

MFS INTERMEDIATE HIGH INCOME FUND
Form N-CSR
February 01, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-5567

MFS INTERMEDIATE HIGH INCOME FUND

(Exact name of registrant as specified in charter)

500 Boylston Street, Boston, Massachusetts 02116

(Address of principal executive offices) (Zip code)

Susan S. Newton

Massachusetts Financial Services Company

500 Boylston Street

Boston, Massachusetts 02116

(Name and address of agents for service)

Registrant's telephone number, including area code: (617) 954-5000

Date of fiscal year end: November 30

Date of reporting period: November 30, 2009

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ITEM 1. REPORTS TO STOCKHOLDERS.

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Annual report

MFS® Intermediate High Income Fund

11/30/09

CIH-ANN

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MFS® Intermediate High Income Fund

New York Stock Exchange Symbol: **CIF**

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NOT FDIC INSURED MAY LOSE VALUE NO BANK GUARANTEE

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LETTER FROM THE CEO

Dear Shareholders:

There remains some question as to when the global economy will achieve a sustainable recovery. While some economists and market watchers are optimistic that the worst is behind us, a number also agree with U.S. Federal Reserve Board Chairman Ben Bernanke who said in September that even though from a technical perspective the recession is very likely over at this point, it's still going to feel like a very weak economy for some time.

Have we in fact turned the corner? We have seen tremendous rallies in the markets over the past six months. The Fed has cut interest rates aggressively toward zero to support credit markets, global deleveraging has helped diminish inflationary concerns, and stimulus measures have put more money in the hands of the government and individuals to keep the economy moving. Still, unemployment remains high, consumer confidence and spending continue to waiver, and the housing market, while improving, has a long way to go to recover.

Regardless of lingering market uncertainties, MFS® is confident that the fundamental principles of long-term investing will always apply. We encourage investors to speak with their advisors to identify and research long-term investment opportunities thoroughly. Global research continues to be one of the hallmarks of MFS, along with a unique collaboration between our portfolio managers and sector analysts, who regularly discuss potential investments before making both buy and sell decisions.

As we continue to dig out from the worst financial crisis in decades, keep in mind that while the road back to sustainable recovery will be slow, gradual, and even bumpy at times, conditions are significantly better than they were six months ago.

Respectfully,

Robert J. Manning

Chief Executive Officer and Chief Investment Officer

MFS Investment Management®

January 15, 2010

The opinions expressed in this letter are subject to change, may not be relied upon for investment advice, and no forecasts can be guaranteed.

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PORTFOLIO COMPOSITION

Portfolio structure

Top five industries reflecting equivalent exposure of derivative positions (i)

Medical & Health Technology & Services	10.2%
Gaming & Lodging	9.9%
Energy Independent	7.6%
Utilities Electric Power	7.2%
Broadcasting	6.7%

Portfolio structure reflecting equivalent exposure of derivative positions (i)

Credit quality of bonds (r)

AAA	1.9%
A	0.9%
BBB	4.5%
BB	24.7%
B	40.9%
CCC	20.1%
CC	2.2%
C	0.7%
D	1.8%
Not Rated	2.3%

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Portfolio Composition continued

Portfolio facts

Average Duration (d)(i)	5.5
Average Effective Maturity (i)(m)	8.5 yrs.
Average Credit Quality of Rated Securities (long-term) (a)	B
Average Credit Quality of Rated Securities (short-term) (a)(c)	A-1

(a) The average credit quality of rated securities is based upon a market weighted average of portfolio holdings that are rated by public rating agencies.

(c) Includes holding in the MFS Institutional Money Market Portfolio which is not rated by a public rating agency. The average credit quality of rated securities (short-term) is based upon a market weighted average of the underlying holdings within the MFS Institutional Money Market Portfolio that are rated by public rating agencies.

(d) Duration is a measure of how much a bond's price is likely to fluctuate with general changes in interest rates, e.g., if rates rise 1.00%, a bond with a 5-year duration is likely to lose about 5.00% of its value.

(i) For purposes of this presentation, the bond component includes accrued interest amounts and may be positively or negatively impacted by the equivalent exposure from any derivative holdings, if applicable.

(m) In determining an instrument's effective maturity for purposes of calculating the fund's dollar-weighted average effective maturity, MFS uses the instrument's stated maturity or, if applicable, an earlier date on which MFS believes it is probable that a maturity-shortening device (such as a put, pre-refunding or prepayment) will cause the instrument to be repaid. Such an earlier date can be substantially shorter than the instrument's stated maturity.

(o) Less than 0.1%.

