FPA U.S. Core Equity Fund, Inc.
Fourth 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: 12/31/2022	QTD	YTD	1 Year	3 Years	5 Years	10 Years*
FPA U.S. Core Equity Fund, Inc. ('Fund')	4.17%	-28.65%	-28.65%	3.04%	5.77%	7.59%
S&P 500	7.56%	-18.11%	-18.11%	7.66%	9.42%	12.56%

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.

Introduction[1]

In the fourth quarter of 2022, the FPA U.S. Core Equity Fund, Inc.'s ("Fund") performance was 4.17% (4.60% before fees and expenses), which compares to the 7.56% total return of the S&P 500 Index ("Index" or "S&P 500"). For the year, the Fund declined by -28.65% (-27.73% before fees and expenses) compared to the -18.11% total return of the S&P 500.

The Fund's underperformance in the fourth quarter (and for the year) is mostly attributable to its overweight exposure to the Consumer Discretionary and Communication Services Sectors, which declined by -12.05% (-39.00% for the year) and -3.27% (-40.00% for the year), respectively.

The 10-year U.S. Treasury yield increased a bit in the fourth quarter from approximately 3.8% to 3.9%—and reaching as high as 4.3% intra-quarter.[2] Additionally, the yield curve remains inverted with six-month to one-year treasuries yielding 4.75% and 4.69%, respectively at December 31, 2022. For more risk-averse investors, one gets paid to sit on the sidelines as we await a possible recession in 2023. Therefore, the Fund has its largest exposure to U.S. Treasuries (approximately 10%, maturing in 11 months) since I have been managing the Fund over the past seven years.

My hope is that as we patiently wait (and get paid what I believe is a reasonable return in the meantime) for a possible recession to play out in 2023, we will get potentially better valuation entry points into various equities on my wish list. 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—even relative to U.S. Treasuries and other investment alternatives.

Portfolio Commentary

During the fourth quarter, I continued to make some changes to the portfolio to best position it for future success. To that end I eliminated 10 positions that made up 5.7% of the September 30, 2022 portfolio, increased the weighting of the 55 remaining positions by 3.3% to 87.3%, and added four new positions representing 2.3% of the December 31, 2022 portfolio. These new positions are in companies I have been following and that were on my wish list to purchase. They are not at full position sizes yet, and thus I am willing to add to them should the risk/reward make sense to do so.

As of December 31, 2022, the Fund was invested in 59 companies, including 39 investments that are in the S&P 500, which made up 72.1% of the portfolio. Moreover, the 39 positions in common made up 34.1% of the S&P 500's weighting as of December 31, 2022. A majority of the 39 were overweight in the Fund relative to the Index. The Fund's remaining 20 investments were mostly large-cap U.S. and foreign companies. Combined, those 20 investments made up 17.4% of the portfolio.

In terms of geography, 84.7% of the portfolio was in U.S. companies, while 4.9% was in foreign companies, as of December 31, 2022. By market capitalization, 86.1% 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).

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

[2] Source: Bloomberg.

The Fund's portfolio companies' weighted average market cap was approximately $582 billion, while the Fund's median market cap was approximately $65 billion.

Regarding portfolio concentration, the Fund's top five positions made up 36.2% of the portfolio compared to approximately 19.9% for the S&P 500. The Fund's top 10 positions made up 46.4% of the portfolio versus 24.4% 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 had investments in eight of the 11 sectors in the S&P 500. Combined, those eight sectors made up approximately 91% of the S&P 500 and 90% of the Fund's portfolio. Relative to the S&P 500, the portfolio is overweight communication services and consumer discretionary, and underweight information technology, 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, which made up approximately 9% of the S&P 500.

