Dear Shareholders:

Performance Overview

Source Capital Inc.'s ("Source" or "Fund") net asset value (NAV) gained 6.68% in 2022's fourth quarter but declined 7.09% for 2022, which is favorable when compared to its two illustrative indices.

Exhibit A: Performance Versus Indices[1]

	Q4 2022	Trailing 12-month
Source Capital (NAV)	6.68%	-7.09%
Balanced Indices		
60% MSCI ACWI NR USD/ 40% Bloomberg US Agg	6.64%	-16.02%
60% S&P 500 / 40% Bloomberg US Agg	5.39%	-15.79%
Equity Index		
MSCI ACWI NR	9.76%	-18.36%

The Fund's underlying exposure is captured in the following table:

Exhibit B: Portfolio Exposure[2]

	Q4 2022
Equity	
*Common Stocks**	*42.3%*
Common Stocks –SPACs	*5.7%*
Total Equity	48.0%
Credit	
Public	*24.5%*
Private (Invested assets only)	*18.8%*
Total Credit	43.3%
Other	0.1%
Cash	8.5%
Total	**100%**

[1] Comparison to the indices is for illustrative purposes only. The Fund does not include outperformance of any index or benchmark in its investment objectives. An investor cannot invest directly in an index. No representation is being made that any account, product or strategy will or is likely to achieve profits, losses, or results similar to those shown. Fund shareholders may only invest or redeem their shares at market value (NYSE: SOR), which may be higher or lower than the Fund's net asset value (NAV).

[2] Source: FPA, as of December 31, 2022. Portfolio composition will change due to ongoing management of the Fund. *Cash* includes the non-invested portion of private credit investments. Totals may not add up to 100% due to rounding.

* Includes a 0.2% allocation to the Altaba closed-end fund.

Past results are no guarantee, nor are they indicative, of future results.

Portfolio discussion

Equity

The top equity contributors to and detractors from the Fund's trailing twelve-month returns are listed below.

Exhibit C: Trailing Twelve Month Contributors and Detractors as of December 31, 2022[3]

Contributors	Perf. Cont.	Avg. % of Port.	Detractors	Perf. Cont.	Avg. % of Port.
Glencore	0.65%	1.8%	Alphabet	-1.01%	2.4%
American International Group	0.32%	2.4%	Comcast	-0.88%	2.7%
Activision Blizzard	0.28%	0.7%	Meta Platforms	-0.87%	0.8%
Howmet Aerospace	0.26%	1.1%	TE Connectivity	-0.71%	2.2%
Swire Pacific	0.21%	0.4%	Epic Games	-0.66%	0.8%
	1.73%	**6.4%**		**-4.13%**	**8.9%**

In the last twelve months, Source's top five performers contributed 1.73% to its return, while its bottom five detracted 4.13%.

In an effort to tame 2022's high inflation (6.5% in the US and 8.9% globally), Central Banks forcefully reacted by increasing interest rates, with the US Fed Funds rate increasing during the year from 0.25% to 4.33%. 1-year US Treasury Bills followed suit, increasing from 0.38% to 4.49%.[4] An increase of more than 4 percentage points was the largest increase since 1980.[5] While interest rates were bound to eventually increase, we just as well could have argued that might have occurred years earlier. Interest rates are the price of money – effectively the price paid for its use for a prescribed period of time. The higher the rate/price, the lower the asset value – all else being equal. This largely explains 2022's declines in both stocks and bonds. While stocks had their worst year since 2008, bonds failed to offer the protection to which investors have become accustomed to for these past four decades with the Bloomberg US Aggregate Bond Index declining -13.0% last year.[6] This has led to the return of some market rationality. Even negative yielding bonds disappeared for the first time since 2010.[7]

While interest rates will always be a driver of returns, along with the inextricably linked economic growth and pace of inflation, your portfolio managers have greater clarity of how the companies in which we invest on behalf of the Fund might perform over time than we do of macroeconomic considerations. We believe very few portfolio managers have exhibited consistent and long-term success in trading the market predicated on such global variables.

[3] Reflects the top five contributors and detractors to the Fund's performance based on contribution to return for the trailing twelve months ("TTM"). Contribution is presented gross of investment management fees, transactions costs, and Fund operating expenses, which if included, would reduce the returns presented. The information provided does not reflect all positions purchased, sold or recommended by FPA during the quarter. A copy of the methodology used and a list of every holding's contribution to the overall Fund's performance during the TTM is available by contacting FPA Client Service at crm@fpa.com. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities listed.