(r) Each security is assigned a rating from Moody's Investors Service. If not rated by Moody's, the rating will be that assigned by Standard & Poor's. Likewise, if not assigned a rating by Standard & Poor's, it will be based on the rating assigned by Fitch, Inc. For those portfolios that hold a security which is not rated by any of the three agencies, the security is considered Not Rated. Holdings in U.S. Treasuries and government agency mortgage-backed securities, if any, are included in the AAA-rating category. Percentages are based on the total market value of investments as of 11/30/09.

From time to time Cash & Other Net Assets may be negative due to borrowings for leverage transactions, timing of cash receipts and/or equivalent exposure from any derivative holdings.

Percentages are based on net assets as of 11/30/09, unless otherwise noted.

The portfolio is actively managed and current holdings may be different.

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MANAGEMENT REVIEW

Summary of Results

The MFS Intermediate High Income Fund (the fund) is a closed-end fund investing primarily in high-yield fixed income securities in lower-rated categories.

For the twelve months ended November 30, 2009, shares of the MFS Intermediate High Income Fund provided a total return of 83.39%, at net asset value. This compares with a return of 64.95% for the fund's benchmark, the Barclays Capital U.S. High-Yield Corporate Bond Index.

Market Environment

After having suffered through one of the largest and most concentrated downturns since the 1930s, most asset markets staged a remarkable rebound during 2009. During the early stages of the period, a series of tumultuous financial events pushed global equity and credit markets to their lowest points during the crisis. Not only did Europe and Japan fall into very deep recessions, but an increasingly powerful engine of global growth—emerging markets—also contracted almost across the board. The subsequent recovery in global activity has been similarly synchronized, led importantly by emerging Asian economies, but broadening to include most of the global economy to varying degrees. Primary drivers of the recovery included an unwinding of the inventory destocking that took place earlier, as well as massive fiscal and monetary stimulus.

During the first half of the reporting period, the Fed implemented its final interest rate cut, while making increasing use of its new lending facilities to alleviate ever-tightening credit markets. On the fiscal front, the U.S. Treasury designed and began implementing a massive fiscal stimulus package. As inflationary concerns diminished in the face of global deleveraging and equity and credit markets deteriorated more sharply, central banks around the world also cut interest rates dramatically. By the middle of the period, several central banks had approached their lower bound on policy rates and were examining the implementation and ramifications of quantitative easing as a means to further loosen monetary policy to offset the continuing fall in global economic activity.

However, by the end of the period, there were ever-broadening signs that the global macroeconomic deterioration had passed, which caused the subsequent rise in asset valuations. As most asset prices rebounded in the second half of the period and the demand for liquidity waned, the debate concerning the existence of asset bubbles and the need for monetary exit strategies had begun, creating added uncertainty regarding the forward path of policy rates.

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Management Review continued

Contributors to Performance

The fund's return from yield, which was greater than that of the Barclays Capital U.S. High-Yield Corporate Bond Index, was a major driver for positive relative performance. Greater exposures to B rated (s) and CCC rated bonds, and to debt in the *industrial, banking, and financial* sectors all contributed to strong relative results. Security selection was another area of strength. Among the fund's top contributors were debt securities of General Motors Acceptance Corporation, Spanish-language network television operator Univision, flash memory products maker Spansion (g), and used car auction company KAR Holdings.

The fund employs leverage which has been created through the use of loan agreements with a bank. To the extent that investments are purchased through the use of leverage, the fund's net asset value will increase or decrease at a greater rate than a comparable unleveraged fund. During the reporting period, the fund's use of leverage enhanced its absolute positive returns.

Detractors from Performance

A lesser exposure to BB rated securities held back relative performance as bonds in this quality sector performed exceptionally well over the reporting period. Individual bond holdings that detracted from performance included the debt of Cabazon Band of Mission Indians, Texas Competitive Electric Holdings, NRG Energy, and Hospital Corporation of America (g).

Respectfully,

John Addeo
Portfolio Manager

David Cole
Portfolio Manager

(g) Security was not held in the portfolio at period end.

(s) Bonds rated BBB, Baa, or higher are considered investment grade; bonds rated BB, Ba, or below are considered non-investment grade. The primary source for bond quality ratings is Moody's Investors Service. If not available, ratings by Standard & Poor's are used, else ratings by Fitch, Inc. For securities which are not rated by any of the three agencies, the security is considered Not Rated.

The views expressed in this report are those of the portfolio managers only through the end of the period of the report as stated on the cover and do not necessarily reflect the views of MFS or any other person in the MFS organization. These views are subject to change at any time based on market or other conditions, and MFS disclaims any responsibility to update such views. These views may not be relied upon as investment advice or an indication of trading intent on behalf of any MFS portfolio. References to specific securities are not recommendations of such securities, and may not be representative of any MFS portfolio's current or future investments.