Sector	**FPA U.S. Core Equity Fund**	**S&P 500**
Information Technology	24.0%	25.7%
Consumer Discretionary	19.0%	9.8%
Communication Services	16.9%	7.3%
Financials	11.0%	11.7%
Health Care	9.7%	15.8%
Energy	5.0%	5.2%
Industrials	2.8%	8.7%
Consumer Staples	1.0%	7.2%
Materials	0.0%	2.7%
Utilities	0.0%	3.2%
Real Estate	0.0%	2.7%
Total	**89.5%**	**100.0%**
Cash and equivalents (net of liabilities)	**10.5%**	

Source: FPA, Capital IQ. As of December 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.[3]

	FPA U.S. Core Equity Fund	S&P 500
Large Capitalization Holdings % of Portfolio	86.1%	98.7%
Top 5 Holdings % of Portfolio	36.2%	19.9%
Top 10 Holdings % of Portfolio	46.4%	24.4%
Foreign Securities % of Portfolio	4.9%	0.0%
12-Month Forward P/E[4]	17.6x	16.7x
Price/Book[5]	3.8x	3.8x
Return on Equity[6]	28.1%	20.2%
Earnings Per Share Growth Forecast (2-year, median)	11.0%	4.6%
Revenue Growth Historical (2-year, $-weighted median)	14.6%	17.6%
Revenue Growth Forecast (2-year, median)	8.1%	7.4%
Debt/Equity[7]	0.5x	0.9x
Median Market Capitalization[8] (billions)	$64.8	$29.5
Weighted Average Market Cap (billions)	$582.8	$412.5

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

2022 Winners and Losers[9]

Winners	Performance Contribution	Losers	Performance Contribution
JPMorgan Chase	0.23%	Meta	-3.86%
Energy Transfer	0.21%	Alphabet	-3.78%
Deckers	0.15%	Amazon	-3.27%
AutoZone	0.15%	Microsoft	-2.93%
Elevance Health	0.14%	Apple	-1.74%

[3] 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.

[4] 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.

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

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

[7] 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.

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

Q4'22 Winners and Losers[9]

Winners	Performance Contribution	Losers	Performance Contribution
BlackRock	0.59%	Amazon	-1.48%
JPMorgan Chase	0.43%	Alphabet	-0.78%
Mastercard	0.35%	Apple	-0.73%
Microsoft	0.33%	PayPal	-0.09%
Nike	0.32%	Blackstone	-0.09%

Of the five biggest detractors to performance for the year, which were its five largest investments in 2022, three (Amazon.com, Alphabet, Apple) of them were also among the biggest detractors to performance in the fourth quarter. For the year, "MAAAM" (Microsoft, Alphabet, Apple, Amazon.com, Meta Platforms) made up on average about 40% of the Fund and had an average total return of -41.4%. MAAAM's underperformance contributed to -15.58% or approximately 57% of the Fund's losses (before fees and expenses) for the year.

Given the rapid rise in interest rates in 2022, and with the 10-year U.S. Treasury yield increasing from approximately 1.5% to 3.9%, it should not be surprising to see earnings multiple compression, especially in higher multiple, faster growing companies, which in part explains MAAAM's underperformance in 2022. However, considering how much demand has increased for these companies' businesses over the past three years in part due to the Covid-19 pandemic, what is surprising is that on average MAAAM has underperformed the S&P 500 total return during this time.

In my view, besides multiple contraction due to higher interest rates, what explains a large part of this underperformance is how certain companies mistook what was at least a partial demand pull-forward as a permanent business accelerant and as a result, expanded cost structures as fast if not faster than revenue.

[9] Reflects top five contributors and top five 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.

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Before and After

Big Tech headcounts remain well above their levels before the pandemic.

Company	2019 Employees	2021 Employees	3Q 2022 Employees
Meta Platforms	44,942	71,970	87,314
Alphabet	118,899	156,500	186,779
Netflix	8,600	11,300	NA
Amazon.com	798,000	1,608,000	1,544,000

NA=not available

Source: Company reports; Barrons

In the case of AMZN, not only has it underperformed the S&P 500 total return, but its stock price declined by -9.1% over the past three years. If I was told on January 1, 2020, that we would soon enter a global pandemic that would last a few years and translate into phenomenal growth for AMZN's businesses, but its stock price would decline, I would not have believed it.[10] While its third quarter consolidated net sales grew by 81.6% over the past three years, its consolidated operating profit astonishingly declined by -20.0%.[11]