[4] Source: Bureau of Labor Statistics, Euromonitor International. As of December 31, 2022.

[5] Source: FRED. As of December 31, 2022.

[6] Source: Bloomberg. As of December 31, 2022.

[7] Source: Financial Times, Bloomberg. As of December 31, 2022. There were no negative yielding bonds (> 1 year maturity) per Bloomberg at year-end 2022. **https://www.ft.com/content/35779b15-ca04-441a-bc3f-507b030ed45f**

Past results are no guarantee, nor are they indicative, of future results.

US stock valuations are trading about in line with their 25-year average as can be seen in the table below.

Exhibit D: S&P 500 Valuations[8]

	Year-end 2022	25-year Avg.
Forward P/E	16.7x	16.8x
Shiller's P/E (CAPE)	28.0x	27.9x
Dividend Yield	1.8%	2.0%
Price to book	3.8x	3.1x
Price to cash flow	12.4x	11.2x*

Stock valuations outside the US continue to trade less expensively as noted in the table below.

Exhibit E: Global Forward P/E Ratios[9]

	Year-end 2021	Year-end 2022	25-year Avg.
US	21.2x	16.7x	16.8x
Japan	14.7x	12.2x	19.7x
Europe	14.6x	11.9x	14.9x
Emerging Markets	11.8x	11.7x	11.8x
China	11.7x	10.8x	12.5x

While we cannot predict the future, we would not be surprised if additional economic weakness occurs prior to a sustained market rebound.

Fixed Income

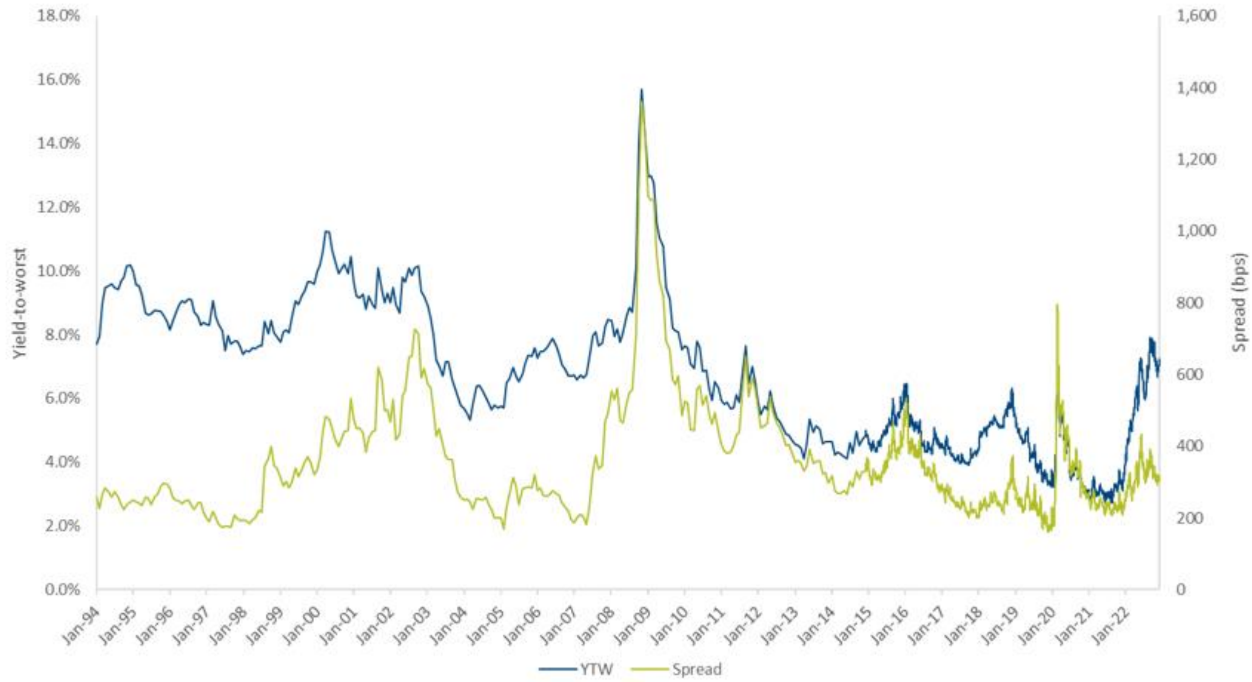
Traditional

Higher risk-free rates, heightened volatility and recession concerns (as suggested by an inverted yield curve) have led to higher yields and spreads on lower-rated debt, as shown by the following chart depicting the BB component of the high-yield index, excluding energy – an index we monitor to give us what we believe is a better indication of high-yield bond pricing because it excludes noise related to changes in ratings composition found in the overall high-yield index over time and the more volatile energy sector.