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The following chart represents the fund's historical performance in comparison to its benchmark(s). Investment return and principal value will fluctuate, and shares, when sold, may be worth more or less than their original cost; current performance may be lower or higher than quoted. The performance shown does not reflect the deduction of taxes, if any, that a shareholder would pay on fund distributions or the sale of fund shares. Performance data shown represents past performance and is no guarantee of future results.

Price Summary for MFS Intermediate High Income Fund

Year Ended 11/30/09	Date	Price
Net Asset Value	11/30/09	\$2.72
	11/30/08	\$1.72
New York Stock Exchange Price	11/30/09	\$2.42
	10/14/09 (high) (t)	\$2.47
	12/12/08 (low) (t)	\$1.13
	11/30/08	\$1.35

Total Returns vs Benchmark

Year Ended 11/30/09

MFS Intermediate High Income Fund at	
New York Stock Exchange Price (r)	107.88%
Net Asset Value (r)	83.39%
Barclays Capital U.S. High-Yield Corporate Bond Index (f)	64.95%

(f) Source: FactSet Research Systems Inc.

(r) Includes reinvestment of dividends and capital gain distributions.

(t) For the period December 1, 2008 through November 30, 2009.

Benchmark Definition

Barclays Capital U.S. High-Yield Corporate Bond Index – a market capitalization-weighted index that measures the performance of non-investment grade, fixed rate debt. Eurobonds and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded.

It is not possible to invest directly in an index.

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Performance Summary continued

Notes to Performance Summary

The fund's shares may trade at a discount or premium to net asset value. Shareholders do not have the right to cause the fund to repurchase their shares at net asset value. When fund shares trade at a premium, buyers pay more than the net asset value underlying fund shares, and shares purchased at a premium would receive less than the amount paid for them in the event of the fund's liquidation. As a result, the total return that is calculated based on the net asset value and New York Stock Exchange price can be different.

The fund's monthly distributions may include a return of capital to shareholders. Distributions that are treated for federal income tax purposes as a return of capital will reduce each shareholder's basis in his or her shares and, to the extent the return of capital exceeds such basis, will be treated as gain to the shareholder from a sale of shares. It may also result in a recharacterization of what economically represents a return of capital to ordinary income. In addition, distributions of current year long-term gains may be recharacterized as ordinary income. Returns of shareholder capital have the effect of reducing the fund's assets and may increase the fund's expense ratio.

From time to time the fund may receive proceeds from litigation settlements, without which performance would be lower.

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INVESTMENT OBJECTIVE, PRINCIPAL INVESTMENT STRATEGIES AND RISKS OF THE FUND

Investment Objective

The fund's investment objective is to seek high current income, but may also consider capital appreciation. The fund's objective may be changed without shareholder approval.

Principal Investment Strategies

MFS normally invests at least 80% of the fund's net assets, including assets attributable to borrowings for investment purposes, in high income debt instruments.

MFS may invest the fund's assets in other types of debt instruments and equity securities.

MFS may invest up to 100% of the fund's assets in lower quality debt instruments.

MFS may invest the fund's assets in foreign securities.

The fund's dollar-weighted average effective maturity will normally be between three and ten years. In determining an instrument's effective maturity, MFS uses the instrument's stated maturity or, if applicable, an earlier date on which MFS believes it is probable that a maturity-shortening device (such as a call, put, pre-refunding, prepayment or redemption provision, or an adjustable coupon) will cause the instrument to be repaid. Such an earlier date can be substantially shorter than the instrument's stated maturity.

MFS may invest the fund's assets in mortgage dollar rolls.

MFS may use derivatives for different purposes, including to earn income and enhance returns, to increase or decrease exposure to a particular market, to manage or adjust the risk profile of the fund, or as alternatives to direct investments.

MFS uses a bottom-up investment approach in buying and selling investments for the Fund. Investments are selected primarily based on fundamental analysis of issuers or instruments in light of market, economic, political, and regulatory conditions. Factors considered for debt instruments may include the instrument's credit quality, collateral characteristics and indenture provisions and the issuer's management ability, capital structure, leverage, and ability to meet its current obligations. Quantitative analysis of the structure of a debt instrument and its features may also be considered. Factors considered for equity securities may include analysis of earnings, cash flows, competitive position, and management ability. Quantitative analysis of these and other factors may also be considered.

The fund may use leverage by borrowing up to 33 1/3% of the fund's assets, including borrowings for investment purposes, and investing the proceeds

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Investment Objective, Principal Investment Strategies and Risks of the Fund continued

pursuant to its investment strategies. If approved by the fund's Board of Trustees, the fund may use leverage by other methods.

MFS may engage in active and frequent trading in pursuing the fund's principal investment strategies.

In response to market, economic, political, or other conditions, MFS may depart from the fund's principal investment strategies by temporarily investing for defensive purposes.

