

MFS INTERMEDIATE INCOME TRUST

Form N-CSRS

June 29, 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 811-5440

**MFS INTERMEDIATE INCOME TRUST**

(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: October 31

Date of reporting period: April 30, 2010

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**ITEM 1. REPORTS TO STOCKHOLDERS.**

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Semiannual report

# MFS® Intermediate Income Trust

4/30/10

MIN-SEM

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### **Managed Distribution Policy Disclosure**

The MFS Intermediate Income Trust's (the fund) Board of Trustees has adopted a managed distribution policy. The fund seeks to pay monthly distributions based on an annual rate of 8.5% of the fund's average monthly net asset value. The fund's total return in relation to changes in net asset value is presented in the Financial Highlights. You should not draw any conclusions about the fund's investment performance from the amount of the current distribution or from the terms of the fund's managed distribution policy. The Board may amend or terminate the managed distribution policy at any time without prior notice to fund shareholders; however, at this time, there are no reasonably foreseeable circumstances that might cause the termination of the managed distribution policy.

With each distribution, the fund will issue a notice to shareholders and an accompanying press release which will provide detailed information regarding the amount and composition of the distribution and other related information. In accordance with the amounts and sources of distributions reported in the notice to shareholders - the sources of distributions are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the fund's investment experience during the remainder of its fiscal year and may be subject to changes based on tax regulations. The fund will send you a Form 1099-DIV for the calendar year that will tell you how to report these distributions for federal income tax purposes.

Under a managed distribution policy the fund may at times distribute more than its net investment income and net realized capital gains; therefore, a portion of your distribution may result in a return of capital. A return of capital may occur, for example, when some or all of the money that you invested in the fund is paid back to you. A return of capital does not necessarily reflect the fund's investment performance and should not be confused with yield or income.

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# MFS® Intermediate Income Trust

New York Stock Exchange Symbol: **MIN**

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**NOT FDIC INSURED   MAY LOSE VALUE   NO BANK GUARANTEE**

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## LETTER FROM THE CEO

Dear Shareholders:

After having suffered their biggest declines since the Great Depression, most global markets experienced an impressive resurgence during the latter months of 2009 and the first quarter of 2010. The global economy was able to reap the benefits of two major trends. The first of these was the massive efforts of governments and central banks to increase liquidity in the financial system as they sought to prevent the credit crisis from further affecting the banking system. The second was the move by companies around the world to cut costs and operations to prepare for rapidly changing market conditions. We believe that these moves not only shortened the length of the downturn but also set the stage for recovery.

Even with the significant market gains of 2009 and the early part of 2010, the recovery is unrolling at a moderate pace, with rebounds in the manufacturing sector and corporate America leading the way. Central bankers are proceeding with caution and have held benchmark interest rates unchanged as they debate the best way to withdraw stimulus measures without disrupting the fragile growth process.

While hurdles remain, we believe that the global economy is on the road to recovery. As always, we continue to be mindful of the many challenges faced at the individual, national, and international levels. It is at times such as these that we want to remind investors of the merits of maintaining a long-term view, adhering to basic investing principles such as asset allocation and diversification, and working closely with advisors to identify and research investment opportunities. At MFS®, we take particular pride in how well mutual funds can help investors by providing the diversification that is important in any type of market climate.

Respectfully,

Robert J. Manning

Chief Executive Officer and Chief Investment Officer

MFS Investment Management®

June 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.

**Table of Contents****PORTFOLIO COMPOSITION****Portfolio structure (i)****Fixed income sectors (i)**

High Grade Corporates	44.1%
Non-U.S. Government Bonds	29.4%
Mortgage-Backed Securities	10.2%
Emerging Markets Bonds	9.9%
U.S. Government Agencies	3.3%
Commercial Mortgage-Backed Securities	2.0%
High Yield Corporates	0.8%
Asset-Backed Securities	0.4%
Collateralized Debt Obligations	0.1%
U.S. Treasury Securities	0.1%
Residential Mortgage-Backed Securities	0.1%

**Composition including fixed income credit quality (a)(i)**

AAA	29.9%
AA	22.0%
A	19.3%
BBB	27.5%
BB	1.2%
B	0.3%
Other	(0.2)%

**Portfolio facts (i)**

Average Duration (d)	4.1
Average Effective Maturity (m)	5.2 yrs.