[8] As of December 31, 2022. Source: Factset, Federal Reserve Bank, Robert Shiller, Standard & Poor's, J.P. Morgan Asset Management Guide to the Markets. Forward Price to Earnings is a version of the ratio of price-to-earnings (P/E) that uses forecasted earnings for the P/E calculation. * Note: Price to cash flow is a 20-year average due to cash flow data availability.

[9] As of December 31, 2022. Source: Factset, MSCI, Standard & Poor's, J.P. Morgan Asset Management Guide to the Markets. Forward Price to Earnings is a version of the ratio of price-to-earnings (P/E) that uses forecasted earnings for the P/E calculation. The Fund does not include outperformance of any index or benchmark in its investment objectives. Please refer to the Important Disclosures for definitions of key terms and representative indices used for each geographic market shown in the table.

Exhibit F: Bloomberg US High-Yield BB excluding Energy[10]



Overall, yields in credit have increased over the past 12 months but, particularly with the recent decline in spreads, the majority of the increase in yields over the past year is due to higher risk-free rates rather than spreads. When we evaluate individual potential credit investments, we often find that the incremental return over and above that available in higher-quality bonds is not sufficient for the incremental credit risk associated with the credit investment. We are hopeful that the market will present more attractive prices, but we remain opportunistic, proceeding only where we believe the yield and spread adequately compensate us for near-term mark-to-market risk and the long-term risk of permanent impairment of capital.

Private Credit

One of the benefits of managing a closed-end fund is that we can invest in less liquid securities that we believe offer an attractive risk-reward profile that is different from public securities. We have increasingly used private credit to help deliver on Source's charter. While the Fund had no exposure to private credit in 2019, as of year-end 2022, 20.9% of the Source is invested in the asset class, an increase of 6.3% over the prior year. If all commitments were drawn today, that exposure would be 28.8%.

We have underwritten the Fund's private credit exposure to a targeted net yield of at least 8%, and allocated to a mix of private partnerships and individual loans. We anticipate the Fund's increased exposure to private credit will buttress the Fund's distributable yield.

Corporate and Other Matters

Distribution and Yield

On November 14, 2022, the Fund's Board approved maintaining the Fund's regular monthly distribution at the current rate of 18.5 cents per share through February 2023.[11] This equates to an annualized 5.74% unlevered distribution rate based on the Fund's closing market price on December 30, 2022.

---

[10] Source: Bloomberg. As of December 31, 2022. YTW is Yield-to-Worst. Spread reflects the quoted spread of a bond that is relative to the security off which it is priced, typically an on the-run treasury.

[11] For more information related to the Fund's distribution rate, please see the press release dated November 14, 2022 https://fpa.com/docs/default-source/funds/source-capital/literature/source-capital-press-release---november-2022.pdf?sfvrsn=15c5909d_8. Dividends and other distributions are not guaranteed.

Past performance is no guarantee, nor is it indicative, of future results.

Share Buyback

Source's average discount to NAV declined during the 4th quarter of 2022 to 7.55% compared to 7.70% in the 3rd quarter. The Fund repurchased 17,824 shares during the 4th quarter, representing 0.21% of the outstanding shares, at an average price of $36.66 per share and at an average discount to NAV of 8.55%.[12]

Discount to NAV

The Fund's discount to NAV closed at 4.00% at year-end, one of its lowest discounts in the past 10 years. The average discount to NAV for the trailing twelve months was 7.35%.[13]

Closing

We think lower valuations and higher bond yields help us position the Fund to take advantage of any continued market weakness. We hope to "lean in" to price declines in the same way that we have in prior cycles with the goal of driving an attractive risk-adjusted return and current yield over the long-term.

Thank you for your support. We don't take it cavalierly that you have entrusted a portion of your capital to us to steward. It is up to us – from one market cycle to the next – to repeatedly earn that trust. Uncovering, researching, and selecting the asset classes and securities across geographies that might best serve the Fund forms the foundation of our quotidian existence.

