



# FPA U.S. Core Equity Fund, Inc. Third 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: 9/30/2022	QTD	YTD	1 Year	3 Years	5 Years	10 Years*
FPA U.S. Core Equity Fund, Inc. ('Fund')	-3.73%	-31.51%	-26.02%	5.20%	5.38%	7.75%
S&P 500	-4.88%	-23.87%	-15.47%	8.16%	9.24%	11.70%

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 third quarter of 2022, the FPA U.S. Core Equity Fund, Inc.'s ("Fund") performance was -3.73% (-3.55% before fees and expenses), which compares to the -4.88% total return of the S&P 500 Index ("Index" or "S&P 500").

The Fund's outperformance in the third quarter is mostly attributable to its large exposure to the Consumer Discretionary sector, which rebounded somewhat after a dismal first half of the year as well as holding an above average level of cash and equivalents and having sold some covered call options against various holdings that helped the Fund weather the market's further decline.

The 10-year U.S. Treasury yield had another rapid rise in the third quarter following the first and second quarter's similar jump in magnitude, increasing from approximately 3.0% to 3.8%—and reaching as high as nearly 4.0% 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 third quarter as well as the first half of the year, can be frustrating. However, if you are investing for the long-term (many market cycles), multiple contraction or expansion historically has had the least amount of impact to equity returns. Rather, it is EPS growth that has the greatest impact to a stock's total return over the long run and that is what I am 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.

However, U.S. Treasuries are now a real competitive alternative to equities and other risk assets, which has not been the case for over a decade. If one can earn an approximate four percent risk-free rate of return in U.S. Treasuries that mature anywhere from six months to 10 years, it begs the question how much risk does one want to take to earn higher returns? As a result, the Fund now has its largest exposure to U.S. Treasuries (approximately 10%, maturing in 12 months) over the past seven years. This is not a bearish call on the market. In fact, I am finding many compelling risk/reward opportunities. But they tend to be in lower quality businesses in which I do not want to be invested for the long-term. In general, many of the highest quality companies I like the most are not overly cheap given the higher cost of capital. Therefore, the portfolio's composition reflects this view.

## Portfolio Commentary

During the third quarter, I continued to make some changes to the portfolio to best position it for future success. To that end I eliminated seven positions that made up 4.8% of the June 30, 2022 portfolio, decreased the weighting of the 60 remaining positions by 0.4% to 87.8%, and added five new positions representing 1.9% of the September 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 September 30, the Fund was invested in 65 companies (62 of which are disclosed), including 47 disclosed investments that are in the S&P 500, which made up 74.9% of the portfolio. Moreover, the 47 disclosed positions in common made up 37.8% of the S&P 500's weighting as of September 30, 2022. A majority of the 47 positions were overweight in the Fund relative to the Index. The Fund's remaining 18 investments were mostly large-cap U.S. and foreign companies. Combined, those 18 investments made up 14.7% of the portfolio.

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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.

In terms of geography, 85.4% of the portfolio was in U.S. companies, while 4.2% was in foreign equities, as of September 30, 2022. By market capitalization, 85.5% of the portfolio was invested in large-cap companies with market values above \$10 billion, with about 49% invested in mega-caps (companies with market values above \$200 billion). The Fund's weighted average market cap was approximately \$638 billion, while the Fund's median market cap was approximately \$61 billion.

Regarding portfolio concentration, the Fund's top five positions made up 38.5% of the Fund compared to approximately 23.2% for the S&P 500. The Fund's top 10 positions made up 47.4% of the portfolio versus 27.8% for the Index. Over time, my goal is to continue to increase the weighting of some of the Fund's smaller positions as valuations become more compelling.

From an industry exposure standpoint, the portfolio investment in nine of the 11 sectors in the S&P 500. Combined, those nine sectors made up approximately 94% of the S&P 500 and 90% of the Fund's portfolio. Relative to the S&P 500, the portfolio is overweight communication services, consumer discretionary, and energy, and underweight information technology, financials, health care, industrials, consumer staples, materials, and real estate. At the end of the quarter, the Fund did not have any investments in utilities and real estate, which made up approximately 6% of the S&P 500.

