



FPA U.S. Core Equity Fund, Inc. First 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, by calling toll-free, 1-800-982-4372, or by contacting the Fund in writing.

Average Annual Total Returns (%)

| As of Date: 3/31/2022 | QTD | YTD | 1 Year | 3 Years | 5 Years | 10 Years* |
|--|--------|--------|--------|---------|---------|-----------|
| FPA U.S. Core Equity Fund, Inc. ('Fund') | -12.25 | -12.25 | 6.45 | 16.12 | 11.06 | 10.15 |
| S&P 500 | -4.60 | -4.60 | 15.65 | 18.92 | 15.99 | 14.64 |

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 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.

Introduction¹

In the first quarter of 2022, the FPA U.S. Core Equity Fund, Inc.'s ("Fund") performance was -12.25% (-12.01% before fees and expenses), which compares to the -4.60% total return of the S&P 500 Index ("Index" or "S&P 500").

The Fund's underperformance in the first quarter is mostly attributable to having none or less than average exposure to the best performing sectors the quarter such as Energy (up 39.01%), Utilities (up 4.84%) and Financials (up 0.03%) coupled with having greater than average exposure to underperforming sectors such as Communication Services (-11.29%), Information Technology (-8.15%) and Consumer Discretionary (-8.01%).²

As I stated in the fourth quarter 2021 commentary, "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 the greatest factors in determining stock price returns. I believe the sectors we have the greatest 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."³

The 10-year U.S. Treasury yield had a rapid rise in the first quarter, increasing from approximately 1.5% to 2.3%.⁴ While interest rates remain near historical lows, the rate of change has impacted how the market values higher multiple (price to earnings or P/E) stocks to a greater degree than lower multiple (P/E) ones. In the short-term, this kind of multiple contraction, which impacted the Fund's return in the first quarter, can be frustrating. However, if you are investing for the long-term, multiple contractions may have the least amount of impact to equity returns if the company is still growing earnings. To use a very simple example to try to illustrate this, let's say over 10 years, a stock's (P/E) multiple contracts from 33x in year one to 22x in year 10 while the earnings per share ("EPS") grows at 15.0% per annum. If we assume no dividends, that stock will produce an annualized return of 10.4%⁵--better than the S&P 500's long-term annual return of approximately 10.0%.⁶

Although this is a very simplistic and hypothetical example, based on it, I think there are some important take-aways. First, a long-term investor needs to focus on EPS growth rate. Second, one cannot pay too high of a multiple. With those caveats in mind, 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 first quarter, I continued to make some changes to the portfolio that may position it for future success. To that end I eliminated 17 positions that made up 4.5% of the December 31, 2021 portfolio, increased the weighting of the 74 remaining positions by 2.0% to 96.3%, and added four new positions representing 3.5% of the March 31 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.

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

² Source: Capital IQ.

³ <https://fpa.com/funds/fpa-u-s-value-fund-quarterly-commentary-archive> .

⁴ Source: Bloomberg.

⁵ Year 1: \$1 of EPS x 33x P/E = \$33.00 (price/share); Year 2: \$1.15 of EPS x 31.9x P/E = \$36.69; Year 3: \$1.32 of EPS x 30.8x P/E = \$40.66; Year 4: \$1.52 of EPS x 29.7x P/E = \$45.16; Year 5: 1.75 of EPS x 28.6x P/E = \$50.02; etc., to Year 10: \$4.05 of EPS x 22x P/E = \$89.00 (price/share); IRR: 10.43%.

⁶ "Long-term annual return" refers to the 10.67% average return of the S&P 500 since the inception of its modern structure in 1957.

As of March 31, 2022, the Fund was invested in 78 companies (71 of which are disclosed), including 54 disclosed investments that are in the S&P 500, which made up 85.1% of the portfolio. Moreover, the 54 disclosed positions in common made up 41.6% of the S&P 500's weighting as of March 31, 2022. A majority of the 54 positions were overweight in the Fund relative to the Index. The Fund's remaining 17 disclosed investments were large-cap foreign and U.S. companies. Combined, those 17 companies made up 9.8% of the portfolio.