Respectfully submitted,

Source Capital Portfolio Management Team

February 15, 2023

---

[12] For more information related to the Fund's share repurchase program, please see the press release dated January 4, 2022 (https://fpa.com/docs/default-source/fpa-news-documents/2022-01-04_source-capital-jan-2022-final.pdf?sfvrsn=4a01909d_6).

[13] Source: FPA. The averages are calculated using daily discount rates.

Past performance is no guarantee, nor is it indicative, of future results.

Important Disclosures

This Commentary is for informational and discussion purposes only and does not constitute, and should not be construed as, an offer or solicitation for the purchase or sale with respect to any securities, products or services discussed, and neither does it provide investment advice. This Commentary does not constitute an investment management agreement or offering circular.

On December 1, 2015, a new portfolio management team assumed management of the Fund and the Fund transitioned to a balanced strategy. Performance prior to December 1, 2015 reflects the performance of the prior portfolio manager and investment strategy and is not indicative of performance for any subsequent periods.

Current performance information is updated monthly and is available by calling 1-800-982-4372 or by visiting www.fpa.com. Performance data quoted represents past performance, which is no guarantee of future results. Current performance may vary from the performance quoted. The returns shown for Source Capital are calculated at net asset value per share, including reinvestment of all distributions. Returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions, which would lower these figures. Since Source Capital is a closed-end investment company and its shares are bought and sold on the New York Stock Exchange, your performance may also vary based upon the market price of the common stock.

The Fund is managed according to its investment strategy which may differ significantly in terms of security holdings, industry weightings, and asset allocation from those of the comparative indices. Overall Fund performance, characteristics and volatility may differ from the comparative indices shown.

There is no guarantee the Fund's investment objectives will be achieved. You should consider the Fund's investment objectives, risks, and charges and expenses carefully before you invest. You can obtain additional information by visiting the website at www.fpa.com, by email at crm@fpa.com, toll free by calling 1-800-279-1241 (option 1), or by contacting the Fund in writing.

The views expressed herein and any forward-looking statements are as of the date of this publication and are those of the portfolio management team. Future events or results may vary significantly from those expressed and are subject to change at any time in response to changing circumstances and industry developments. This information and data has been prepared from sources believed reliable, but the accuracy and completeness of the information cannot be guaranteed and is not a complete summary or statement of all available data.

Portfolio composition will change due to ongoing management of the Fund. References to individual financial instruments or sectors are for informational purposes only and should not be construed as recommendations by the Fund or the portfolio managers. It should not be assumed that future investments will be profitable or will equal the performance of the financial instrument or sector examples discussed. The portfolio holdings as of the most recent quarter-end may be obtained atwww.fpa.com.

Investing in closed-end funds involves risk, including loss of principal. Closed-end fund shares may frequently trade at a discount (less than) or premium (more than) to 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.

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.

The Fund may purchase foreign securities, including American Depository Receipts (ADRs) and other depository receipts, which are subject to interest rate, currency exchange rate, economic and political risks; these risks may be heightened when investing in emerging markets. 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.

The return of principal in a fund that invests in fixed income instruments is not guaranteed. The Fund's investments in fixed income instruments have the same issuer, interest rate, inflation and credit risks that are associated with underlying fixed income instruments owned by the Fund. 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 go up, the value of fixed income instruments, such as bonds, typically go down (and vice versa) and investors may lose principal value. Credit risk is the risk of loss of principle due to the issuer's failure to repay a loan. Generally, the lower the quality rating of an instrument, the greater the risk that the issuer will fail to pay interest fully and return principal in a timely manner. If an issuer defaults, the security may lose some or all its value. Lower rated bonds, convertible securities and other types of debt obligations involve greater risks than higher rated bonds.

Mortgage securities and collateralized mortgage obligations (CMOs) are subject to prepayment risk and the risk of default on the underlying mortgages or other assets; such derivatives may increase volatility. Convertible securities are generally not investment grade and are subject to greater credit risk than higher-rated investments. High yield securities can be volatile and subject to much higher instances of default. The Fund may experience increased costs, losses and delays in liquidating underlying securities should the seller of a repurchase agreement declare bankruptcy or default.

The ratings agencies that provide ratings are Standard and Poor's, Moody's, and Fitch. Credit ratings range from AAA (highest) to D (lowest). Bonds rated BBB or above are considered investment grade. Credit ratings of BB and below are lower-rated securities (junk bonds). High-yielding, non-investment grade bonds (junk bonds) involve higher risks than investment grade bonds. Bonds with credit ratings of CCC or below have high 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.