Sector	FPA U.S. Core Equity Fund	S&P 500
Information Technology	25.1%	26.4%
Consumer Discretionary	22.5%	11.7%
Communication Services	14.3%	8.1%
Financials	10.5%	11.0%
Health Care	8.6%	15.1%
Energy	4.7%	4.5%
Industrials	2.8%	7.9%
Consumer Staples	0.9%	6.9%
Materials	0.3%	2.5%
Utilities	0.0%	3.1%
Real Estate	0.0%	2.8%
<b>Total</b>	<b>89.7%</b>	<b>100.0%</b>
<b>Other</b>	<b>-0.3%</b>	
<b>Cash and equivalents (net of liabilities)</b>	<b>10.6%</b>	

Source: FPA, Capital IQ. As of September 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	85.5%	98.4%
Top 5 Holdings % of Portfolio	38.5%	23.2%
Top 10 Holdings % of Portfolio	47.4%	27.8%
Foreign Securities % of Portfolio	4.2%	0.0%
12-Month Forward P/E <sup>4</sup>	16.3x	15.2x
Price/Book <sup>5</sup>	4.2x	3.5x
Return on Equity <sup>6</sup>	26.2%	20.4%
EPS Growth Forecast (2-year, median)	12.8%	7.7%
Revenue Growth Historical (2-year, \$-weighted median)	13.7%	17.6%
Revenue Growth Forecast (2-year, median)	10.1%	9.7%
Debt/Equity <sup>7</sup>	0.5x	0.9x
Median Market Capitalization <sup>8</sup> (billions)	\$61.4	\$27.1
Weighted Average Market Cap (billions)	\$638.4	\$463.6

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

### Q3'22 Winners and Losers<sup>9</sup>

Winners	Performance Contribution	Losers	Performance Contribution
Apple	0.58%	Alphabet	-1.30%
Amazon.com	0.39%	Microsoft	-1.00%
Undisclosed	0.21%	Meta Platforms	-0.43%
Netflix	0.14%	Adidas AG	-0.26%
O'Reilly Automotive	0.13%	IQVIA	-0.23%

<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.

<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.

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Of the five biggest detractors to performance, only Meta Platforms (NASDAQ:META) and Adidas have contributed negatively to the Fund's performance since investing in them. META's challenges are well-known and thus the large valuation discount to the market reflects that. The Fund's position size has been trimmed down in favor of other investments and to be tax efficient. Nevertheless, META continues to generate robust free cash flow and is led by a relatively young and engaged owner, operator who has one of the best track records of building a huge business from scratch as well as capital allocation with regards to acquisitions. While the future is less clear for its core social media businesses as well as the potential of creating and monetizing the metaverse many years from now, the current valuation seems to discount a lot of this uncertainty.

Regarding Adidas, the Fund sold the position entirely in the third quarter. The investment thesis was generally threefold: 1) a long-term global trend towards greater demand for casual clothing bolstered by the pandemic in so far as more time spent outside of a traditional office setting; 2) strong brand history supported by the continued sponsorship of many world class athletes; 3) a large operating margin benefit to come from a greater portion of its sales moving from the wholesale to direct-to-consumer channel. Ultimately, management failed to execute and the macroeconomic weakness in Europe, its largest market, exacerbated its poor execution. As such, the current CEO will step down in 2023 and the search for a new CEO is under way. I am still constructive on Adidas' prospects, but without knowing who will be in charge it was difficult to remain invested in the company. Once a new CEO is named and his/her vision for the company is communicated, I will revisit it.

One of the Fund's biggest winners in the third quarter was O'Reilly Automotive (NASDAQ:ORLY), which the Fund has invested off and on in since July 2017. Additionally, within the past year the Fund added AutoZone (NYSE:AZO), which is one of ORLY's main competitors. The growing do-it-yourself (DIY) and do-it-for-me (DIFM) after-market auto parts industry is one in which I've followed for about a decade. In my opinion, ORLY and AZO are two of the best managed companies in the sector. Supply chain issues, high inflation and the rapidly rising cost of financing has taken its toll on the new auto market. As such, I believe ORLY and AZO are beneficiaries from an increasing number of people who cannot afford to purchase a new car and therefore must hold on to and maintain their existing cars for longer. While this unintended benefit (that is to be determined as to how long it will last) was never part of the main investment thesis behind ORLY or AZO, I'll take it.

## Closing

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

I look forward to delivering value for our fellow shareholders over the coming years. Thank you for your confidence and continued support.