Principal Risks

The portfolio's yield and share prices change daily based on the credit quality of its investments and changes in interest rates. In general, the value of debt securities will decline when interest rates rise and will increase when interest rates fall. Debt securities with longer maturity dates will generally be subject to greater price fluctuations than those with shorter maturities. Mortgage securities are subject to prepayment risk which can offer less potential for gains in a declining interest rate environment and greater potential for loss in a rising interest rate environment. Derivatives can be highly volatile and involve risks in addition to those of the underlying indicators upon whose value the derivative is based. Gains or losses from derivatives can be substantially greater than the derivatives' original cost. Lower quality debt securities involve substantially greater risk of default and their value can decline significantly over time. Stock markets are volatile and can decline due to adverse issuer, market, industry, political, regulatory or economic conditions. The value of the portfolio's equity investments will fluctuate in response to many factors including company specific factors as well as general market, economic, political and regulatory conditions. Foreign investments can be more volatile than U.S. investments. Changes in currency exchange rates can affect the U.S. dollar rate of foreign currency investments and investments denominated in foreign currency. Investing in emerging markets can involve risks in addition to those generally associated with investing in more developed foreign markets. To the extent that investments are purchased with the proceeds from the borrowings from a bank, the fund's net asset value will increase or decrease at a greater rate than a comparable unleveraged fund. When you sell your shares, they may be worth more or less than the amount you paid for them. Please see the fund's registration statement for further information regarding these and other risk considerations. A copy of the fund's registration statement on Form N-2 is available on the EDGAR database on the Securities and Exchange Commission's Internet Web site at <http://sec.gov> and on the MFS Web site at mfs.com.

In accordance with Section 23(c) of the Investment Company Act of 1940, the fund hereby gives notice that it may from time to time repurchase shares of the fund in the open market at the option of the Board of Trustees and on such terms as the Trustees shall determine.

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PORTFOLIO MANAGERS PROFILES

John Addeo	Investment Officer of MFS; employed in the investment management area of MFS since 1998. Portfolio manager of the fund since June 2007.
David Cole	Investment Officer of MFS; employed in the investment management area of MFS since 2004. High Yield Analyst at Franklin Templeton Investments from 1999 to 2004. Portfolio manager of the fund since June 2007.

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DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

The fund offers a Dividend Reinvestment and Cash Purchase Plan (the Plan) that allows common shareholders to reinvest either all of the distributions paid by the fund or only the long-term capital gains. Generally, purchases are made at the market price unless that price exceeds the net asset value (the shares are trading at a premium). If the shares are trading at a premium, purchases will be made at a price of either the net asset value or 95% of the market price, whichever is greater. You can also buy shares on a quarterly basis in any amount \$100 and over. The Plan Agent will purchase shares under the Cash Purchase Plan on the 15th of January, April, July, and October or shortly thereafter.

If shares are registered in your own name, new shareholders will automatically participate in the Plan, unless you have indicated that you do not wish to participate. If your shares are in the name of a brokerage firm, bank, or other nominee, you can ask the firm or nominee to participate in the Plan on your behalf. If the nominee does not offer the Plan, you may wish to request that your shares be re-registered in your own name so that you can participate. There is no service charge to reinvest distributions, nor are there brokerage charges for shares issued directly by the fund. However, when shares are bought on the New York Stock Exchange or otherwise on the open market, each participant pays a pro rata share of the transaction expenses, including commissions. Dividends and capital gains distributions are taxable whether received in cash or reinvested in additional shares the automatic reinvestment of distributions does not relieve you of any income tax that may be payable (or required to be withheld) on the distributions.

You may withdraw from the Plan at any time by going to the Plan Agent's website at www.computershare.com, by calling 1-800-637-2304 any business day from 9 a.m. to 5 p.m. Eastern time or by writing to the Plan Agent at P.O. Box 43078, Providence, RI 02940-3078. Please have available the name of the fund and your account number. For certain types of registrations, such as corporate accounts, instructions must be submitted in writing. Please call for additional details. When you withdraw from the Plan, you can receive the value of the reinvested shares in one of three ways: your full shares will be held in your account, the Plan Agent will sell your shares and send the proceeds to you, or you may transfer your full shares to your investment professional who can hold or sell them. Additionally, the Plan Agent will sell your fractional shares and send the proceeds to you.

If you have any questions or for further information or a copy of the Plan, contact the Plan Agent Computershare Trust Company, N.A. (the Transfer Agent for the fund) at 1-800-637-2304, at the Plan Agent's website at

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Dividend Reinvestment and Cash Purchase Plan continued

www.computershare.com, or by writing to the Plan Agent at P.O. Box 43078, Providence, RI 02940-3078.

