			269.68	551,496	1.0%
APO	9,600	APOLLO GLOBAL MANAGEMENT INC			48.48	465,408	0.9%
AAPL	31,850	APPLE INC			136.72	4,354,532	8.1%
AZO	280	AUTOZONE INC			2,149.12	601,754	1.1%
BAC	12,000	BANK OF AMERICA CORP			31.13	373,560	0.7%
BLK	3,100	BLACKROCK INC			609.04	1,888,024	3.5%
BX	5,146	BLACKSTONE GROUP INC/THE-A			91.23	469,470	0.9%
CFR SW	4,000	CIE FINANCIERE RICHEMO-A REG*			106.48	425,915	0.8%
CI	870	CIGNA CORP			263.52	229,262	0.4%
CMCSA	22,470	COMCAST CORP-CLASS A			39.24	881,723	1.6%
STZ	451	CONSTELLATION BRANDS INC-A			233.06	105,110	0.2%
DHR	2,134	DANAHER CORP			253.52	541,012	1.0%
DECK	650	DECKERS OUTDOOR CORP			255.35	165,978	0.3%
ELV US	1,915	ELEVANCE HEALTH INC			482.58	924,141	1.7%
GM	5,900	GENERAL MOTORS CO			31.76	187,384	0.4%
GDDY	4,534	GODADDY INC - CLASS A			69.56	315,385	0.6%
HCA	1,100	HCA HEALTHCARE INC			168.06	184,866	0.3%
HD	3,195	HOME DEPOT INC			274.27	876,293	1.6%
HON	1,540	HONEYWELL INTERNATIONAL INC			173.81	267,667	0.5%
HUM	475	HUMANA INC			468.07	222,333	0.4%
IQV	3,385	IQVIA HOLDINGS INC			216.99	734,511	1.4%
JPM	2,400	JPMORGAN CHASE & CO			112.61	270,264	0.5%
KER FP	1,625	KERING*			513.60	834,600	1.6%
KKR	10,200	KKR & CO INC -A			46.29	472,158	0.9%
LEN/B	9,600	LENNAR CORP - B SHS			58.71	563,616	1.1%
LOW	4,300	LOWE'S COS INC			174.67	751,081	1.4%
MC FP	480	LVMH MOET HENNESSY LOUIS VUI*			609.59	292,604	0.5%
MA	2,875	MASTERCARD INC - A			315.48	907,005	1.7%
MTCH	1,891	MATCH GROUP INC			69.69	131,784	0.2%
META	12,760	META PLATFORMS INC-CLASS A			161.25	2,057,550	3.8%
MSFT	22,100	MICROSOFT CORP			256.83	5,675,943	10.6%
MHK	1,500	MOHAWK INDUSTRIES INC			124.09	186,135	0.3%
MCO	385	MOODY'S CORP			271.97	104,708	0.2%
NFLX	2,300	NETFLIX INC			174.87	402,201	0.8%
NKE	7,715	NIKE INC -CL B			102.20	788,473	1.5%
NSC	1,150	NORFOLK SOUTHERN CORP			227.29	261,384	0.5%
NVDA	3,845	NVIDIA CORP			151.59	582,864	1.1%
ORLY	848	O'REILLY AUTOMOTIVE INC			631.76	535,732	1.0%
PLTR	4,365	PALANTIR TECHNOLOGIES INC-A			9.07	39,591	0.1%
PYPL	3,750	PAYPAL HOLDINGS INC			69.84	261,900	0.5%
QCOM	2,788	QUALCOMM INC			127.74	356,139	0.7%
SPGI	744	S&P GLOBAL INC			337.06	250,773	0.5%
SFM	12,850	SPROUTS FARMERS MARKET INC			25.32	325,362	0.6%
SYK	815	STRYKER CORP			198.93	162,128	0.3%
TMO	650	THERMO FISHER SCIENTIFIC INC			543.28	353,132	0.7%
TOL	12,500	TOLL BROTHERS INC			44.60	557,500	1.0%
ULTA	830	ULTA BEAUTY INC			385.48	319,948	0.6%
UPS	1,800	UNITED PARCEL SERVICE-CL B			182.54	328,572	0.6%
UNH	1,805	UNITEDHEALTH GROUP INC			513.63	927,102	1.7%
V	4,640	VISA INC-CLASS A SHARES			196.89	913,570	1.7%
DIS	3,000	WALT DISNEY CO/THE			94.40	283,200	0.5%
WTW	2,400	WILLIS TOWERS WATSON PLC*			197.39	473,736	0.9%
ZM	1,300	ZOOM VIDEO COMMUNICATIONS-A			107.97	140,361	0.3%
		OTHER COMMON STOCK (LONG)				2,533,854	4.7%
		<b>TOTAL COMMON STOCK (LONG)</b>				<b>49,736,429</b>	<b>93.1%</b>



**FPA U.S.CORE EQUITY FUND, INC.**  
Portfolio Holdings

6/30/2022

TICKER	PRINCIPAL/ SHARES	SECURITY	COUPON RATE (%)	MATURITY DATE	MKT PRICE (\$)	MKT VALUE (\$)	% OF NET ASSET VALUE
		<b>COMMON STOCK (LONG)</b>					
		<b>TOTAL INVESTMENT SECURITIES</b>				<b>49,736,429</b>	<b>93.1%</b>
		<b>U.S. GOVERNMENT AND AGENCIES (SHORT-TERM)</b>					
	3,067,000	UNITED STATES TREASURY NOTE/BOND	0.250	04/15/2023	98.00	3,005,669	5.6%
		<b>TOTAL U.S. GOVERNMENT AND AGENCIES (SHORT-TERM)</b>				<b>3,005,669</b>	<b>5.6%</b>
		<b>CASH &amp; EQUIVALENTS</b>				<b>701,704</b>	<b>1.3%</b>
		<b>TOTAL CASH &amp; EQUIVALENTS</b>				<b>3,707,373</b>	<b>6.9%</b>
		<b>TOTAL NET ASSETS</b>				<b>53,443,802</b>	<b>100.0%</b>
		<b>NUMBER OF LONG EQUITY POSITIONS</b>					<b>61</b>
		<b>NUMBER OF LONG FIXED INCOME CREDIT POSITIONS</b>					<b>1</b>

\* Indicates foreign security.

Portfolio Holding Disclosures

You should consider the FPA U.S. Core Equity 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](http://www.fpa.com), by email at [crm@fpa.com](mailto:crm@fpa.com), toll-free by calling 1-800-982-4372 or by contacting the Fund in writing.

The Fund's holdings are subject to change. 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 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 Depositary 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. 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 equity strategies to underperform other equity strategies. 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.

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.

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