Respectfully submitted,

Gregory R. Nathan  
Portfolio Manager  
October 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**

9/30/2022

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			96.76	370,494	0.7%
ACN	1,050	ACCENTURE PLC-CL A*			257.30	270,165	0.5%
ATVI	6,693	ACTIVISION BLIZZARD INC			74.34	497,558	1.0%
AMD	2,350	ADVANCED MICRO DEVICES			63.36	148,896	0.3%
EADSY	13,850	AIRBUS SE - UNSP ADR*			21.47	297,360	0.6%
GOOG	50,900	ALPHABET INC-CL C			96.15	4,894,035	9.8%
AMZN	32,400	AMAZON.COM INC			113.00	3,661,200	7.3%
UHAL	500	AMERCO			509.22	254,610	0.5%
AON	2,045	AON PLC*			267.87	547,794	1.1%
APO	9,600	APOLLO GLOBAL MANAGEMENT INC			46.50	446,400	0.9%
AAPL	31,850	APPLE INC			138.20	4,401,670	8.8%
AZO	280	AUTOZONE INC			2,141.93	599,740	1.2%
BAC	21,000	BANK OF AMERICA CORP			30.20	634,200	1.3%
BMW GY	3,375	BAYERISCHE MOTOREN WERKE AG*			68.59	231,504	0.5%
BLK	2,125	BLACKROCK INC			550.28	1,169,345	2.3%
BX	5,146	BLACKSTONE GROUP INC/THE-A			83.70	430,720	0.9%
AVGO	665	BROADCOM INC			444.01	295,267	0.6%
CE	1,700	CELANESE CORP			90.34	153,578	0.3%
CFR SW	4,000	CIE FINANCIERE RICHEMO-A REG*			95.55	382,203	0.8%
CI	870	CIGNA CORP			277.47	241,399	0.5%
CMCSA	7,000	COMCAST CORP-CLASS A			29.33	205,310	0.4%
STZ	451	CONSTELLATION BRANDS INC-A			229.68	103,586	0.2%
DHR	2,100	DANAHER CORP			258.29	542,409	1.1%
DECK	750	DECKERS OUTDOOR CORP			312.61	234,458	0.5%
ELV US	1,915	ELEVANCE HEALTH INC			454.24	869,870	1.7%
GM	6,700	GENERAL MOTORS CO			32.09	215,003	0.4%
HCA	1,225	HCA HEALTHCARE INC			183.79	225,143	0.4%
HSIC	2,000	HENRY SCHEIN INC			65.77	131,540	0.3%
HD	3,195	HOME DEPOT INC			275.94	881,628	1.8%
HON	1,500	HONEYWELL INTERNATIONAL INC			166.97	250,455	0.5%
HUM	475	HUMANA INC			485.19	230,465	0.5%
IQV	3,385	IQVIA HOLDINGS INC			181.14	613,159	1.2%
JPM	7,000	JPMORGAN CHASE & CO			104.50	731,500	1.5%
KER FP	1,680	KERING*			449.40	754,995	1.5%
KKR	11,600	KKR & CO INC -A			43.00	498,800	1.0%
LEN/B	9,600	LENNAR CORP - B SHS			59.51	571,296	1.1%
LOW	4,300	LOWE'S COS INC			187.81	807,583	1.6%
MC FP	480	LVMH MOET HENNESSY LOUIS VUI*			598.22	287,147	0.6%
MA	2,760	MASTERCARD INC - A			284.34	784,778	1.6%
META	7,950	META PLATFORMS INC-CLASS A			135.68	1,078,656	2.2%
MSFT	22,100	MICROSOFT CORP			232.90	5,147,090	10.3%
MHK	2,700	MOHAWK INDUSTRIES INC			91.19	246,213	0.5%
MCO	385	MOODY'S CORP			243.11	93,597	0.2%
NFLX	750	NETFLIX INC			235.44	176,580	0.4%
NKE	7,700	NIKE INC -CL B			83.12	640,024	1.3%
NSC	1,175	NORFOLK SOUTHERN CORP			209.65	246,339	0.5%
ORLY	848	O'REILLY AUTOMOTIVE INC			703.35	596,441	1.2%



