

SOURCE CAPITAL INC /DE/
Form N-Q
May 30, 2018

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-1731

Source Capital, Inc.
(Exact name of registrant as specified in charter)

11601 WILSHIRE BLVD., STE 1200

LOS ANGELES, CALIFORNIA
(Address of principal executive offices)

90025
(Zip code)

Copy to:

J. RICHARD ATWOOD, PRESIDENT
Source Capital, Inc.
11601 WILSHIRE BLVD., STE 1200
LOS ANGELES, CALIFORNIA 90025

(Name and address of agent for service)

MARK D. PERLOW, ESQ.
DECHERT LLP
ONE BUSH STREET STE. 1600
SAN FRANCISCO, CA 94104

Registrant's telephone number, including area code: (310) 473-0225

Date of fiscal year end: December 31

Date of reporting period: March 31, 2018

ITEM 1. Schedule of Investments.

SOURCE CAPITAL, INC.

PORTFOLIO OF INVESTMENTS

March 31, 2018

(Unaudited)

	Shares	Fair Value
COMMON STOCKS		
INTERNET MEDIA 8.8%		
Alphabet, Inc. (Class A)(a)	8,490	\$ 8,805,318
Alphabet, Inc. (Class C)(a)	7,296	7,527,940
Baidu, Inc. (ADR) (China)(a)	48,425	10,807,976
Facebook, Inc. (Class A)(a)	42,034	6,716,613
		\$ 33,857,847
INFRASTRUCTURE SOFTWARE 8.7%		
Microsoft Corporation	162,430	\$ 14,824,986
Oracle Corporation	399,580	18,280,785
		\$ 33,105,771
AIRCRAFT & PARTS 6.5%		
Arconic, Inc.	448,110	\$ 10,324,454
United Technologies Corporation	116,770	14,692,002
		\$ 25,016,456
DIVERSIFIED BANKS 6.4%		
Bank of America Corporation	469,720	\$ 14,086,903
Citigroup, Inc.	154,620	10,436,850
		\$ 24,523,753
P&C INSURANCE 3.9%		
American International Group, Inc.	276,808	\$ 15,063,891
INSURANCE BROKERS 3.6%		
Aon plc (Britain)	97,080	\$ 13,623,236
SEMICONDUCTOR DEVICES 3.1%		
Analog Devices, Inc.	104,289	\$ 9,503,856
QUALCOMM, Inc.	39,941	2,213,131
		\$ 11,716,987
ELECTRICAL COMPONENTS 3.0%		
TE Connectivity, Ltd. (Switzerland)	115,260	\$ 11,514,474
CONSUMER FINANCE 3.0%		
Ally Financial, Inc.	243,340	\$ 6,606,681
American Express Co.	50,260	4,688,253
		\$ 11,294,934
INVESTMENT COMPANIES 2.5%		
Groupe Bruxelles Lambert SA (Belgium)	83,890	\$ 9,579,041
GENERIC PHARMA 2.3%		
Mylan NV(a)	218,500	\$ 8,995,645