Amazon.com's retail operations are a prime example of management missteps. In comparing various numbers from its third quarter in 2022 to 2019 we can see what happened. Over the past three years, its third quarter North America retail net sales increased by 84.9% while its international retail net sales increased by 51.1%. Combined, its retail net sales grew by 74.7%. However, North America retail operating profit went from approximately $1.3 billion in Q3'19 to an approximate operating loss of -$0.4 billion. Its international operating loss expanded from -$0.4 billion in Q3'19 to about -$2.5 billion in Q3'22. Combined its retail net sales increased by about $45.6 billion while its retail operating profit decreased by about $3.8 billion.

Meanwhile its much higher margin advertising business embedded within retail net sales nearly tripled from approximately $3.4 billion in Q3'19 to $9.6 billion in Q3'22 for a $6.2 billion increase. Looking at Alphabet's and Meta Platform's operating margin for their core advertising businesses, which were both north of 30% in Q3'22[12], could suggest Amazon.com saw a boost to this sub-segment's operating profit of approximately $2.0 billion. This implies excluding this benefit, retail operating losses ballooned by about $6 billion.

If we look at stock-based compensation as a proxy for employee compensation growth, it increased a staggering 212.3% or about $3.8 billion from nearly $1.8 billion in Q3'19 to almost $5.6 billion in Q3'22. Additionally, looking at

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[10] Bloomberg.
[11] Source: Unless otherwise noted, references to Amazon's historical financial performance discussed in this section can be found in the Amazon.com Forms 10-Q filed 10/28/2022, 10/30/2020 (https://amazonir.gcs-web.com/sec-filings).
[12] Source: Alphabet Form 10-Q filed 10/25/2022 (https://abc.xyz/investor/) and Meta Platform Form 10-Q filed 10/27/2022 (https://investor.fb.com/investor-events/event -details/2022/Q3-2022-Earnings/default.aspx).

net property, plant, and equipment as a proxy for how much it increased its warehouse capacity, it grew by 163.5% or $148.4 billion over the past three years to $239.2 billion in Q3'22.

There are reports that the Alexa division, which is part of its Worldwide Digital group (including Amazon Prime video) embedded within its retail division lost $3 billion in Q1'22, with most of the losses tied to Alexa. Supposedly the hardware sub-segment lost $10 billion in 2022. While my family loves their Alexa devices and uses it daily, it is difficult to see how this utilization translates into more profitable retail sales. That simple observation combined with such a large capital investment and massive ongoing operating losses makes it difficult for me to see how this will ultimately translate into a good return on capital.[13]

Despite those negatives, there are some key positives, which helps maintain my conviction in the quality of its businesses. First, Amazon.com has become much more integral in the daily lives of millions of people around the world. It has unrivaled scale and selection (as well as compelling prices and a generous return policy) combined with its own DTC fulfillment and distribution network that is unlikely to be replicated given its high fixed operating cost and necessary scale to leverage it. Second, Amazon.com does not have a revenue growth problem, but instead a crisis of cost discipline, which it has begun to address. Reported on January 4, 2023, Amazon will be laying off over 18,000 employees (up from an initial 10,000 employees announced in November 2022) or about five percent of its corporate staff.[14] In my view, moves like this are just the beginning. Third, over the past three years Amazon Web Services (AWS) grew its third quarter net sales and operating profit by 128.3% and 139.0%, respectively. It saw its third quarter operating margin expand by 117 bps over this time to 26.3% in Q3'22. And AWS continues to be the leader of the industry.

Looking out to 2025, I could see AWS generating net sales of around $150 billion and operating profit of $40 billion resulting in an estimated value of about $600 billion to $750 billion. By then its retail advertising business could be generating approximately $80 billion in net sales and $25 billion in operating profit. That business alone could be worth $400 billion to $500 billion. Last, but not least, its global retail operations excluding advertising could have net sales of approximately $500 billion. Using a similar operating margin and P/E multiple range from WMT and COST could put its value at approximately $350 billion to $400 billion. In total, I get a range in potential value of $1.35 trillion to $1.65 trillion or possible upside of about 60% to 95% over the next few years from the current price. This ascribes zero value to Alexa and other nascent initiatives such as its foray into healthcare services.