Value style investing presents the risk that the holdings or securities may never reach their full market 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 styles of investing during given periods.

Investing in Special Purpose Acquisition Companies ("SPACS") involves risks. Because SPACs and similar entities have no operating history or ongoing business other than seeking acquisitions, the value of their securities is particularly dependent on the ability of the entity's management to identify and complete a profitable acquisition. SPACs are not required to provide the depth of disclosures or undergo the rigorous due diligence of a traditional initial public offering (IPO). Investors in SPACs may become exposed to speculative investments, foreign or domestic, in higher risk sectors/industries. SPAC investors generally pay certain fees and give the sponsor certain incentives (e.g., discounted ownership stakes) not found in traditional IPOs. Due to this, an investment in a SPAC may include potential conflicts and the potential for misalignment of incentives in the structure of the SPAC. For more information relating to the risks of investing in SPACs please refer to the Fund's offering documents or FPA's Form ADV Part 2A.

Distribution Rate

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.

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.

Index Definitions

Comparison to any index is for illustrative purposes only and should not be relied upon as a fully accurate measure of comparison. The Fund may be less diversified than the indices noted herein, and may hold non-index securities or securities that are not comparable to those contained in an index. Indices will hold positions that are not within the Fund's investment strategy. Indices are unmanaged and do not reflect any commissions, transaction costs, or fees and expenses which would be incurred by an investor purchasing the underlying securities and which would reduce the performance in an actual account. You cannot invest directly in an index. The Fund does not include outperformance of any index in its investment objectives.

S&P 500 Index includes a representative sample of 500 hundred companies in leading industries of the U.S. economy. The Index focuses on the large-cap segment of the market, with over 80% coverage of U.S. equities, but is also considered a proxy for the total market.

MSCI ACWI NR Index is a free float-adjusted market capitalization weighted index that is designed to represent performance of the full opportunity set of large- and mid-cap stocks across developed and emerging markets. Net Return indicates that this series approximates the minimum possible dividend reinvestment. The dividend is reinvested after deduction of withholding tax, applying the rate applicable to non-resident individuals who do not benefit from double taxation treaties.

MSCI ACWI Value Index captures large and mid-cap securities exhibiting overall value style characteristics in Developed Markets countries and Emerging Markets countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.

MSCI ACWI Growth Index captures large and mid-cap securities exhibiting overall growth style characteristics across Developed Markets (DM) countries and Emerging Markets (EM) countries. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.

MSCI China Index captures large and mid-cap representation across China A shares, H shares, B shares, Red chips, P chips and foreign listings (e.g. ADRs).

The MSCI Emerging Markets Index captures large and mid-cap representation across Emerging Markets (EM) countries. EM countries include Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

MSCI Europe Index captures large and mid-cap representation across Developed Markets (DM) countries in Europe. DM countries in Europe include Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the UK.

MSCI Japan Index is designed to measure the performance of the large and mid-cap segments of the Japanese market.

60% S&P 500/ 40% Bloomberg US Aggregate Bond Index is a hypothetical combination of unmanaged indices and comprises 60% S&P 500 Index and 40% Bloomberg Barclays US Aggregate Bond Index.

60% MSCI ACWI/ 40% Bloomberg US Aggregate Bond Index is a hypothetical combination of unmanaged indices and comprises 60% MSCI ACWI Index and 40% Bloomberg Barclays US Aggregate Bond Index.

Consumer Price Index (CPI) is an unmanaged index representing the rate of the inflation of U.S. consumer prices as determined by the U.S. Department of Labor Statistics. The CPI is presented to illustrate the Fund's purchasing power against changes in the prices of goods as opposed to a benchmark, which is used to compare the Fund's performance. There can be no guarantee that the CPI will reflect the exact level of inflation at any given time.

Bloomberg US Aggregate Bond Index provides a measure of the performance of the US investment grade bonds market, which includes investment grade US Government bonds, investment grade corporate bonds, mortgage pass-through securities and asset-backed securities that are publicly offered for sale in the United States. The securities in the Index must have at least 1-year remaining in maturity. In addition, the securities must be denominated in US dollars and must be fixed rate, nonconvertible, and taxable.

Bloomberg US High Yield Index ex. Energy measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds excluding Energy sector.