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	Shares or Principal Amount	Fair Value
COMMUNICATIONS EQUIPMENT 1.9%		
Cisco Systems, Inc.	170,477	\$ 7,311,759
ADVERTISING & MARKETING 1.8%		
WPP plc (Britain)	440,640	\$ 7,001,322
INTERNET BASED SERVICES 1.8%		
Expedia, Inc.	60,743	\$ 6,706,635
LIFE SCIENCE EQUIPMENT 1.7%		
Thermo Fisher Scientific, Inc.	30,690	\$ 6,336,257
INTEGRATED OILS 1.5%		
Gazprom PJSC (ADR) (Russia)	373,420	\$ 1,817,062
Lukoil PJSC (ADR) (Russia)	42,820	2,950,298
Rosneft Oil Co. PJSC (GDR) (Russia)	168,060	921,305
		\$ 5,688,665
MIDSTREAM - OIL & GAS 1.3%		
Kinder Morgan, Inc.	341,600	\$ 5,144,496
BASE METALS 0.9%		
Alcoa Corporation(a)	26,920	\$ 1,210,323
MMC Norilsk Nickel PJSC (ADR) (Russia)	128,820	2,387,679
		\$ 3,598,002
HOUSEHOLD PRODUCTS 0.8%		
Unilever NV (CVA) (Britain)	51,690	\$ 2,917,421
FOOD & DRUG STORES 0.6%		
Jardine Strategic Holdings, Ltd. (Hong Kong)	60,830	\$ 2,332,222
EXPLORATION & PRODUCTION 0.1%		
Occidental Petroleum Corporation	3,238	\$ 210,340
TOTAL COMMON STOCKS 64.2% (Cost \$197,394,115)		\$ 245,539,154
BONDS & DEBENTURES		
COMMERCIAL MORTGAGE-BACKED SECURITIES 4.5%		
AGENCY 0.0%		
Government National Mortgage Association 2011-49 A 2.45% 7/16/2038	\$ 51,541	\$ 51,436
AGENCY STRIPPED 3.0%		
Government National Mortgage Association 2014-171 IO 0.677% 11/16/2055(b)	\$ 15,721,623	\$ 695,877
Government National Mortgage Association 2012-58 IO 0.717% 2/16/2053(b)	12,231,993	426,475

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			Principal Amount		Fair Value
Government National Mortgage Association 2015-86 IO	0.772%	5/16/2052(b)	\$ 2,971,223	\$	162,585
Government National Mortgage Association 2012-79 IO	0.775%	3/16/2053(b)	7,652,570		301,869
Government National Mortgage Association 2013-63 IO	0.79%	9/16/2051(b)	17,634,276		915,004
Government National Mortgage Association 2013-74 IO	0.795%	12/16/2053(b)	19,005,967		922,008
Government National Mortgage Association 2012-114 IO	0.802%	1/16/2053(b)	16,637,026		876,043
Government National Mortgage Association 2013-13 IO	0.803%	7/16/2047(b)	2,864,027		128,053
Government National Mortgage Association 2014-153 IO	0.806%	4/16/2056(b)	11,940,077		641,555
Government National Mortgage Association 2012-109 IO	0.815%	10/16/2053(b)	13,071,979		463,406
Government National Mortgage Association 2013-146 IO	0.817%	11/16/2048(b)	16,650,781		659,760
Government National Mortgage Association 2015-19 IO	0.847%	1/16/2057(b)	8,635,472		534,643
Government National Mortgage Association 2014-187 IO	0.904%	5/16/2056(b)	7,559,812		455,123
Government National Mortgage Association 2015-114 IO	0.941%	3/15/2057(b)	2,123,445		129,405
Government National Mortgage Association 2015-108 IO	0.969%	10/16/2056(b)	8,940,928		567,989
Government National Mortgage Association 2016-34 IO	1.003%	1/16/2058(b)	5,642,944		430,041
Government National Mortgage Association 2016-45 IO	1.003%	2/16/2058(b)	14,536,949		1,097,794
Government National Mortgage Association 2016-65 IO	1.009%	1/16/2058(b)	6,391,825		496,128
Government National Mortgage Association 2016-106 IO	1.034%	9/16/2058(b)	6,454,698		523,261
Government National Mortgage Association 2016-125 IO	1.062%	12/16/2057(b)	3,735,946		302,010
Government National Mortgage Association 2016-119 IO	1.126%	4/16/2058(b)	10,766,237		883,804
				\$	11,612,833
NON-AGENCY 1.5%					
A10 Term Asset Financing LLC 2017-1A A1FX	2.34%	3/15/2036(c)	\$ 378,953	\$	377,909
A10 Term Asset Financing LLC 2016-1 A1	2.42%	3/15/2035(c)	41,307		41,129
Aventura Mall Trust M 2013-AVM A	3.743%	12/5/2032(b)(c)	970,000		991,647
Bear Stearns Commercial Mortgage Securities Trust 2005-PWR7 B	5.214%	2/11/2041(b)	131,118		131,924
Citigroup Commercial Mortgage Trust 2006-C4 B	6.19%	3/15/2049(b)	5,684		5,719
COMM Mortgage Trust 2014-FL5 B, 1M USD LIBOR + 2.150%	3.89%	10/15/2031(b)(c)	339,000		339,581
COMM Mortgage Trust 2014-FL5 C, 1M USD LIBOR + 2.150%	3.89%	10/15/2031(b)(c)	226,000		223,162
Credit Suisse Commercial Mortgage Trust Series 2016-MFF E, 1M USD LIBOR + 6.000%					
			777,777		883,732
DBUS Mortgage Trust 2011-LC2A A4	4.537%	7/10/2044(c)	671,949		696,287
JP Morgan Chase Commercial Mortgage Securities Trust 2010-C1 A3	5.058%	6/15/2043(c)	191,000		198,233
Latitude Management Real Estate Capita 2016-CRE2 A, 1M USD LIBOR + 1.700%	3.554%				
			444,000		447,800
Madison Avenue Trust M 2013-650M A	3.843%	10/12/2032(c)	277,000		282,309
Morgan Stanley Capital I Trust 2006-HQ9 D	5.862%	7/12/2044(b)	85,364		85,222
Rialto Real Estate Fund LP 2015-LT7 B	5.071%	12/25/2032(c)	278,677		278,677
SCG Trust 2013-SRP1 AJ, 1M USD LIBOR + 1.950%	3.977%	11/15/2026(b)(c)	380,000		379,122
Wells Fargo Commercial Mortgage Trust 2015-C26 A2	2.663%	2/15/2048	198,000		196,803
				\$	5,559,256
TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES (Cost					
\$17,297,162)					\$ 17,223,525
RESIDENTIAL MORTGAGE-BACKED SECURITIES 4.6%					
AGENCY COLLATERALIZED MORTGAGE OBLIGATION 1.7%					
Federal Home Loan Mortgage Corporation 4302 AE	2.00%	11/15/2029	\$ 477,817	\$	471,307
Federal Home Loan Mortgage Corporation 4664 TA	3.00%	9/15/2037	181,146		181,924