The following changes in the Plan took effect on September 1, 2009:

When dividend reinvestment is being made through purchases in the open market, such purchases will be made on or shortly after the payment date for such distribution (except where temporary limits on purchases are legally required) and in no event more than 15 days thereafter (instead of 45 days as previously specified).

In an instance where the Plan Agent either cannot invest the full amount of the distribution through open market purchases or the fund's shares are no longer selling at a discount to the current net asset value per share, the fund will supplementally issue additional shares at the greater of net asset value per share or 95% of the current market value price per share calculated on the date that such request is made (instead of the distribution date net asset value as previously specified). This price may be greater or lesser than the fund's net asset value per share on the distribution payment date.

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11/30/09

The Portfolio of Investments is a complete list of all securities owned by your fund. It is categorized by broad-based asset classes.

Bonds - 126.2%		
Issuer	Shares/Par	Value (\$)
Aerospace - 1.7%		
Bombardier, Inc., 6.3%, 2014 (n)	\$ 340,000	\$ 328,100
Hawker Beechcraft Acquisition Co. LLC, 8.5%, 2015	276,000	201,480
Spirit AeroSystems Holdings, Inc., 7.5%, 2017 (n)	240,000	235,200
Triumph Group, Inc., 8%, 2017 (z)	60,000	60,000
Vought Aircraft Industries, Inc., 8%, 2011	155,000	153,063
		\$ 977,843
Airlines - 2.3%		
American Airlines Pass-Through Trust, 6.817%, 2011	\$ 225,000	\$ 217,125
AMR Corp., 7.858%, 2011	160,000	159,200
Continental Airlines, Inc., 7.339%, 2014	524,000	468,980
Delta Air Lines, Inc., 7.111%, 2011	150,000	148,500
Delta Air Lines, Inc., 7.711%, 2011	330,000	320,100
		\$ 1,313,905
Apparel Manufacturers - 0.9%		
Broder Brothers Co., 11.25%, 2010	\$ 260,000	\$ 202,800
Hanesbrands, Inc., FRN, 4.592%, 2014	220,000	198,550
Levi Strauss & Co., 9.75%, 2015	105,000	109,988
		\$ 511,338
Asset Backed & Securitized - 4.4%		
Banc of America Commercial Mortgage, Inc., 5.772%, 2051	\$ 600,000	\$ 416,619
Banc of America Commercial Mortgage, Inc., FRN, 6.002%, 2051	176,159	127,179
Banc of America Commercial Mortgage, Inc., FRN, 6.397%, 2051 (z)	450,000	115,991
Citigroup Commercial Mortgage Trust, FRN, 5.888%, 2049	275,000	66,562
Credit Suisse Mortgage Capital Certificate, 5.343%, 2039	197,320	140,692
JPMorgan Chase Commercial Mortgage Securities Corp., FRN, 5.936%, 2049	250,617	93,634
JPMorgan Chase Commercial Mortgage Securities Corp., FRN, 5.936%, 2049	404,598	141,852
JPMorgan Chase Commercial Mortgage Securities Corp., FRN, 5.936%, 2049	1,169,622	345,504
JPMorgan Chase Commercial Mortgage Securities Corp., FRN, 6.26%, 2051	155,000	53,499
Merrill Lynch Mortgage Trust, FRN, 6.022%, 2050	155,000	52,981
Merrill Lynch/Countrywide Commercial Mortgage Trust, 5.204%, 2049	450,000	325,025