One of the Fund's biggest winners in 2022 and a strong contributor in the fourth quarter was Deckers Outdoor (NYSE:DECK). Its core brands include Ugg, HOKA, Teva and Sanuk. The Fund made its investment in DECK during the second quarter of 2022 after the stock had declined by nearly 30% from where it closed 2021.

While I have known about DECK's more mature Ugg and Teva brands for many years, I was introduced to the HOKA brand on a golf trip to Bandon Dunes in May 2021. Our caddies said they only wear HOKA sneakers because they are by far the most comfortable walking shoes for carrying two golf bags for two rounds a day. When I took a cursory look at the company at the time it did not seem overly cheap at about 20x forward EPS. So, I put it on my wish list.

[13] https://arstechnica.com/gadgets/2022/11/amazon-alexa-is-a-colossal-failure-on-pace-to-lose-10-billion-this-year/
[14] https://www.wsj.com/articles/amazon-to-lay-off-over-17-000-workers-more-than-first-planned-11672874304

About a year later the Fund was able to make its investment at a cheaper price and valuation of around 16x forward EPS.

HOKA is a remarkable growth story. In 2018 it had combined wholesale and direct to consumer (DTC) revenue of approximately $200 million. Just four years later it will have grown that revenue base approximately six-fold to over $1.2 billion. In 2018 HOKA made up approximately 10% of DECK's wholesale revenue and in 2022 it will represent about 40%. Throughout 2022 it has been steadily growing its wholesale revenue at north of a 50% clip helping DECK grow its total revenue and EPS at a double-digit rate.[15]

I continue to see more and more people wearing HOKA shoes—from young runners to middle aged doctors and nurses to older retirees. Should HOKA expand its line-up to include more sports such as tennis and pickle ball, for example, I could see the level of demand increase further. The stock closed the year trading at approximately 19x forward EPS, which seems reasonable given consensus estimates call for low double-digit revenue and high-teens EPS growth over the next few years. Additionally, the stock trades at an approximate 40% discount to competitors such as NKE on a forward P/E basis despite similar expected consensus revenue and EPS growth. On a side note, the Fund sold its NKE investment in the fourth quarter, which was a top contributor during the quarter, due to valuation.[16]

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
January 2023

[15] Source: Deckers Brands Forms 10-Q filed 11/3/2022, 11/8/2018 (https://ir.deckers.com/financials/sec-filings/default.aspx).
[16] Bloomberg, Factset.

Important Disclosures

This Commentary is for informational and discussion purposes only and does not constitute, and should not be construed as, an offer or solicitation for the purchase or sale of any securities, products or services discussed, and neither does it provide investment advice. Any such offer or solicitation shall only be made pursuant to the Fund's Prospectus, which supersedes the information contained herein in its entirety. This Commentary does not constitute an investment management agreement or offering circular.

The views expressed herein and any forward-looking statements are as of the date of this publication and are those of the portfolio management team. Future events or results may vary significantly from those expressed and are subject to change at any time in response to changing circumstances and industry developments. This information and data has been prepared from sources believed reliable, but the accuracy and completeness of the information cannot be guaranteed and is not a complete summary or statement of all available data.

Portfolio composition will change due to ongoing management of the Fund. References to individual securities or sectors are for informational purposes only and should not be construed as recommendations by the Fund, the portfolio manager, the Adviser, or the distributor. It should not be assumed that future investments will be profitable or will equal the performance of the security or sector examples discussed. The portfolio holdings as of the most recent quarter-end may be obtained at www.fpa.com.