In terms of geography, 94.4% of the portfolio was in U.S. companies, while 5.3% was in foreign equities, as of March 31, 2022. By market capitalization, 93.0% of the 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 \$693 billion, while the Fund's median market cap was approximately \$93 billion.

Regarding portfolio concentration, the Fund's top five positions made up 42.3% of the Fund compared to approximately 24.7% for the S&P 500. The Fund's top 10 positions made up 49.9% of the portfolio versus 29.5% for the Index. Over time, my 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 my 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 94.7% of the S&P 500 and 99.9% of the Fund's portfolio. 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, and real estate. At the end of the quarter, the Fund did not have any investments in utilities and materials sectors which represented approximately 5.3% of the S&P 500.

| Sector | FPA U.S. Core Equity Fund | S&P 500 |
|--|---------------------------|---------------|
| Information Technology | 33.5% | 28.0% |
| Communication Services | 21.6% | 9.4% |
| Consumer Discretionary | 19.9% | 12.0% |
| Health Care | 11.1% | 13.6% |
| Financials | 7.8% | 11.1% |
| Industrials | 1.7% | 7.9% |
| Energy | 1.5% | 3.9% |
| Consumer Staples | 1.4% | 6.1% |
| Real Estate | 1.4% | 2.7% |
| Utilities | 0.0% | 2.7% |
| Materials | 0.0% | 2.6% |
| Total | 99.9% | 100.0% |
| Cash and equivalents (net of liabilities) | 0.2% | |

Source: FPA, Capital IQ. As of March 31, 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.⁷

| | FPA U.S. Core Equity Fund | S&P 500 |
|--|---------------------------|---------|
| Large Capitalization Holdings % of Portfolio | 93.0% | 99.2% |
| Top 5 Holdings % of Portfolio | 42.3% | 24.4% |
| Top 10 Holdings % of Portfolio | 49.9% | 29.5% |
| Foreign Securities % of Portfolio | 5.3% | 0.0% |
| 12-Month Forward P/E ⁸ | 22.5x | 19.4x |
| Price/Book ⁹ | 6.8x | 4.4x |
| Return on Equity ¹⁰ | 34.0% | 20.0% |
| EPS Growth Forecast (2-year, median) | 22.0% | 9.7% |
| Revenue Growth Historical (2-year, \$-weighted median) | 15.8% | 17.5% |
| Revenue Growth Forecast (2-year, median) | 12.2% | 10.6% |
| Debt/Equity ¹¹ | 1.0x | 0.9x |
| Median Market Capitalization ¹² (billions) | \$92.8 | \$31.5 |
| Weighted Average Market Cap (billions) | \$904.7 | \$639.0 |

Source: FPA, Capital IQ. Data as of March 31, 2022. Fund statistics for '% of Portfolio' holdings are based on net assets. Portfolio composition will change due to ongoing management of the Fund.

Q1'22 Winners and Losers¹³

| Winners | Performance Contribution | Losers | Performance Contribution |
|---------------------|--------------------------|---------------------------|--------------------------|
| S&P Global | 0.15% | Meta Platforms | -2.25% |
| Activision Blizzard | 0.11% | Microsoft | -0.85% |
| American Express | 0.11% | Zoom Video Communications | -0.67% |
| Anthem | 0.07% | Netflix | -0.60% |
| Aon Plc | 0.07% | PayPal Holdings | -0.55% |

⁷ 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.

⁸ 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.

⁹ Price/Book ratio is the current closing price of the stock divided by the latest quarter's book value per share.

¹⁰ Return on Equity measures a portfolio company's profitability by dividing net income before taxes less preferred dividends by the value of stockholders' equity.

¹¹ 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.

¹² Market Cap, short for market capitalization, refers to the total dollar market value of a company's outstanding shares.

¹³ 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.

