

SOURCE CAPITAL INC /DE/
Form N-Q
November 29, 2017

**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: September 30, 2017

ITEM 1. Schedule of Investments.

SOURCE CAPITAL, INC.

PORTFOLIO OF INVESTMENTS

September 30, 2017

(Unaudited)

	Shares	Fair Value
COMMON STOCKS		
INFRASTRUCTURE SOFTWARE 8.8%		
Microsoft Corporation	166,630	\$ 12,412,269
Oracle Corporation	434,720	21,018,712
		\$ 33,430,981
DIVERSIFIED BANKS 7.2%		
Bank of America Corporation	567,370	\$ 14,377,156
Citigroup, Inc.	180,010	13,093,927
		\$ 27,471,083
AIRCRAFT & PARTS 6.3%		
Arconic, Inc.	411,206	\$ 10,230,805
United Technologies Corporation	119,620	13,885,490
		\$ 24,116,295
INTERNET MEDIA 5.3%		
Alphabet, Inc. (Class A)*	5,617	\$ 5,469,385
Alphabet, Inc. (Class C)*	5,632	5,401,708
Baidu, Inc. (ADR) (China)*	36,950	9,152,145
		\$ 20,023,238
INSURANCE BROKERS 3.9%		
Aon plc (Britain)	100,810	\$ 14,728,341
CONSUMER FINANCE 3.7%		
Ally Financial, Inc.	288,540	\$ 6,999,980
American Express Co.	78,380	7,090,255
		\$ 14,090,235
P&C INSURANCE 3.6%		
American International Group, Inc.	224,030	\$ 13,753,202
SEMICONDUCTOR DEVICES 3.1%		
Analog Devices, Inc.	93,070	\$ 8,019,842
QUALCOMM, Inc.	73,360	3,802,982
		\$ 11,822,824
COMMUNICATIONS EQUIPMENT 2.9%		
Cisco Systems, Inc.	324,260	\$ 10,904,864
ELECTRICAL COMPONENTS 2.8%		
TE Connectivity, Ltd. (Switzerland)	128,350	\$ 10,660,751
INVESTMENT COMPANIES 2.0%		
Groupe Bruxelles Lambert SA (Belgium)	72,700	\$ 7,647,250
ADVERTISING & MARKETING 1.8%		
WPP plc (Britain)	376,040	\$ 6,978,923
SPECIALTY PHARMA 1.8%		
Mylan NV*	215,960	\$ 6,774,665

See notes to financial statements.

		Shares or Principal Amount	Fair Value
LIFE SCIENCE EQUIPMENT 1.5%			
Thermo Fisher Scientific, Inc.		30,380	\$ 5,747,896
ELECTRICAL POWER EQUIPMENT 1.4%			
General Electric Co.		222,732	\$ 5,385,660
BASE METALS 1.1%			
Alcoa Corporation*		47,570	\$ 2,217,713
MMC Norilsk Nickel PJSC (ADR) (Russia)		111,630	1,921,711
			\$ 4,139,424
INTEGRATED OILS 1.1%			
Gazprom PJSC (ADR) (Russia)		323,590	\$ 1,355,842
Lukoil PJSC (ADR) (Russia)		37,100	1,963,703
Rosneft Oil Co. PJSC (GDR) (Russia)		145,630	808,975
			\$ 4,128,520
HOUSEHOLD PRODUCTS 0.8%			
Unilever NV (CVA) (Britain)		48,330	\$ 2,858,347
FOOD & DRUG STORES 0.7%			
Jardine Strategic Holdings, Ltd. (Hong Kong)		61,080	\$ 2,638,656
EXPLORATION & PRODUCTION 0.2%			
Occidental Petroleum Corporation		14,880	\$ 955,445
TOTAL COMMON STOCKS 60.0%			
(Cost \$181,823,561)			\$ 228,256,600
BONDS & DEBENTURES 33.0%			
COMMERCIAL MORTGAGE-BACKED SECURITIES 5.1%			
AGENCY 0.1%			
Government National Mortgage Association 2011-49 A	2.45% 7/16/2038	\$ 248,358	\$ 248,382
AGENCY STRIPPED 3.8%			
Government National Mortgage Association 2012-58 IO	0.73% 2/16/2053@	\$ 12,530,189	\$ 479,820
Government National Mortgage Association 2015-86 IO	0.773% 5/16/2052@	2,998,248	169,894
Government National Mortgage Association 2013-63 IO	0.777% 9/16/2051@	17,925,158	909,481
Government National Mortgage Association 2013-13 IO	0.783% 7/16/2047@	2,898,059	132,439
Government National Mortgage Association 2013-74 IO	0.783% 12/16/2053@	19,247,555	957,760
Government National Mortgage Association 2014-171 IO	0.787% 11/16/2055@	18,165,506	873,190
Government National Mortgage Association 2013-146 IO	0.803% 11/16/2048@	16,883,292	707,003
Government National Mortgage Association 2012-79 IO	0.803% 3/16/2053@	7,891,108	337,037
Government National Mortgage Association 2012-114 IO	0.811% 1/16/2053@	17,069,854	961,926
Government National Mortgage Association 2014-153 IO	0.825% 4/16/2056@	12,377,531	727,774
Government National Mortgage Association 2012-109 IO	0.841% 10/16/2053@	15,068,328	590,772
Government National Mortgage Association 2015-19 IO	0.879% 1/16/2057@	10,007,830	661,718
Government National Mortgage Association 2014-187 IO	0.932% 5/16/2056@	7,998,274	508,311
Government National Mortgage Association 2015-114 IO	0.968% 3/15/2057@	2,212,308	135,894

See notes to financial statements.