**Country weightings (i)**

United States	47.0%
United Kingdom	7.9%
Japan	7.8%
Germany	4.2%
France	3.7%
Canada	3.5%
Italy	3.0%
Australia	2.2%
Brazil	2.2%
Other Countries	18.5%

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### *Portfolio Composition continued*

- (a) Included in the rating categories are: (1) debt securities and fixed income structured products which have long-term public ratings; (2) U.S. Government Securities (all of which are given AAA ratings); and (3) credit default swaps, if applicable, for which the underlying security has a long term public rating. U.S. Government Securities consist of U.S. Treasury securities, and certain securities issued by certain U.S. government agencies or U.S. government-sponsored entities. All rated securities are assigned a rating in accordance with the following ratings hierarchy: If a security is rated by Moody's, then that rating is used; if not rated by Moody's, then a Standard & Poor's rating is used; if not rated by S&P, then a Fitch rating is used. Any equity securities are listed separately. The Other category includes cash, other assets, liabilities (including any derivative offsets), short-term and unrated debt securities. Ratings from Moody's (e.g., Aaa) are shown in the S&P and Fitch scale (e.g. AAA). All ratings are subject to change.
- (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 components include the market value of securities, and reflect the impact of the equivalent exposure of derivative positions, if applicable. These amounts may be negative from time to time. The bond component will include any accrued interest amounts. Equivalent exposure is a calculated amount that translates the derivative position into a reasonable approximation of the amount of the underlying asset that the portfolio would have to hold at a given point in time to have the same price sensitivity that results from the portfolio's ownership of the derivative contract. When dealing with derivatives, equivalent exposure is a more representative measure of the potential impact of a position on portfolio performance than market value.
- (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.
- From time to time Cash & Other Net Assets may be negative due to timing of cash receipts and/or equivalent exposure from any derivative holdings.

Percentages are based on net assets as of 4/30/10, unless otherwise noted.

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



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## 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 and early 2010. This recovery in global activity, which covers this reporting period, has been 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, the production of manufacturing and capital goods, as well as massive fiscal and monetary stimulus.

During the worst of the credit crisis, policy makers globally loosened monetary and fiscal policy on a massive scale. Having reached their lower bound on policy rates prior to the beginning of the reporting period, several central banks were implementing quantitative easing as a means to further loosen monetary policy to offset the continuing fall in global economic activity. However, by the beginning 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 during 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. Nonetheless, risky-asset valuation generally hit secular highs by the end of the period.

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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 the fund's assets primarily in debt instruments. MFS generally invests substantially all of the fund's assets in investment grade debt instruments.

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 U.S. and foreign securities, including emerging market securities.

MFS may invest a relatively high percentage of the fund's assets in a single country, a small number of countries, or a particular geographic region.

The fund seeks to make a monthly distribution at an annual fixed rate of up to 8.50% of the fund's average monthly net asset value.

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 instruments and their issuers in light of current market, economic, political, and regulatory conditions. Factors considered 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 the instrument and its features may also be considered.

If approved by the fund's Board of Trustees, the fund may use leverage through the issuance of preferred shares, borrowing from banks, and/or other

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

methods of creating leverage, and investing the proceeds pursuant to its investment strategies.

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. The fund may invest a significant portion of its assets in asset-backed and/or mortgage-backed securities. The value of these securities may depend, in part, on the issuer's or borrower's credit quality or ability to pay principal and interest when due and may fall if an issuer or borrower defaults on its obligation to pay principal or interest or if the instrument's credit rating is downgraded by a credit rating agency. U.S. Government securities not supported as to the payment of principal or interest by the U.S. Treasury, such as those issued by Fannie Mae, Freddie Mac, and the Federal Home Loan Banks, are subject to greater credit risk than are U.S. Government securities supported by the U.S. Treasury, such as those issued by Ginnie Mae. Derivatives can be highly volatile and involve risks in addition to those of the underlying indicator's in whose value the derivative is based. Gains or losses from derivatives can be substantially greater than the derivatives' original cost. 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. 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>.

