

SOURCE CAPITAL INC /DE/  
Form N-Q  
November 25, 2009

**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: September 30, 2009

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ITEM 1. Schedule of Investments.

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Source Capital, Inc.

Portfolio of Investments

September 30, 2009 (unaudited)

COMMON STOCKS	Shares or Principal Amount	Value
<b>BUSINESS SERVICES &amp; SUPPLIES 24.3%</b>		
Brady Corporation (Class A)	431,500	\$ 12,392,680
Charles River Laboratories International, Inc.*	460,035	17,012,094
CLARCOR, Inc.	320,000	10,035,200
Copart, Inc.*	303,800	10,089,198
Life Technologies Corporation*	535,000	24,904,250
Manpower Inc.	300,000	17,013,000
ScanSource, Inc.*	803,363	22,751,240
		\$ 114,197,662
<b>PRODUCER DURABLE GOODS 17.9%</b>		
Actuant Corporation (Class A)	400,000	\$ 6,424,000
Franklin Electric Co., Inc.	285,900	8,196,753
Graco Inc.	501,300	13,971,231
HNI Corporation	627,933	14,819,219
IDEX Corporation	540,900	15,118,155
WABCO Holdings Inc.	625,000	13,125,000
Zebra Technologies Corporation (Class A)*	486,900	12,625,317
		\$ 84,279,675
<b>RETAILING 13.5%</b>		
CarMax, Inc.*	1,017,412	\$ 21,263,911
O Reilly Automotive, Inc.*	600,000	21,684,000
Signet Jewelers Limited	773,200	20,358,356
		\$ 63,306,267
<b>ENERGY 9.7%</b>		
FMC Technologies, Inc.*	195,000	\$ 10,186,800
Helix Energy Solutions Group, Inc.*	660,900	9,900,282
Noble Corporation	670,000	25,433,200
		\$ 45,520,282
<b>HEALTH CARE 8.8%</b>		
Bio-Rad Laboratories, Inc. (Class A)*	187,200	\$ 17,199,936
Lincare Holdings Inc.*	480,000	15,000,000
Varian Medical Systems, Inc.*	53,200	2,241,316
VCA Antech, Inc.*	250,000	6,722,500
		\$ 41,163,752
<b>TRANSPORTATION 6.7%</b>		
Heartland Express, Inc.	1,046,000	\$ 15,062,400
Knight Transportation, Inc.	963,000	16,159,140
		\$ 31,221,540
<b>TECHNOLOGY 4.2%</b>		
Maxim Integrated Products, Inc.	392,000	\$ 7,110,880
Microchip Technology Incorporated	474,951	12,586,201
		\$ 19,697,081
<b>ENTERTAINMENT 3.5%</b>		
Carnival Corporation (Class A)*	499,900	\$ 16,636,672
<b>FINANCIAL 2.3%</b>		
Brown & Brown, Inc.	557,300	\$ 10,677,868

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<b>TOTAL COMMON STOCKS</b>	<b>90.9% (Cost \$337,866,995)</b>		\$	426,700,799
<b>PREFERRED STOCKS</b>				
<b>REAL ESTATE INVESTMENT TRUST</b>				
CBL & Associates Properties, Inc.		100,000	\$	1,950,000
ProLogis (Series G)		120,000		2,364,000
<b>TOTAL PREFERRED STOCKS</b>	<b>0.9% (Cost \$5,726,454)</b>		\$	4,314,000

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**CONVERTIBLE BONDS AND DEBENTURES**

Diodes, Inc. 2.25% 2026	\$	2,000,000	\$	1,907,500
Transocean, Inc. 1.5% 2037		2,000,000		1,942,500
<b>TOTAL CONVERTIBLE BONDS AND DEBENTURES 0.8% (Cost \$2,770,000)</b>			\$	3,850,000

**NON-CONVERTIBLE BONDS AND DEBENTURES****CORPORATE 4.6%**

Brown Shoe Company, Inc. 8.75% 2012	\$	3,000,000	\$	2,940,000
Central Garden & Pet Company 9.125% 2013		3,000,000		3,018,750
Deluxe Corporation 5% 2012		2,000,000		1,823,440
Helix Energy Solutions Group, Inc. 9.5% 2016		2,000,000		2,002,880
Invacare Corporation 9.75% 2015		3,000,000		3,180,000
Nova Chemicals Corporation 6.5% 2012		1,970,000		1,942,499
PolyOne Corporation 6.58% 2011		1,500,000		1,478,505
Rock-Tenn Co. 9.25% 2016		2,000,000		2,145,000
Titan International, Inc. 8% 2012		3,000,000		2,902,500