One of the Fund's biggest winners in the first quarter was Activision Blizzard (NASDAQ:ATVI). On January 18, 2022 Microsoft agreed to purchase ATVI for \$95.00 per share in an all-cash transaction. The Fund has been invested in ATVI since the second quarter of 2018.

The investment thesis was threefold. First, the greater than \$200 billion gaming industry is the largest and fastest growing form of entertainment in the world. More than three billion people play games currently and the population of global gamers is expected to grow faster than global population growth this decade.¹⁴ Second, ATVI has some of the best intellectual property in the gaming industry including Warcraft, Diablo, Overwatch, Call of Duty and Candy Crush in addition to global eSports activities through Major League Gaming. Third, ATVI has had a pristine balance sheet with net cash over the past four years, generated robust free cash flow and traded at an undemanding valuation.

ATVI closed the quarter at \$80.11—a nearly 16% discount to the acquisition price. Assuming it takes about a year for the deal to close, a 18.6% return seems to be good upside relative to the risk of a deal not closing due to anti-trust concerns. If the transaction closes it would make Microsoft the third-largest company in gaming by revenue behind Tencent and Sony. There is plenty of competition from these larger players as well as smaller competitors such as EA, Take-Two Interactive, Roblox and Epic Games' Fortnite. The Fund remains invested in ATVI given the significant discount, but should the discount narrow in the coming quarters the Fund could reduce or eliminate the position.

One of the Fund's biggest losers in the first quarter was Zoom Video Communications (NASDAQ:ZM). I have admired ZM's business ever since I began using the service a few years ago before the Covid-19 pandemic emerged. Despite my admiration for the business, the valuation since it came public three years ago was too rich for my blood until recently.

ZM's business has been one of the greatest beneficiaries from the pandemic, but one would have no idea that was the case looking at its stock price performance over the past two years. ZM is down 20% over that time and now trades at the cheapest valuation since coming public. When ZM came public in April 2019 it had an Enterprise Value ("EV") of \$17.4 billion, traded at 27.9x FY2020 revenue and 1,370x FY2020 operating income. It now has an EV of \$29.3 billion, trades at 6.4x FY2023 revenue, 20.3x FY2023 operating income and 26.3x EPS.¹⁵ Since the 10-year Treasury Yield was 2.56% when it came public compared to 2.33% at March 31, 2022, this huge multiple contraction appears to be largely tied to the market's view of its prospects.

Before opining on its future, one should admire what ZM has accomplished over the past two years. ZM's revenue increased from \$623 million in FY2020 to \$4.1 billion in FY2022 while its operating income increased from \$13 million to over \$1.1 billion—all while increasing its R&D spend from \$33 million to \$363 million. Looking at its last quarter, ZM has very high gross (76.0%) and operating (23.5%) margins, which helps translate into robust free cash flow generation. Since coming public, ZM's cash & equivalents has increased from \$737 million to \$5.4 billion, which now makes up over 15% of its market capitalization. ZM is expected to grow its revenue at a 12.2% compound annual growth rate ("CAGR") over the next three years.¹⁶ Looking at FY2025 (ending 1/31/25) consensus estimates, excluding its cash & equivalents, ZM trades at 16.8x operating income and 21.1x EPS.

Within its core business of video conferencing, ZM is essentially a duopoly whose main competition is Microsoft Teams. In a flexible work from anywhere world, Microsoft Teams and Zoom Video should continue to be highly valued services

¹⁴ Microsoft press release on 1/18/22: <https://news.microsoft.com/2022/01/18/microsoft-to-acquire-activision-blizzard-to-bring-the-joy-and-community-of-gaming-to-everyone-across-every-device/?msclkid=014e0665c4c911ec9edd655e97fa8aa1>

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¹⁵ Capital IQ consensus estimates as of March 31, 2022.