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

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

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

Investments, including investments in mutual funds, carry risks and investors may lose principal value. Capital markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. The Fund may purchase foreign securities, including American Depository Receipts (ADRs) and other depository receipts, which are subject to interest rate, currency exchange rate, economic and political risks; these risks may be heightened when investing in emerging markets. Foreign investments, especially those of companies in emerging markets, can be riskier, less liquid, harder to value, and more volatile than investments in the United States. Adverse political and economic developments or changes in the value of foreign currency can make it more difficult for the Fund to value the securities. Differences in tax and accounting standards, difficulties in obtaining information about foreign companies, restrictions on receiving investment proceeds from a foreign country, confiscatory foreign tax laws, and potential difficulties in enforcing contractual obligations, can all add to the risk and volatility of foreign investments.

Small and mid-cap stocks involve greater risks and may fluctuate in price more than larger company stocks. Groups of stocks, such as value and growth, go in and out of favor which may cause certain funds to underperform other equity funds.

Value style investing presents the risk that the holdings or securities may never reach their full market value because the market fails to recognize what the portfolio manager considers the true business value or because the portfolio manager has misjudged those values. In addition, value style investing may fall out of favor and underperform growth or other styles of investing during given periods.

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

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

<u>Index / Other Definitions</u>

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

TICKER	PRINCIPAL/ SHARES	SECURITY	COUPON RATE (%)	MATURITY DATE	MKT PRICE ($)	MKT VALUE ($)	% OF NET ASSET VALUE
		COMMON STOCK (LONG)					
ABT	2,800	ABBOTT LABORATORIES			109.79	307,412	0.6%
ATVI	6,693	ACTIVISION BLIZZARD INC			76.55	512,349	1.0%
EADSY	13,850	AIRBUS SE - UNSP ADR*			29.66	410,791	0.8%
GOOG	50,900	ALPHABET INC-CL C			88.73	4,516,357	9.0%
AMZN	32,400	AMAZON.COM INC			84.00	2,721,600	5.4%
UHAL	500	AMERCO			60.19	30,095	0.1%
UHALB	4,500	AMERCO-NON VOTING			54.98	247,410	0.5%
AON	2,045	AON PLC*			300.14	613,786	1.2%
APO	6,000	APOLLO GLOBAL MANAGEMENT INC			63.79	382,740	0.8%
AAPL	31,850	APPLE INC			129.93	4,138,271	8.3%
AZO	280	AUTOZONE INC			2,466.18	690,530	1.4%
BAC	21,000	BANK OF AMERICA CORP			33.12	695,520	1.4%
BMW GY	3,375	BAYERISCHE MOTOREN WERKE AG*			89.25	301,233	0.6%
BMWYY	7,200	BAYERISCHE MOTOREN-SPON ADR*			29.66	213,552	0.4%
BLK	1,400	BLACKROCK INC			708.63	992,082	2.0%
BX	6,800	BLACKSTONE INC			74.19	504,492	1.0%
AVGO	645	BROADCOM INC			559.13	360,639	0.7%
CHTR	1,165	CHARTER COMMUNICATIONS INC-A			339.10	395,052	0.8%
CI	1,750	CIGNA CORP			331.34	579,845	1.2%
CMCSA	21,000	COMCAST CORP-CLASS A			34.97	734,370	1.5%
STZ	451	CONSTELLATION BRANDS INC-A			231.75	104,519	0.2%
DHR	2,100	DANAHER CORP			265.42	557,382	1.1%
DECK	815	DECKERS OUTDOOR CORP			399.16	325,315	0.6%
ELV US	1,915	ELEVANCE HEALTH INC			512.97	982,338	2.0%
EDR	33,700	ENDEAVOR GROUP HOLD-CLASS A			22.54	759,598	1.5%
ET	125,000	ENERGY TRANSFER LP			11.87	1,483,750	3.0%
EPD	42,000	ENTERPRISE PRODUCTS PARTNERS			24.12	1,013,040	2.0%
GM	6,700	GENERAL MOTORS CO			33.64	225,388	0.4%
HCA	1,400	HCA HEALTHCARE INC			239.96	335,944	0.7%
HD	3,200	HOME DEPOT INC			315.86	1,010,752	2.0%
HUM	475	HUMANA INC			512.19	243,290	0.5%
IQV	3,385	IQVIA HOLDINGS INC			204.89	693,553	1.4%
JPM	7,000	JPMORGAN CHASE & CO			134.10	938,700	1.9%
KER FP	1,680	KERING*			509.00	855,118	1.7%
KKR	11,600	KKR & CO INC -A			46.42	538,472	1.1%
LEN/B	9,600	LENNAR CORP - B SHS			74.78	717,888	1.4%
LOW	4,300	LOWE'S COS INC			199.24	856,732	1.7%
MC FP	896	LVMH MOET HENNESSY LOUIS VUI*			727.80	652,108	1.3%
MA	2,760	MASTERCARD INC - A			347.73	959,735	1.9%
META	9,000	META PLATFORMS INC-CLASS A			120.34	1,083,060	2.2%
MSFT	22,100	MICROSOFT CORP			239.82	5,300,022	10.6%
MCO	115	MOODY'S CORP			278.62	32,041	0.1%
NFLX	750	NETFLIX INC			294.88	221,160	0.4%
NSC	1,300	NORFOLK SOUTHERN CORP			246.42	320,346	0.6%