Table of Contents*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Asset Backed & Securitized - continued		
Merrill Lynch/Countrywide Commercial Mortgage Trust, FRN, 5.81%, 2050	\$ 190,000	\$ 154,621
Merrill Lynch/Countrywide Commercial Mortgage Trust, FRN, 5.902%, 2050	125,000	82,393
Wachovia Bank Commercial Mortgage Trust, FRN, 5.882%, 2047	250,000	45,240
Wachovia Bank Commercial Mortgage Trust, FRN, 5.942%, 2047	175,000	28,898
Wachovia Bank Commercial Mortgage Trust, FRN, 6.099%, 2051	450,000	282,665
		\$ 2,473,355
Automotive - 3.4%		
Accuride Corp., 8.5%, 2015 (d)	\$ 100,000	\$ 76,000
Allison Transmission, Inc., 11%, 2015 (n)	445,000	460,575
FCE Bank PLC, 7.125%, 2012	EUR 300,000	430,194
Ford Motor Credit Co. LLC, 9.75%, 2010	\$ 205,000	210,677
Ford Motor Credit Co. LLC, 12%, 2015	310,000	357,275
Goodyear Tire & Rubber Co., 8.625%, 2011	107,000	109,541
Goodyear Tire & Rubber Co., 9%, 2015	194,000	198,365
Goodyear Tire & Rubber Co., 10.5%, 2016	65,000	69,875
		\$ 1,912,502
Broadcasting - 5.8%		
Allbritton Communications Co., 7.75%, 2012	\$ 410,000	\$ 387,450
Bonten Media Acquisition Co., 9%, 2015 (p)(z)	153,982	44,956
CanWest MediaWorks LP, 9.25%, 2015 (d)(n)	380,000	72,200
Intelsat Jackson Holdings Ltd., 9.5%, 2016	540,000	564,975
Lamar Media Corp., 6.625%, 2015	260,000	247,000
Lamar Media Corp., C, 6.625%, 2015	165,000	155,100
LBI Media, Inc., 8.5%, 2017 (z)	150,000	114,000
LIN TV Corp., 6.5%, 2013	355,000	331,925
Local TV Finance LLC, 10%, 2015 (p)(z)	441,000	169,050
Newport Television LLC, 13%, 2017 (n)(p)	352,468	114,626
Nexstar Broadcasting Group, Inc., 0.5% to 2011, 7% to 2014 (n)(p)	291,805	204,077
Nexstar Broadcasting Group, Inc., 7%, 2014	96,000	67,320
Salem Communications Corp., 9.625%, 2016 (z)	80,000	81,600
Sinclair Broadcast Group, Inc., 9.25%, 2017 (n)	125,000	126,719
Univision Communications, Inc., 12%, 2014 (n)	95,000	103,313
Univision Communications, Inc., 9.75%, 2015 (n)(p)	657,812	509,640
Young Broadcasting, Inc., 8.75%, 2014 (d)	120,000	1,200
		\$ 3,295,151
Brokerage & Asset Managers - 0.8%		
Janus Capital Group, Inc., 6.95%, 2017	\$ 275,000	\$ 264,783

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Portfolio of Investments continued

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Brokerage & Asset Managers - continued		
Nuveen Investments, Inc., 10.5%, 2015 (n)	\$ 185,000	\$ 162,800
		\$ 427,583
Building - 3.1%		
Associated Materials, Inc., 9.75%, 2012	\$ 135,000	\$ 137,194
Associated Materials, Inc., 11.25%, 2014	270,000	253,125
Associated Materials, Inc., 9.875%, 2016 (n)	40,000	41,800
Building Materials Corp. of America, 7.75%, 2014	335,000	331,650
Nortek, Inc., 10%, 2013	325,000	333,125
Nortek, Inc., 8.5%, 2014 (d)	165,000	117,975
Owens Corning, 9%, 2019	330,000	364,216
Ply Gem Industries, Inc., 11.75%, 2013	165,000	157,575
USG Corp., 9.75%, 2014 (n)	45,000	47,138
		\$ 1,783,798
Business Services - 3.2%		
First Data Corp., 9.875%, 2015	\$ 450,000	\$ 400,500
First Data Corp., 11.25%, 2016	255,000	210,375
Iron Mountain, Inc., 6.625%, 2016	185,000	181,300
Iron Mountain, Inc., 8.375%, 2021	135,000	138,038
SunGard Data Systems, Inc., 9.125%, 2013	365,000	370,475
SunGard Data Systems, Inc., 10.25%, 2015	377,000	386,425
Terremark Worldwide, Inc., 12%, 2017 (n)	95,000	103,669
		\$ 1,790,782
Cable TV - 4.9%		
Cablevision Systems Corp., 8%, 2012	\$ 325,000	\$ 342,062
CCO Holdings LLC, 8.75%, 2013	405,000	408,797
Charter Communications, Inc., 8.375%, 2014 (n)	140,000	142,450
Charter Communications, Inc., 10.875%, 2014 (n)	260,000	289,575
CSC Holdings, Inc., 8.5%, 2014 (n)	255,000	268,069
DIRECTV Holdings LLC, 7.625%, 2016	340,000	366,350
Mediacom LLC, 9.125%, 2019 (n)	125,000	126,875
Videotron LTEE, 6.875%, 2014	110,000	107,250
Virgin Media Finance PLC, 8.75%, 2014	180,000	186,300
Virgin Media Finance PLC, 8.75%, 2014	EUR 160,000	248,657
Virgin Media Finance PLC, 9.125%, 2016	\$ 100,000	102,750
Virgin Media Finance PLC, 9.5%, 2016	200,000	210,000
		\$ 2,799,135
Chemicals - 4.1%		
Dow Chemical Co., 8.55%, 2019	\$ 80,000	\$ 94,548
Hexion Specialty Chemicals, Inc., 9.75%, 2014	70,000	67,200