¹⁶ Capital IQ consensus estimates as of March 31, 2022.

for organizations around the world. If one has any doubt regarding ZM's ability to grow its business in the future, the first clue that it stands a decent chance is last quarter's results (ending 1/31/22), which compares to the prior year quarter when the pandemic's impact was much greater causing many businesses, government agencies, non-profits and schools to operate virtually. Last quarter ZM grew its revenue 21.4% and gross profit by 32.3%. Because ZM is choosing to reinvest into its business to best position it for sustainable long-term growth, its research and development ("R&D") increased 123.3% and selling, general and administrative expenses ("SG&A") grew 45.2%, which resulted in its operating profit declining by 1.7%.

ZM's FY2022 \$4.1 billion of revenue should be viewed against an estimated \$91 billion total addressable market (in 2025) for its services that include videoconferencing, premises-based video infrastructure, telephony, messaging, contact center as well as webinars and virtual events.¹⁷ Regarding video infrastructure and telephony, this is mostly a replacement market with large legacy competitors like Cisco and Avaya losing share. Founder and CEO, Eric Yuan, on the most recent earnings call said, "Our growth strategy is always better product, better price and also much better service." On the same call CFO Kelly Steckelberg said, "If you look across the market in how we priced Meetings, how we priced Zoom Phone when we introduced it, we're approximately half the price of any of our competitors' list price. And that continues to be the case with Contact Center as well." ZM continues to be a disruptor and we believe it is well positioned to grow its revenue and EPS at an above average rate for many years to come.

For now, ZM is an unloved stock and has the highest short interest (at 5.0%) over its three-year public trading history.¹⁸ It recently initiated a \$1 billion share repurchase program and, in our opinion, has the capacity to do much more over time.¹⁹ We believe ZM is in a great position to take advantage of this stock price weakness—and so is the Fund.

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
April 2022

¹⁷ ZM's Investor Day Presentation 9/13/21

¹⁸ Source: Capital IQ, as of March 31, 2022.

¹⁹ Source: Globe Newswire: <https://www.globenewswire.com/news-release/2022/02/28/2393668/0/en/Zoom-Video-Communications-Reports-Fourth-Quarter-and-Fiscal-Year-2022-Financial-Results.html>

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.