FPA U.S.CORE EQUITY FUND, INC.

Portfolio Holdings

12/31/2022

TICKER	PRINCIPAL/ SHARES	SECURITY	COUPON RATE (%)	MATURITY DATE	MKT PRICE ($)	MKT VALUE ($)	% OF NET ASSET VALUE
PYPL	1,925	PAYPAL HOLDINGS INC			71.22	137,099	0.3%
PTON	1	PELOTON INTERACTIVE INC-A			7.94	8	0.0%
QCOM	1,710	QUALCOMM INC			109.94	187,997	0.4%
SPGI	744	S&P GLOBAL INC			334.94	249,195	0.5%
SIX	1	SIX FLAGS ENTERTAINMENT CORP			23.25	23	0.0%
SFM	12,850	SPROUTS FARMERS MARKET INC			32.37	415,955	0.8%
TMO	650	THERMO FISHER SCIENTIFIC INC			550.69	357,949	0.7%
TDUP	1	THREDUP INC - CLASS A			1.31	1	0.0%
TOL	11,500	TOLL BROTHERS INC			49.92	574,080	1.1%
ULTA	830	ULTA BEAUTY INC			469.07	389,328	0.8%
UPS	2,300	UNITED PARCEL SERVICE-CL B			173.84	399,832	0.8%
UNH	1,510	UNITEDHEALTH GROUP INC			530.18	800,572	1.6%
V	4,640	VISA INC-CLASS A SHARES			207.76	964,006	1.9%
DIS	2,750	WALT DISNEY CO/THE			86.88	238,920	0.5%
WTW	2,400	WILLIS TOWERS WATSON PLC*			244.58	586,992	1.2%
		TOTAL COMMON STOCK (LONG)				**44,860,333**	**89.5%**
		TOTAL INVESTMENT SECURITIES				**44,860,333**	**89.5%**
		U.S. GOVERNMENT AND AGENCIES (SHORT-TERM)					
	5,112,000	UNITED STATES TREASURY NOTE/BOND	2.875	11/30/2023	98.37	5,028,667	10.0%
		TOTAL U.S. GOVERNMENT AND AGENCIES (SHORT-TERM)				**5,028,667**	**10.0%**
		REPURCHASE AGREEMENTS					
	278,000	STATE STREET BANK/FICC REPO	1.280	01/03/2023		278,000	0.6%
		TOTAL REPURCHASE AGREEMENTS				**278,000**	**0.6%**
		CASH & EQUIVALENTS				(44,114)	-0.1%
		TOTAL CASH & EQUIVALENTS				**5,262,553**	**10.5%**
		TOTAL NET ASSETS				**50,122,886**	**100.0%**
		NUMBER OF LONG EQUITY POSITIONS					**59**
		NUMBER OF LONG FIXED INCOME CREDIT POSITIONS					**1**

* 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.