		Principal Amount	Fair Value
Government National Mortgage Association 2016-45 IO	1.004% 2/16/2058@	\$ 16,010,132	\$ 1,191,639
Government National Mortgage Association 2016-34 IO	1.007% 1/16/2058@	5,711,422	421,213
Government National Mortgage Association 2016-65 IO	1.009% 1/16/2058@	6,441,547	484,178
Government National Mortgage Association 2015-108 IO	1.035% 10/16/2056@	10,099,864	683,049
Government National Mortgage Association 2016-125 IO	1.064% 12/16/2057@	3,780,045	300,622
Government National Mortgage Association 2016-106 IO	1.069% 9/16/2058@	7,254,687	601,325
Government National Mortgage Association 2016-85 IO	1.121% 3/16/2057@	4,242,884	346,063
Government National Mortgage Association 2016-119 IO	1.126% 4/16/2058@	10,846,559	886,316
Government National Mortgage Association 2016-67 IO	1.166% 7/16/2057@	15,331,191	1,224,812
Government National Mortgage Association 2016-94 IO	1.17% 12/16/2057@	5,808,651	483,902
			\$ 14,776,138
NON-AGENCY 1.2%			
A10 Term Asset Financing LLC 2017-1A A1FX	2.34% 3/15/2036**,	\$ 469,000	\$ 469,269
A10 Term Asset Financing LLC 2016-1 A1	2.42% 3/15/2035**	145,616	145,144
Aventura Mall Trust M 2013-AVM A	3.867% 12/5/2032**, @	651,000	676,442
Bear Stearns Commercial Mortgage Securities Trust 2005-PWR7 B	5.214% 2/11/2041@	134,878	134,864
Citigroup Commercial Mortgage Trust 2006-C4 B	6.25% 3/15/2049@	73,000	73,033
COMM Mortgage Trust 2014-FL5 B, 1M LIBOR + 2.150%	3.384% 10/15/2031**, @	339,000	338,425
COMM Mortgage Trust 2014-FL5 C, 1M LIBOR + 2.150%	3.384% 10/15/2031**, @	226,000	221,158
Credit Suisse Commercial Mortgage Trust Series 2016-MFF E, 1M LIBOR + 6.000%			
7.234% 11/15/2033**, @		813,000	817,069
JP Morgan Chase Commercial Mortgage Securities Trust 2010-C1 A3	5.058% 6/15/2043**	191,000	203,661
Latitude Management Real Estate Capita 2016-CRE2 A, 1M LIBOR + 1.700%	2.936%		
11/24/2031**, @,		444,000	448,440
Madison Avenue Trust M 2013-650M A	3.843% 10/12/2032**	277,000	288,489
Morgan Stanley Capital I Trust 2006-HQ9 D	5.862% 7/12/2044@	208,747	209,391
Rialto Capital Management LLC 2014-LT5 B	5.00% 5/15/2024**	103,817	103,728
SCG Trust 2013-SRP1 AJ, 1M LIBOR + 1.950%	3.427% 11/15/2026**, @	380,000	378,580
			\$ 4,507,693
TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES			
(Cost \$19,923,231)			\$ 19,532,213
RESIDENTIAL MORTGAGE-BACKED SECURITIES 3.8%			
AGENCY COLLATERALIZED MORTGAGE OBLIGATION 1.4%			
Federal Home Loan Mortgage Corporation 3770 WA	4.00% 11/15/2028	\$ 285,376	\$ 288,610
Federal Home Loan Mortgage Corporation 3957 BV	4.00% 10/15/2029	181,719	182,045
Federal National Mortgage Association 2012-117 DA	1.50% 12/25/2039	249,227	243,480
Federal National Mortgage Association 2017-16 JA	3.00% 2/25/2043	867,936	882,549
Federal National Mortgage Association 2016-104 QA	3.00% 11/25/2043	1,301,946	1,321,780
Federal National Mortgage Association 2014-4 KA	3.00% 1/25/2044	99,766	100,903
Federal National Mortgage Association 2017-45 KD	3.50% 2/25/2044	590,158	608,156
Federal National Mortgage Association 2017-52 KC	3.50% 4/25/2044	569,640	587,301
Federal National Mortgage Association 2017-59 DC	3.50% 5/25/2044	842,291	868,520
Federal National Mortgage Association 2003-78 B	5.00% 8/25/2023	277,675	292,764
			\$ 5,376,108
AGENCY POOL FIXED RATE 0.9%			
Federal Home Loan Mortgage Corporation G13122	5.00% 4/1/2023	\$ 258,426	\$ 272,773
Federal Home Loan Mortgage Corporation G15744	5.00% 6/1/2026	366,188	381,279

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			Principal Amount	Fair Value
Federal Home Loan Mortgage Corporation G13145	5.50%	4/1/2023	\$ 529,689	\$ 561,459
Federal National Mortgage Association MA1212	2.50%	10/1/2022	443,510	449,063
Federal National Mortgage Association AL8274	4.50%	12/1/2018	480,415	484,710
Federal National Mortgage Association 889109	5.00%	1/1/2023	193,984	203,218
Federal National Mortgage Association AE0286	5.00%	4/1/2025	284,920	300,892
Federal National Mortgage Association AL7725	5.00%	9/1/2025	599,851	627,812
Federal National Mortgage Association 256717	5.50%	5/1/2022	192,291	203,026
				\$ 3,484,232
NON-AGENCY COLLATERALIZED MORTGAGE OBLIGATION			1.5%	
BCAP LLC Trust 2010-RR8 2A6	2.754%	11/26/2036**, @	\$ 179,186	\$