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

3/31/2022

| TICKER | PRINCIPAL/ SHARES | SECURITY | COUPON RATE (%) | MATURITY DATE | MKT PRICE (\$) | MKT VALUE (\$) | % OF NET ASSET VALUE |
|----------------------------|----------------------|-------------------------------|-----------------|---------------|----------------|----------------|----------------------|
| COMMON STOCK (LONG) | | | | | | | |
| ABT | 3,829 | ABBOTT LABORATORIES | | | 118.36 | 453,200 | 0.7% |
| ACN | 3,165 | ACCENTURE PLC-CL A* | | | 337.23 | 1,067,333 | 1.5% |
| ATVI | 6,693 | ACTIVISION BLIZZARD INC | | | 80.11 | 536,176 | 0.8% |
| ADS GY | 4,420 | ADIDAS AG* | | | 234.41 | 1,036,111 | 1.5% |
| ADBE | 2,225 | ADOBE INC | | | 455.62 | 1,013,755 | 1.5% |
| EADSY | 16,800 | AIRBUS SE - UNSP ADR* | | | 30.22 | 507,696 | 0.7% |
| GOOG | 2,545 | ALPHABET INC-CL C | | | 2,792.99 | 7,108,160 | 10.3% |
| AMZN | 1,620 | AMAZON.COM INC | | | 3,259.95 | 5,281,119 | 7.7% |
| AXP | 3,600 | AMERICAN EXPRESS CO | | | 187.00 | 673,200 | 1.0% |
| ANTM | 1,915 | ANTHEM INC | | | 491.22 | 940,686 | 1.4% |
| AON | 2,045 | AON PLC* | | | 325.63 | 665,913 | 1.0% |
| APO | 8,600 | APOLLO GLOBAL MANAGEMENT INC | | | 61.99 | 533,114 | 0.8% |
| AAPL | 31,850 | APPLE INC | | | 174.61 | 5,561,329 | 8.1% |
| ADSK | 4,050 | AUTODESK INC | | | 214.35 | 868,118 | 1.3% |
| AZO | 280 | AUTOZONE INC | | | 2,044.58 | 572,482 | 0.8% |
| BLK | 1,350 | BLACKROCK INC | | | 764.17 | 1,031,630 | 1.5% |
| BX | 4,146 | BLACKSTONE GROUP INC/THE-A | | | 126.94 | 526,293 | 0.8% |
| CFR SW | 2,700 | CIE FINANCIERE RICHEMO-A REG* | | | 127.70 | 344,787 | 0.5% |
| CI | 870 | CIGNA CORP | | | 239.61 | 208,461 | 0.3% |
| CMCSA | 22,470 | COMCAST CORP-CLASS A | | | 46.82 | 1,052,045 | 1.5% |
| STZ | 451 | CONSTELLATION BRANDS INC-A | | | 230.32 | 103,874 | 0.2% |
| DHR | 2,134 | DANAHER CORP | | | 293.33 | 625,966 | 0.9% |
| EW | 1,818 | EDWARDS LIFESCIENCES CORP | | | 117.72 | 214,015 | 0.3% |
| EA | 1,800 | ELECTRONIC ARTS INC | | | 126.51 | 227,718 | 0.3% |
| EL | 897 | ESTEE LAUDER COMPANIES-CL A | | | 272.32 | 244,271 | 0.4% |
| ETSY | 525 | ETSY INC | | | 124.28 | 65,247 | 0.1% |
| FDX | 1,490 | FEDEX CORP | | | 231.39 | 344,771 | 0.5% |
| GDDY | 4,534 | GODADDY INC - CLASS A | | | 83.70 | 379,496 | 0.6% |
| HCA | 965 | HCA HEALTHCARE INC | | | 250.62 | 241,848 | 0.4% |
| HD | 3,195 | HOME DEPOT INC | | | 299.33 | 956,359 | 1.4% |
| HON | 1,540 | HONEYWELL INTERNATIONAL INC | | | 194.58 | 299,653 | 0.4% |
| HUM | 1,678 | HUMANA INC | | | 435.17 | 730,215 | 1.1% |
| ILMN | 368 | ILLUMINA INC | | | 349.40 | 128,579 | 0.2% |
| INTU | 555 | INTUIT INC | | | 480.84 | 266,866 | 0.4% |
| ISRG | 1,776 | INTUITIVE SURGICAL INC | | | 301.68 | 535,784 | 0.8% |
| IQV | 3,385 | IQVIA HOLDINGS INC | | | 231.21 | 782,646 | 1.1% |
| KER FP | 1,600 | KERING* | | | 636.87 | 1,018,989 | 1.5% |
| KKR | 6,174 | KKR & CO INC -A | | | 58.47 | 360,994 | 0.5% |
| OR FP | 550 | L'OREAL* | | | 402.51 | 221,380 | 0.3% |
| LOW | 4,300 | LOWE'S COS INC | | | 202.19 | 869,417 | 1.3% |
| MC FP | 480 | LVMH MOET HENNESSY LOUIS VUI* | | | 718.40 | 344,831 | 0.5% |
| MA | 2,945 | MASTERCARD INC - A | | | 357.38 | 1,052,484 | 1.5% |
| MTCH | 1,891 | MATCH GROUP INC | | | 108.74 | 205,627 | 0.3% |
| FB | 16,816 | META PLATFORMS INC | | | 222.36 | 3,739,206 | 5.4% |
| MSFT | 24,200 | MICROSOFT CORP | | | 308.31 | 7,461,102 | 10.8% |
| MCO | 385 | MOODY'S CORP | | | 337.41 | 129,903 | 0.2% |
| MS | 4,160 | MORGAN STANLEY | | | 87.40 | 363,584 | 0.5% |
| MSCI | 480 | MSCI INC | | | 502.88 | 241,382 | 0.4% |
| NFLX | 2,141 | NETFLIX INC | | | 374.59 | 801,997 | 1.2% |
| NKE | 7,715 | NIKE INC -CL B | | | 134.56 | 1,038,130 | 1.5% |
| NVDA | 3,845 | NVIDIA CORP | | | 272.86 | 1,049,147 | 1.5% |
| ORLY | 848 | O'REILLY AUTOMOTIVE INC | | | 684.96 | 580,846 | 0.8% |
| PLTR | 4,365 | PALANTIR TECHNOLOGIES INC-A | | | 13.73 | 59,931 | 0.1% |
| PYPL | 9,000 | PAYPAL HOLDINGS INC | | | 115.65 | 1,040,850 | 1.5% |
| QCOM | 3,270 | QUALCOMM INC | | | 152.82 | 499,721 | 0.7% |
| SPGI | 744 | S&P GLOBAL INC | | | 410.18 | 305,174 | 0.4% |
| CRM | 1,745 | SALESFORCE.COM INC | | | 212.32 | 370,498 | 0.5% |
| SPOT | 600 | SPOTIFY TECHNOLOGY SA* | | | 151.02 | 90,612 | 0.1% |



