



Source Capital, Inc. Increases Monthly Distribution Rate to 5.25%, Implements Discount Management Program, and Announces Investor Call

LOS ANGELES, March 5, 2021---The Board of Directors of Source Capital, Inc. (NYSE: SOR) (the “Fund”), today approved a revision to the Fund’s regular monthly distribution rate announced last week by increasing the annualized distribution rate to \$2.22 per common share (18.5 cents per common share monthly) for each of the next three months as follows:

Month	Cents per Common Share	Record Date	Payable Date
March 2021	18.5	March 16, 2021	March 31, 2021
April 2021	18.5	April 16, 2021	April 30, 2021
May 2021	18.5	May 17, 2021	May 28, 2021

This equates to an approximate 5.25% distribution rate based on the Fund’s closing market price on March 4, 2021. This revision enhances last week’s announcement for a total increase of 122% in the monthly distribution rate above the rate paid in February 2021. The newly approved distribution rate aligns with the monthly distribution strategy implemented this year. One of the goals of that strategy is to deliver more earnings, more quickly, to shareholders through a higher, regular monthly distribution rate.

The Board also approved a Discount Management Program (the “Program”). Under the terms of the Program, the Fund’s Board of Directors approved annual tender offers for calendar years 2021 and 2022 for 10% of the Fund’s outstanding shares of common stock at a price equal to 98% of net asset value (NAV) per share. The Fund would conduct a tender offer if its shares trade at an average discount to NAV of more than 10% during the measurement periods from April 1, 2021 through December 31, 2021 for 2021, and January 1, 2022 through December 31, 2022 for 2022. Should a tender offer be required for the 2021 measurement period, it shall close prior to March 31, 2022. If a tender offer is required under the Program terms for the 2022 measurement period, the tender offer shall close no later than June 30, 2023. In the future, the Board may determine to extend the Program beyond 2022.

The Fund’s portfolio managers, officers and Board of Directors do not intend to tender their shares if a tender is required under the Program for 2021 or 2022.

In addition to the Program, the Fund will continue to implement its Stock Repurchase Program to repurchase stock at prices that are accretive to shareholders.

The portfolio managers also announced that as of December 31, 2020, approximately 12% of the Fund is invested in, or committed to, the private-credit/loan asset class. This means that the Fund met its 12% 2020 year-end goal announced in the October 13, 2020 press release.

Finally, the Fund will host an investor call on March 18, 2021 at 1pm PST. Details of the call and how to submit questions will be posted at <https://fpa.com/funds/overview/source-capital>.

About Source Capital, Inc.

Source Capital, Inc. is a closed-end investment company managed by First Pacific Advisors, LP. Its shares are listed on the New York Stock Exchange under the symbol “SOR.” The investment objective of the Fund is to seek maximum total return for shareholders from both capital appreciation and investment income to the extent consistent with

protection of invested capital. The Fund may invest in longer duration assets like dividend paying equities and illiquid assets like private loans in pursuit of its investment objective and is thus intended only for those investors with a long-term investment horizon (greater than or equal to ~5 years).

You can obtain additional information 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.

Important Disclosures

You should consider the Fund's investment objectives, risks, and charges and expenses carefully before you invest.

Distributions may include ordinary income, net capital gains and/or returns of capital. Generally, a return of capital would occur when the amount distributed by the Fund includes a portion of (or is comprised entirely of) your investment in the Fund in addition to (or rather than) your pro-rata portion of the Fund's net income or capital gains. The Fund's distributions in any period may be more or less than the net return earned by the Fund on its investments, and therefore should not be used as a measure of performance or confused with "yield" or "income." A return of capital is not taxable; rather it reduces a shareholder's tax basis in his or her shares of the Fund. If the Fund estimates that a portion of its distribution may be comprised of amounts from sources other than net investment income, the Fund will notify shareholders of the estimated composition of such distribution through a separate written Section 19 notice. Such notices are provided for informational purposes only, and should not be used for tax reporting purposes. Final tax characteristics of all Fund distributions will be provided on Form 1099-DIV, which is mailed after the close of the calendar year.

It is important to note that differences exist between the Fund's daily internal accounting records and practices, the Fund's financial statements prepared in accordance with U.S. GAAP, and recordkeeping practices under income tax regulations. Please see the Fund's most recent shareholder reports for more detailed tax information.

The Fund's distribution rate may be affected by numerous factors, including changes in realized and projected market returns, Fund performance, and other factors. There can be no assurance that a change in market conditions or other factors will not result in a change in the Fund's distribution rate at a future time.

As with any stock, the price of the Fund's common shares will fluctuate with market conditions and other factors. Shares of closed-end management investment companies frequently trade at a price that is less than (a "discount") or more than (a "premium") their net asset value. If the Fund's shares trade at a premium to net asset value, there is no assurance that any such premium will be sustained for any period of time and will not decrease, or that the shares will not trade at a discount to net asset value thereafter.

The Fund's daily New York Stock Exchange closing market prices, net asset values per share, as well as other information, including updated portfolio statistics and performance are available by visiting the website at <https://fpa.com/funds/overview/source-capital>, by email at crm@fpa.com, toll free by calling 1-800-279-1241 (option 1), or by contacting the Fund in writing.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful under the securities laws of any such state. In the event of a tender offer, there may be tax consequences for a stockholder. For example, a stockholder may owe capital gains taxes on any increase in the value of the shares over your original cost.

Investments, including investments in closed-end 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. It is important to remember that there are risks inherent in any investment and there is no assurance that any investment or asset class will provide positive performance over time. Value style investing presents the risk that the holdings or securities may never reach our estimate of intrinsic 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 style investing during given periods. Non-U.S. investing presents additional risks, such as the potential for adverse political, currency, economic, social or regulatory developments in a country, including lack of liquidity, excessive taxation, and differing legal and accounting standards. Non-U.S. securities, including American Depository Receipts (ADRs) and other depository receipts, are also subject to interest rate and currency exchange rate risks.

Fixed income instruments are subject to interest rate, inflation and credit risks. Such investments may be secured, partially secured or unsecured and may be unrated, and whether or not rated, may have speculative characteristics. The market price of the Fund's fixed income investments will change in response to changes in interest rates and other factors. Generally, when interest rates rise, the values of fixed income instruments fall, and vice versa. Certain fixed income instruments are subject to

prepayment risk and/or default risk.

Private placement securities are securities that are not registered under the federal securities laws, and are generally eligible for sale only to certain eligible investors. Private placements may be illiquid, and thus more difficult to sell, because there may be relatively few potential purchasers for such investments, and the sale of such investments may also be restricted under securities laws.

The Fund may use leverage. While the use of leverage may help increase the distribution and return potential of the Fund, it also increases the volatility of the Fund's net asset value (NAV), and potentially increases volatility of its distributions and market price. There are costs associated with the use of leverage, including ongoing dividend and/or interest expenses. There also may be expenses for issuing or administering leverage. Leverage changes the Fund's capital structure through the issuance of preferred shares and/or debt, both of which are senior to the common shares in priority of claims. If short-term interest rates rise, the cost of leverage will increase and likely will reduce returns earned by the Fund's common stockholders.

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