Table of Contents*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Chemicals - continued		
Huntsman International LLC, 6.875%, 2013 (n)	EUR 200,000	\$ 271,781
Huntsman International LLC, 5.5%, 2016 (n)	\$ 125,000	108,438
Innophos Holdings, Inc., 8.875%, 2014	495,000	504,900
Koppers Holdings, Inc., 7.875%, 2019 (z)	110,000	110,000
Lumena Resources Corp., 12%, 2014 (z)	280,000	260,774
Momentive Performance Materials, Inc., 12.5%, 2014 (n)	455,000	498,225
Momentive Performance Materials, Inc., 11.5%, 2016	109,000	96,465
Nalco Co., 7.75%, 2011	53,000	53,000
Nalco Co., 8.875%, 2013	130,000	133,250
NOVA Chemicals Corp., 8.375%, 2016 (n)	105,000	106,313
		\$ 2,304,894
Construction - 0.2%		
Lennar Corp., 12.25%, 2017	\$ 80,000	\$ 95,600
Consumer Products - 0.8%		
ACCO Brands Corp., 10.625%, 2015 (n)	\$ 30,000	\$ 32,362
ACCO Brands Corp., 7.625%, 2015	80,000	72,600
Jarden Corp., 7.5%, 2017	215,000	212,850
Visant Holding Corp., 8.75%, 2013	125,000	128,750
		\$ 446,562
Consumer Services - 3.0%		
Corrections Corp. of America, 6.25%, 2013	\$ 175,000	\$ 175,219
Corrections Corp. of America, 7.75%, 2017	50,000	52,000
KAR Holdings, Inc., 10%, 2015	340,000	351,900
KAR Holdings, Inc., FRN, 4.28%, 2014	100,000	93,000
Service Corp. International, 7.375%, 2014	50,000	49,875
Service Corp. International, 7%, 2017	785,000	757,525
Ticketmaster Entertainment, Inc., 10.75%, 2016	215,000	222,525
		\$ 1,702,044
Containers - 2.3%		
Crown Americas LLC, 7.625%, 2013	\$ 215,000	\$ 220,106
Graham Packaging Holdings Co., 9.875%, 2014	400,000	406,000
Greif, Inc., 6.75%, 2017	350,000	339,500
Owens-Brockway Glass Container, Inc., 8.25%, 2013	120,000	122,400
Owens-Illinois, Inc., 7.375%, 2016	95,000	96,188
Reynolds Group, 7.75%, 2016 (z)	105,000	106,050
		\$ 1,290,244
Defense Electronics - 0.5%		
L-3 Communications Corp., 6.375%, 2015	\$ 310,000	\$ 304,963

Table of Contents*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Electronics - 1.0%		
Flextronics International Ltd., 6.25%, 2014	\$ 144,000	\$ 139,680
Freescale Semiconductor, Inc., 8.875%, 2014	325,000	276,250
Jabil Circuit, Inc., 7.75%, 2016	160,000	164,800
		\$ 580,730
Energy - Independent - 7.4%		
Berry Petroleum Co., 10.25%, 2014	\$ 150,000	\$ 160,500
Chaparral Energy, Inc., 8.875%, 2017	220,000	194,700
Chesapeake Energy Corp., 7%, 2014	114,000	113,430
Chesapeake Energy Corp., 9.5%, 2015	20,000	20,950
Chesapeake Energy Corp., 6.375%, 2015	230,000	213,900
Forest Oil Corp., 8.5%, 2014 (n)	60,000	61,350
Forest Oil Corp., 7.25%, 2019	270,000	255,825
Hilcorp Energy I LP, 9%, 2016 (n)	285,000	285,712
Mariner Energy, Inc., 8%, 2017	300,000	283,500
McMoRan Exploration Co., 11.875%, 2014	130,000	131,300
Newfield Exploration Co., 6.625%, 2014	155,000	153,838
OPTI Canada, Inc., 8.25%, 2014	205,000	164,000
Penn Virginia Corp., 10.375%, 2016	215,000	231,663
Petrohawk Energy Corp., 10.5%, 2014	140,000	151,550
Pioneer Natural Resource Co., 6.875%, 2018	175,000	169,296
Pioneer Natural Resource Co., 7.5%, 2020	130,000	128,170
Plains Exploration & Production Co., 7%, 2017	350,000	332,500
Quicksilver Resources, Inc., 8.25%, 2015	285,000	283,575
Range Resources Corp., 8%, 2019	240,000	250,800
SandRidge Energy, Inc., 9.875%, 2016 (n)	75,000	76,875
SandRidge Energy, Inc., 8%, 2018 (n)	320,000	301,600
Southwestern Energy Co., 7.5%, 2018	175,000	180,688
Swift Energy Co., 8.875%, 2020	40,000	39,800
		\$ 4,185,522
Entertainment - 1.7%		
AMC Entertainment, Inc., 11%, 2016	\$ 325,000	\$ 338,000
AMC Entertainment, Inc., 8.75%, 2019	250,000	254,375
Cinemark USA, Inc., 8.625%, 2019 (n)	380,000	391,400
		\$ 983,775
Financial Institutions - 2.5%		
GMAC LLC, 6.875%, 2011 (n)	\$ 973,000	\$ 936,512
GMAC LLC, 7%, 2012 (n)	105,000	100,012
GMAC LLC, 6.75%, 2014 (n)	145,000	129,775
GMAC LLC, 8%, 2031 (n)	29,000	24,867