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 common 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

James Calmas	Investment Officer of MFS; employed in the investment management area of MFS since 1988. Portfolio Manager of the Fund since March 2002.
Erik Weisman	Investment Officer of MFS; employed in the investment management area of MFS since 2002; Portfolio Manager of the Fund since May 2004.

## OTHER NOTES

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 to the extent that the fund's net investment income and net capital gains are insufficient to meet the fund's target annual distribution rate. 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. 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 increasing the fund's expense ratio.

The fund's target annual distribution rate is calculated based on an annual rate of 8.5% of the fund's average daily net asset value, not a fixed share price, and the fund's dividend amount will fluctuate with changes in the fund's average monthly net assets.

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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](http://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 [www.computershare.com](http://www.computershare.com), or by writing to the Plan Agent at P.O. Box 43078, Providence, RI 02940-3078.

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4/30/10 (unaudited)

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

<b>Bonds - 98.6%</b>		
<b>Issuer</b>	<b>Shares/Par</b>	<b>Value (\$)</b>
<b>Asset Backed &amp; Securitized - 2.9%</b>		
Anthracite Ltd., A CDO, FRN, 0.62%, 2019 (z)	\$ 1,330,898	\$ 944,938
Commercial Mortgage Acceptance Corp., FRN, 1.81%, 2030 (i)	12,046,176	685,629
Compagnie de Financement Foncier, 2.125%, 2013 (z)	1,600,000	1,610,829
Credit Suisse Mortgage Capital Certificate, 5.695%, 2040	2,000,000	1,903,205
Daimler Chrysler Auto Trust, A2B, FRN, 1.18%, 2011	239,193	239,284
Falcon Franchise Loan LLC, FRN, 3.388%, 2023 (i)(z)	6,877,950	346,649
Ford Credit Auto Owner Trust, FRN, 3.24%, 2011	796,540	799,176
Goldman Sachs Mortgage Securities Corp. II, 5.587%, 2038	3,500,000	3,699,050
Hertz Global Holdings, Inc., 4.26%, 2014 (n)	2,300,000	2,378,217
JPMorgan Chase Commercial Mortgage Securities Corp., FRN, 5.475%, 2043	3,000,000	3,117,176
Lehman Brothers/UBS Commercial Mortgage Trust, 5.642%, 2032	2,220,000	2,383,838
Nationstar Home Equity Loan Trust, FRN, 0.392%, 2036	521,418	481,022
PNC Mortgage Acceptance Corp., FRN, 7.1%, 2032 (z)	2,000,000	1,991,699
Wachovia Bank Commercial Mortgage Trust, FRN, 5.418%, 2045	2,000,000	2,032,275
		\$ 22,612,987
<b>Broadcasting - 0.2%</b>		
CBS Corp., 5.75%, 2020	\$ 940,000	\$ 976,722
WPP Finance, 8%, 2014	812,000	937,545
		\$ 1,914,267
<b>Brokerage &amp; Asset Managers - 0.3%</b>		
TD Ameritrade Holding Co., 4.15%, 2014	\$ 2,007,000	\$ 2,049,803
<b>Building - 0.6%</b>		
CRH America, Inc., 6.95%, 2012	\$ 3,275,000	\$ 3,556,702
CRH PLC, 8.125%, 2018	1,160,000	1,391,640
		\$ 4,948,342
<b>Cable TV - 0.6%</b>		
DIRECTV Holdings LLC, 5.875%, 2019	\$ 1,400,000	\$ 1,486,527
Time Warner Cable, Inc., 5.4%, 2012	2,670,000	2,873,876
		\$ 4,360,403
<b>Chemicals - 1.6%</b>		
Dow Chemical Co., 8.55%, 2019	\$ 4,690,000	\$ 5,730,791
Lumena Resources Corp., 12%, 2014 (n)	1,783,000	1,701,481

