

SOURCE CAPITAL INC /DE/
Form N-Q
May 27, 2011

**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)

11400 West Olympic Boulevard, Suite 1200, Los Angeles, California
(Address of principal executive offices)

90064
(Zip code)

J. Richard Atwood, Treasurer, Source Capital, Inc.,
11400 West Olympic Boulevard, Suite 1200, Los Angeles, California 90064
(Name and address of agent for service)

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

Date of fiscal year end: December 31

Date of reporting period: March 31, 2011

ITEM 1. Schedule of Investments.

Source Capital, Inc.

Portfolio of Investments

March 31, 2011 (unaudited)

COMMON STOCKS	Shares or Principal Amount	Value
PRODUCER DURABLE GOODS 23.2%		
Actuant Corporation (Class A)	400,000	\$ 11,600,000
Franklin Electric Co., Inc.	285,900	13,208,580
Graco Inc.	501,300	22,804,137
HNI Corporation	627,933	19,817,565
IDEX Corporation	540,900	23,610,285
WABCO Holdings Inc.	485,000	29,895,400
Zebra Technologies Corporation (Class A)*	486,900	19,105,956
		\$ 140,041,923
BUSINESS SERVICES & SUPPLIES 17.3%		
Aggreko plc	154,358	\$ 3,901,538
Brady Corporation (Class A)	431,500	15,400,235
CLARCOR, Inc.	320,000	14,377,600
Copart, Inc.*	435,000	18,848,550
Manpower Inc.	300,000	18,864,000
ScanSource, Inc.*	803,363	30,519,760
Spirax-Sarco Engineering plc	88,300	2,745,927
		\$ 104,657,610
RETAILING 15.9%		
CarMax, Inc.*	965,000	\$ 30,976,500
O Reilly Automotive, Inc.*	600,000	34,476,000
Signet Jewelers Limited*	672,400	30,943,848
		\$ 96,396,348
HEALTH CARE 14.3%		
Bio-Rad Laboratories, Inc. (Class A)*	187,200	\$ 22,490,208
Life Technologies Corporation*	524,698	27,504,669
Lincare Holdings Inc.	720,000	21,355,200
Varian Medical Systems, Inc.*	53,200	3,598,448
VCA Antech, Inc.*	460,000	11,582,800
		\$ 86,531,325
ENERGY 9.1%		
FMC Technologies, Inc.*	195,000	\$ 18,423,600
Helix Energy Solutions Group, Inc.*	367,900	6,327,880
Noble Corporation	670,000	30,565,400
		\$ 55,316,880
TRANSPORTATION 5.9%		
Heartland Express, Inc.	1,046,000	\$ 18,367,760
Knight Transportation, Inc.	887,200	17,078,600
		\$ 35,446,360

TECHNOLOGY 4.6%			
Maxim Integrated Products, Inc.	392,000	\$	10,035,200
Microchip Technology Incorporated	474,951		18,052,888
		\$	28,088,088
ENTERTAINMENT 3.2%			
Carnival Corporation (Class A)	499,900	\$	19,176,164
TOTAL COMMON STOCKS 93.5% (Cost \$343,826,773)		\$	565,654,698
PREFERRED STOCKS			
REAL ESTATE INVESTMENT TRUST			
CBL & Associates Properties, Inc.	100,000	\$	2,490,000
ProLogis (Series G)	120,000		2,877,600
TOTAL PREFERRED STOCKS 0.9% (Cost \$5,726,454)		\$	5,367,600
CONVERTIBLE BONDS AND DEBENTURES			
Diodes, Inc. 2.25% 2026	\$ 2,000,000	\$	2,120,000
Transocean, Inc. 1.5% 2037	3,000,000		2,962,500
TOTAL CONVERTIBLE BONDS AND DEBENTURES 0.8% (Cost \$3,648,125)		\$	5,082,500
NON-CONVERTIBLE BONDS AND DEBENTURES			
CORPORATE			
Brown Shoe Company, Inc. 8.75% 2012	\$ 3,000,000	\$	3,018,750
Helix Energy Solutions Group, Inc. 9.5% 2016	2,000,000		2,058,940
Nova Chemicals Corporation 6.5% 2012	1,970,000		2,033,946
Rock-Tenn Co. 9.25% 2016	2,000,000		2,194,260
SPX Corporation 7.625% 2014	970,000		1,067,000
Stone Energy Corporation 6.75% 2014	2,000,000		1,992,440
W&T Offshore, Inc. 8.25% 2014	3,000,000		3,087,330
TOTAL NON- CONVERTIBLE BONDS AND DEBENTURES 2.6% (Cost \$14,823,875)		\$	15,452,666
TOTAL INVESTMENT SECURITIES 97.8% (Cost \$368,025,227)			