Table of Contents*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Financial Institutions - continued		
International Lease Finance Corp., 5.625%, 2013	\$ 295,000	\$ 232,163
		\$ 1,423,329
Food & Beverages - 3.0%		
ARAMARK Corp., 8.5%, 2015	\$ 430,000	\$ 431,075
B&G Foods, Inc., 8%, 2011	325,000	330,687
Dean Foods Co., 7%, 2016	250,000	241,250
Del Monte Foods Co., 6.75%, 2015	335,000	336,675
Pinnacle Foods Finance LLC, 9.25%, 2015	330,000	340,841
		\$ 1,680,528
Forest & Paper Products - 3.3%		
Abitibi-Consolidated, Inc., 8.375%, 2015 (d)	\$ 380,000	\$ 50,350
Bowater, Inc., 6.5%, 2013 (d)	500,000	125,000
Cascades, Inc., 7.75%, 2017 (z)	80,000	79,400
Cellu Tissue Holdings, Inc., 11.5%, 2014	235,000	256,737
Georgia-Pacific Corp., 7.125%, 2017 (n)	190,000	192,375
Georgia-Pacific Corp., 8%, 2024	425,000	429,250
Graphic Packaging International Corp., 9.5%, 2013	165,000	169,125
Jefferson Smurfit Corp., 8.25%, 2012 (d)	125,000	100,000
JSG Funding PLC, 7.75%, 2015	10,000	9,550
Millar Western Forest Products Ltd., 7.75%, 2013	375,000	279,375
Smurfit Kappa Group PLC, 7.75%, 2019 (z)	EUR 60,000	87,273
Smurfit-Stone Container Corp., 8%, 2017 (d)	\$ 82,000	64,575
		\$ 1,843,010
Gaming & Lodging - 8.6%		
Ameristar Casinos, Inc., 9.25%, 2014 (n)	\$ 115,000	\$ 117,300
Boyd Gaming Corp., 6.75%, 2014	385,000	336,875
Circus & Eldorado Joint Venture, 10.125%, 2012	300,000	270,000
Firekeepers Development Authority, 13.875%, 2015 (n)	335,000	375,200
Fontainebleau Las Vegas Holdings LLC, 10.25%, 2015 (d)(n)	695,000	6,950
Harrah s Operating Co., Inc., 11.25%, 2017 (n)	155,000	158,100
Harrah s Operating Co., Inc., 10%, 2018 (n)	690,000	524,400
Harrah s Operating Co., Inc., 10%, 2018 (n)	164,000	124,640
Host Hotels & Resorts, Inc., 7.125%, 2013	115,000	114,138
Host Hotels & Resorts, Inc., 6.75%, 2016	160,000	151,600
Host Hotels & Resorts, Inc., 9%, 2017 (n)	340,000	357,850
MGM Mirage, 6.75%, 2013	230,000	188,888
MGM Mirage, 10.375%, 2014 (n)	40,000	42,700
MGM Mirage, 7.5%, 2016	175,000	132,563
MGM Mirage, 11.125%, 2017 (n)	105,000	114,975
MGM Mirage, 11.375%, 2018 (n)	70,000	60,375

Table of Contents*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Gaming & Lodging - continued		
Penn National Gaming, Inc., 8.75%, 2019 (n)	\$ 185,000	\$ 184,075
Pinnacle Entertainment, Inc., 7.5%, 2015	700,000	623,000
Royal Caribbean Cruises Ltd., 7%, 2013	125,000	118,750
Royal Caribbean Cruises Ltd., 11.875%, 2015	185,000	207,200
Starwood Hotels & Resorts Worldwide, Inc., 6.75%, 2018	100,000	96,250
Station Casinos, Inc., 6%, 2012 (d)	245,000	51,450
Station Casinos, Inc., 6.875%, 2016 (d)	715,000	7,150
Station Casinos, Inc., 6.625%, 2018 (d)	875,000	8,750
Wyndham Worldwide Corp., 6%, 2016	535,000	498,487
		\$ 4,871,666
Industrial - 1.2%		
Altra Holdings, Inc., 8.125%, 2016 (z)	\$ 115,000	\$ 115,287
Baldor Electric Co., 8.625%, 2017	385,000	392,700
Johnsontdiversey Holdings, Inc., 8.25%, 2019 (z)	160,000	159,800
		\$