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### Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Chemicals - continued		
PPG Industries, Inc., 5.75%, 2013	\$ 3,265,000	\$ 3,566,075
Sociedad Quimica y Minera de Chile S.A., 6.125%, 2016	1,463,000	1,574,615
		\$ 12,572,962
Computer Software - 0.2%		
Adobe Systems, Inc., 3.25%, 2015	\$ 1,950,000	\$ 1,972,189
Conglomerates - 1.3%		
Eaton Corp., 4.9%, 2013	\$ 2,310,000	\$ 2,481,691
Ingersoll-Rand Global Holding Co. Ltd., 6%, 2013	4,460,000	4,917,253
Textron Financial Corp., 5.125%, 2010	2,600,000	2,633,758
		\$ 10,032,702
Consumer Products - 1.2%		
Clorox Co., 5%, 2013	\$ 2,750,000	\$ 2,979,801
Hasbro, Inc., 6.125%, 2014	870,000	965,789
Royal Philips Electronics N.V., 4.625%, 2013	3,290,000	3,522,435
Whirlpool Corp., 8%, 2012	1,885,000	2,068,446
		\$ 9,536,471
Consumer Services - 0.4%		
Western Union Co., 5.4%, 2011	\$ 3,000,000	\$ 3,182,064
Defense Electronics - 0.5%		
BAE Systems Holdings, Inc., 6.4%, 2011 (n)	\$ 2,450,000	\$ 2,616,544
BAE Systems Holdings, Inc., 6.375%, 2019 (n)	1,400,000	1,559,489
		\$ 4,176,033
Emerging Market Quasi-Sovereign - 3.3%		
Banco do Brasil (Cayman Branch), 6%, 2020 (n)	\$ 1,430,000	\$ 1,466,176
BNDES Participacoes S.A., 6.5%, 2019 (n)	3,267,000	3,471,187
BNDES Participacoes S.A., 5.5%, 2020 (n)	138,000	137,310
Corporacion Nacional del Cobre de Chile, 4.75%, 2014 (n)	1,312,000	1,393,870
ELETRONBRAS S.A., 6.875%, 2019 (n)	150,000	163,125
Gaz Capital S.A., 8.125%, 2014 (n)	2,036,000	2,247,235
KazMunaiGaz Finance B.V., 7%, 2020 (z)	292,000	297,110
Korea Development Bank, 4.375%, 2015	1,048,000	1,071,879
Korea Expressway Corp., 4.5%, 2015 (n)	1,309,000	1,347,029
Majapahit Holding B.V., 7.75%, 2020 (n)	871,000	952,700
National Agricultural Co., 5%, 2014 (n)	1,502,000	1,569,986
Pemex Project Funding Master Trust, 5.75%, 2018	760,000	785,485
Petrobras International Finance Co., 7.875%, 2019	1,777,000	2,076,366
Petroleos Mexicanos, 8%, 2019	776,000	911,800

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### Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Emerging Market Quasi-Sovereign - continued		
Petroleos Mexicanos, 6%, 2020 (n)	\$ 2,970,000	\$ 3,054,645
Petronas Capital Ltd., 7.875%, 2022	1,089,000	1,357,245
Qtel International Finance Ltd., 6.5%, 2014 (n)	734,000	800,334
Qtel International Finance Ltd., 7.875%, 2019	227,000	262,158
Qtel International Finance Ltd., 7.875%, 2019 (n)	613,000	707,942
Ras Laffan Liquefied Natural Gas Co. Ltd., 6.75%, 2019 (n)	1,584,000	1,774,558
		\$ 25,848,140
Emerging Market Sovereign - 1.9%		
Federative Republic of Brazil, 11%, 2040	\$ 622,000	\$ 832,858
Federative Republic of Brazil, 5.625%, 2041	1,132,000	1,072,570
Republic of Argentina, FRN, 0.389%, 2012	517,200	464,983
Republic of Hungary, 6.25%, 2020	521,000	544,445
Republic of Panama, 9.375%, 2029	1,115,000	1,538,700
Republic of Peru, 9.875%, 2015	485,000	613,525
Republic of Peru, 7.35%, 2025	415,000	483,475
Republic of South Africa, 5.5%, 2020	2,423,000	2,459,345
State of Israel, 5.125%, 2014	5,000,000	5,486,735
State of Qatar, 5.15%, 2014 (n)	1,832,000	1,955,660
		\$