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Portfolio Holdings

9/30/2022

TICKER	PRINCIPAL/ SHARES	SECURITY	COUPON RATE (%)	MATURITY DATE	MKT PRICE (\$)	MKT VALUE (\$)	% OF NET ASSET VALUE
PLTR	4,365	PALANTIR TECHNOLOGIES INC-A			8.13	35,487	0.1%
PYPL	3,800	PAYPAL HOLDINGS INC			86.07	327,066	0.7%
QCOM	2,788	QUALCOMM INC			112.98	314,988	0.6%
SPGI	744	S&P GLOBAL INC			305.35	227,180	0.5%
SIX	8,250	SIX FLAGS ENTERTAINMENT CORP			17.70	146,025	0.3%
SFM	12,850	SPROUTS FARMERS MARKET INC			27.75	356,588	0.7%
TMO	650	THERMO FISHER SCIENTIFIC INC			507.19	329,674	0.7%
TDUP	1	THREDUP INC - CLASS A			1.84	2	0.0%
TOL	12,500	TOLL BROTHERS INC			42.00	525,000	1.0%
ULTA	830	ULTA BEAUTY INC			401.19	332,988	0.7%
UPS	2,300	UNITED PARCEL SERVICE-CL B			161.54	371,542	0.7%
UNH	1,510	UNITEDHEALTH GROUP INC			505.04	762,610	1.5%
V	4,640	VISA INC-CLASS A SHARES			177.65	824,296	1.6%
DIS	3,100	WALT DISNEY CO/THE			94.33	292,423	0.6%
WTW	2,400	WILLIS TOWERS WATSON PLC*			200.94	482,256	1.0%
		OTHER COMMON STOCK (LONG)				2,496,362	5.0%
		<b>TOTAL COMMON STOCK (LONG)</b>				<b>44,916,689</b>	<b>89.7%</b>
		<b>DERIVATIVES/FUTURES</b>					
AAPL 10/21/22 C140	-18,700	OCTOBER 22 CALLS ON AAPL US	0.00	10/21/2022	4.65	(86,955)	-0.2%
ACN 10/21/22 C255	-1,000	OCTOBER 22 CALLS ON ACN US*	0.00	10/21/2022	9.00	(9,000)	0.0%
DHR 10/21/22 C260	-2,100	OCTOBER 22 CALLS ON DHR US	0.00	10/21/2022	10.00	(21,000)	0.0%
DIS 10/21/22 C100	-3,100	OCTOBER 22 CALLS ON DIS US	0.00	10/21/2022	1.50	(4,650)	0.0%
HON 10/21/22 C175	-1,500	OCTOBER 22 CALLS ON HON US	0.00	10/21/2022	1.75	(2,625)	0.0%
MCO 10/21/22 C250	-300	OCTOBER 22 CALLS ON MCO US	0.00	10/21/2022	7.75	(2,325)	0.0%
ORLY 10/21/22 C690	-800	OCTOBER 22 CALLS ON ORLY US	0.00	10/21/2022	28.10	(22,480)	0.0%
TMO 10/21/22 C520	-600	OCTOBER 22 CALLS ON TMO US	0.00	10/21/2022	9.40	(5,640)	0.0%
		<b>TOTAL DERIVATIVES/FUTURES</b>				<b>(154,675)</b>	<b>-0.3%</b>
		<b>TOTAL INVESTMENT SECURITIES</b>				<b>44,762,014</b>	<b>89.4%</b>
		<b>U.S. GOVERNMENT AND AGENCIES (SHORT-TERM)</b>					
	5,000,000	UNITED STATES TREASURY NOTE/BOND	2.875	09/30/2023	98.70	4,934,766	9.9%
		<b>TOTAL U.S. GOVERNMENT AND AGENCIES (SHORT-TERM)</b>				<b>4,934,766</b>	<b>9.9%</b>
		<b>REPURCHASE AGREEMENTS</b>					
	211,000	STATE STREET BANK/FICC REPO	0.830	10/03/2022		211,000	0.4%
		<b>TOTAL REPURCHASE AGREEMENTS</b>				<b>211,000</b>	<b>0.4%</b>
		<b>CASH &amp; EQUIVALENTS</b>				<b>163,573</b>	<b>0.3%</b>
		<b>TOTAL CASH &amp; EQUIVALENTS</b>				<b>5,309,339</b>	<b>10.6%</b>
		<b>TOTAL NET ASSETS</b>				<b>50,071,353</b>	<b>100.0%</b>
		<b>NUMBER OF LONG EQUITY POSITIONS</b>					<b>62</b>
		<b>NUMBER OF LONG FIXED INCOME CREDIT POSITIONS</b>					<b>1</b>

\* Indicates foreign security.



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

9/30/2022

### 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 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.**