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

3/31/2022

| TICKER | PRINCIPAL/ SHARES | SECURITY | COUPON RATE (%) | MATURITY DATE | MKT PRICE (\$) | MKT VALUE (\$) | % OF NET ASSET VALUE |
|----------------------------|----------------------|--|-----------------|---------------|----------------|-------------------|----------------------|
| COMMON STOCK (LONG) | | | | | | | |
| SFM | 12,850 | SPROUTS FARMERS MARKET INC | | | 31.98 | 410,943 | 0.6% |
| SBUX | 2,910 | STARBUCKS CORP | | | 90.97 | 264,723 | 0.4% |
| SYK | 815 | STRYKER CORP | | | 267.35 | 217,890 | 0.3% |
| TSLA | 130 | TESLA INC | | | 1,077.60 | 140,088 | 0.2% |
| TMO | 1,790 | THERMO FISHER SCIENTIFIC INC | | | 590.65 | 1,057,264 | 1.5% |
| ULTA | 1,280 | ULTA BEAUTY INC | | | 398.22 | 509,722 | 0.7% |
| UNH | 2,055 | UNITEDHEALTH GROUP INC | | | 509.97 | 1,047,988 | 1.5% |
| UMG NA | 7,500 | UNIVERSAL MUSIC GROUP BV* | | | 26.77 | 200,743 | 0.3% |
| V | 4,780 | VISA INC-CLASS A SHARES | | | 221.77 | 1,060,061 | 1.5% |
| DIS | 6,635 | WALT DISNEY CO/THE | | | 137.16 | 910,057 | 1.3% |
| WLTW | 2,400 | WILLIS TOWERS WATSON PLC* | | | 236.22 | 566,928 | 0.8% |
| ZTS | 2,405 | ZOETIS INC | | | 188.59 | 453,559 | 0.7% |
| ZM | 5,575 | ZOOM VIDEO COMMUNICATIONS-A | | | 117.23 | 653,557 | 0.9% |
| | | OTHER COMMON STOCK (LONG) | | | | 3,372,332 | 4.9% |
| | | TOTAL COMMON STOCK (LONG) | | | | 68,840,578 | 99.8% |
| | | TOTAL INVESTMENT SECURITIES | | | | 68,840,578 | 99.8% |
| | | REPURCHASE AGREEMENTS | | | | | |
| | 167,000 | STATE STREET BANK/FICC REPO | 0.000 | 04/01/2022 | | 167,000 | 0.2% |
| | | TOTAL REPURCHASE AGREEMENTS | | | | 167,000 | 0.2% |
| | | CASH & EQUIVALENTS | | | | (57,581) | -0.1% |
| | | TOTAL CASH & EQUIVALENTS | | | | 109,419 | 0.2% |
| | | TOTAL NET ASSETS | | | | 68,949,997 | 100.0% |
| | | NUMBER OF LONG EQUITY POSITIONS | | | | | 71 |

* 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, by email at 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 Depository 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.