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		Principal Amount	Fair Value
Federal Home Loan Mortgage Corporation 4504 DN	3.00% 10/15/2040	\$ 380,820	\$ 381,975
Federal Home Loan Mortgage Corporation 3957 BV	4.00% 10/15/2029	3,816	3,813
Federal National Mortgage Association 2012-117 DA	1.50% 12/25/2039	197,770	189,799
Federal National Mortgage Association 2014-89 LB	2.00% 6/25/2042	135,539	132,864
Federal National Mortgage Association 2017-16 JA	3.00% 2/25/2043	813,713	812,453
Federal National Mortgage Association 2018-16 HA	3.00% 7/25/2043	641,508	642,130
Federal National Mortgage Association 2016-104 QA	3.00% 11/25/2043	1,234,440	1,231,090
Federal National Mortgage Association 2014-4 KA	3.00% 1/25/2044	91,433	90,427
Federal National Mortgage Association 2017-45 KD	3.50% 2/25/2044	571,080	577,311
Federal National Mortgage Association 2017-52 KC	3.50% 4/25/2044	560,793	567,070
Federal National Mortgage Association 2017-59 DC	3.50% 5/25/2044	794,853	803,726
Federal National Mortgage Association 2003-78 B	5.00% 8/25/2023	237,606	247,395
			\$ 6,333,284
AGENCY POOL FIXED RATE 0.8%			
Federal Home Loan Mortgage Corporation G13122	5.00% 4/1/2023	\$ 210,904	\$ 220,031
Federal Home Loan Mortgage Corporation G15744	5.00% 6/1/2026	242,438	250,668
Federal Home Loan Mortgage Corporation G13145	5.50% 4/1/2023	443,277	464,074
Federal National Mortgage Association MA1212	2.50% 10/1/2022	365,905	365,167
Federal National Mortgage Association MA3075	3.50% 7/1/2027		