Other Definitions

Credit Spread is the difference in yield between a U.S. Treasury bond and another debt security of the same maturity but different credit quality

Cost of capital is a company's calculation of the minimum return that would be necessary in order to justify undertaking a capital budgeting project, such as building a new factory.

Covenants in finance most often relate to terms in a financial contract, such as a loan document or bond issue stating the limits at which the borrower can further lend.

Cyclically adjusted price-to-earnings ratio (CAPE), commonly known as Shiller P/E or P/E 10 ratio, is a valuation measure usually applied to the US S&P 500 equity market. It is defined as price divided by the average of ten years of earnings (moving average), adjusted for inflation.

Dividend yield, expressed as a percentage, is a financial ratio (dividend/price) that shows how much a company pays out in dividends each year relative to its stock price.

Discount to Net Asset Value (NAV) is a pricing situation when an exchange-trade fund (ETF) or mutual fund's market trading price is lower than its daily net asset value (NAV).

Effective Duration (years) is the duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change.

Earnings Per Share (EPS) is calculated as a company's profit divided by the outstanding shares of its common stock. The resulting number serves as an indicator of a company's profitability.

Earnings yield refers to the earnings per share for the most recent 12-month period divided by the current market price per share. The earnings yield (the inverse of the P/E ratio) shows the percentage of a company's earnings per share.

High Yield (HY) bond is a high paying bond with a lower credit rating (S&P and Fitch, BB+ and lower; Moody's, Ba1 or lower) than investment-grade corporate bonds, Treasury bonds and municipal bonds. Because of the higher risk of default, these bonds pay a higher yield than investment grade bonds.

Investment Grade (IG) is a rating (S&P and Fitch, BBB- and higher; Moody's Baa3 and higher) that indicates that a bond has a relatively low risk of default.

Inflation is the decline of purchasing power of a given currency over time. A quantitative estimate of the rate at which the decline in purchasing power occurs can be reflected in the increase of an average price level of a basket of selected goods and services in an economy over some period.

Market Cycles, also known as stock market cycles, is a wide term referring to trends or patterns that emerge during different markets or business environments.

Net Asset Value (NAV) represents the net value of a mutual fund and is calculated as the total value of the fund's assets minus the total value of its liabilities, and is shown as a per share price.

Net Equity Exposure includes long equity securities minus short-sales and preferred securities.

Price to Book is used to compare a firm's market capitalization to its book value. It's calculated by dividing the company's stock price per share by its book value per share (BVPS). An asset's book value is equal to its carrying value on the balance sheet, and companies calculate it netting the asset against its accumulated depreciation.

Price-to-cash flow (P/CF) ratio is a stock valuation indicator or multiple that measures the value of a stock's price relative to its operating cash flow per share.

Price to Earnings is the ratio for valuing a company that measures its current share price relative to its EPS. The price-to-earnings ratio is also sometimes known as the price multiple or the earnings multiple.

Trailing Price to Earnings is a relative valuation multiple that is based on the last 12 months of actual earnings.

Forward Price to Earnings is a version of the ratio of price-to-earnings (P/E) that uses forecasted earnings for the P/E calculation.

Risk Assets is any asset that carries a degree of risk. Risk asset generally refers to assets that have a significant degree of price volatility, such as equities, commodities, high-yield bonds, real estate and currencies, but does not include cash and cash equivalents.

Standard Deviation is a measure of the dispersion of a set of data from its mean.

Yield is the discount rate that links the bond's cash flows to its current dollar price.

Yield to Maturity is the rate of return anticipated on a bond if held until the end of its lifetime. YTM is considered a long-term bond yield expressed as an annual rate. The YTM calculation takes into account the bond's current market price, par value, coupon interest rate and time to maturity. It is also assumed that all coupon payments are reinvested at the same rate as the bond's current yield.

Yield to Worst is a measure of the lowest possible yield that can be received on a bond that fully operates within the terms of its contract without defaulting. It is a type of yield that is referenced when a bond has provisions that would allow the issuer to close it out before it matures.

Volatility is a statistical measure of the dispersion of returns for a given security or market index. In most cases, the higher the volatility, the riskier the security. Volatility is often measured as either the standard deviation or variance between returns from that same security or market index.

You can obtain additional information by visiting the website at www.fpa.com, by email at crm@fpa.com, toll free by calling 1-800-279-1241, or by contacting the Fund in writing.