

MFS CHARTER INCOME TRUST
Form N-CSRS
July 30, 2010
Table of Contents

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 811-5822

MFS CHARTER 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: November 30

Date of reporting period: May 31, 2010

Table of Contents

ITEM 1. REPORTS TO STOCKHOLDERS.

Table of Contents

Semiannual report

MFS® Charter Income Trust

5/31/10

MCR-SEM

Table of Contents

MFS® Charter Income Trust

New York Stock Exchange Symbol: **MCR**

<u>LETTER FROM THE CEO</u>	1
<u>PORTFOLIO COMPOSITION</u>	2
<u>MARKET ENVIRONMENT</u>	4
<u>INVESTMENT OBJECTIVE, PRINCIPAL INVESTMENT STRATEGIES AND RISKS OF THE FUND</u>	5
<u>PORTFOLIO MANAGERS' PROFILES</u>	7
<u>OTHER NOTES</u>	7
<u>DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN</u>	8
<u>PORTFOLIO OF INVESTMENTS</u>	9
<u>STATEMENT OF ASSETS AND LIABILITIES</u>	33
<u>STATEMENT OF OPERATIONS</u>	34
<u>STATEMENTS OF CHANGES IN NET ASSETS</u>	35
<u>STATEMENT OF CASH FLOWS</u>	36
<u>FINANCIAL HIGHLIGHTS</u>	37
<u>NOTES TO FINANCIAL STATEMENTS</u>	39
<u>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	55
<u>BOARD REVIEW OF INVESTMENT ADVISORY AGREEMENT</u>	56
<u>PROXY VOTING POLICIES AND INFORMATION</u>	56
<u>QUARTERLY PORTFOLIO DISCLOSURE</u>	56
<u>FURTHER INFORMATION</u>	56
<u>CONTACT INFORMATION</u>	56
	BACK COVER

NOT FDIC INSURED MAY LOSE VALUE NO BANK GUARANTEE

Table of Contents

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 many have held benchmark interest rates unchanged as they debate the best way to withdraw stimulus measures without disrupting the fragile growth process. Complicating that debate late in the period was the emergence of the European debt crisis and worries about whether this crisis could derail the global recovery.

While hurdles remain, we believe that the global economy is proceeding 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

Chairman and Chief Executive Officer

MFS Investment Management®

July 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 Yield Corporates	55.8%
High Grade Corporates	14.2%
Non-U.S. Government Bonds	13.4%
Emerging Markets Bonds	12.4%
Commercial Mortgage-Backed Securities	6.3%
Mortgage-Backed Securities	5.6%
Floating Rate Loans	1.0%
U.S. Government Agencies	0.7%
Asset-Backed Securities	0.5%
Collateralized Debt Obligations	0.2%
U.S. Treasury Securities	(7.1)%

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

AAA	16.6%
AA	11.1%
A	5.7%
BBB	14.6%
BB	24.4%
B	27.5%
CCC	10.7%
CC	0.1%
C	0.1%
D	0.1%
Equity	0.5%
Other	(11.4)%

Portfolio facts (i)

Average Duration (d)	5.1
Average Effective Maturity (m)	7.2 yrs.

Issuer country weightings (i)

United States	66.0%
Japan	4.7%
Italy	2.3%
United Kingdom	2.1%
Brazil	2.1%
Canada	2.0%
Mexico	1.8%
Netherlands	1.7%
Indonesia	1.6%
Other Countries	15.7%

Table of Contents

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 borrowings for leverage transactions, timing of cash receipts, and/or equivalent exposure from any derivative holdings.

Percentages are based on net assets as of 5/31/10, unless otherwise noted.

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

Table of Contents

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. Late in the period, though, heightened risk surrounding the public-debt profiles of several of the peripheral European countries caused risky asset valuations to retrench considerably.

Table of Contents

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 normally invests the fund's assets in U.S. Government securities, foreign government securities, mortgage-backed and other asset-backed securities of U.S. and/or foreign issuers, corporate bonds of U.S. and/or foreign issuers, and/or debt instruments of issuers located in emerging market countries. MFS allocates the fund's assets across these categories with a view toward broad diversification across and within these categories.

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

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.

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. Factors considered for equity securities may include analysis of earnings, cash flows, competitive position, and management ability. Quantitative analysis of the structure of the instrument and its features 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 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.

Table of Contents

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

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. 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.

Table of Contents

PORTFOLIO MANAGERS PROFILES

Richard Hawkins	Investment Officer of MFS; employed in the investment management area of MFS since 1988. Portfolio Manager of the Fund since July 2004.
John Addeo	Investment Officer of MFS; employed in the investment management area of MFS since 1998. Portfolio Manager of the Fund since February 2005.
David Cole	Investment Officer of MFS; employed in the investment management area of MFS since 2004. Portfolio Manager of the Fund since October 2006.
Matthew Ryan	Investment Officer of MFS; employed in the investment management area of MFS since 1997. Portfolio Manager of the Fund since September 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 distributions are in excess of the fund's net investment income and net capital gains, determined in accordance with federal income tax regulations. 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 may increase the fund's expense ratio.

Table of Contents

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

Table of Contents**PORTFOLIO OF INVESTMENTS**

5/31/10 (unaudited)

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

Bonds - 108.6%		
Issuer	Shares/Par	Value (\$)
Aerospace - 1.0%		
BE Aerospace, Inc., 8.5%, 2018	\$ 1,225,000	\$ 1,267,875
Bombardier, Inc., 7.5%, 2018 (n)	485,000	489,850
Bombardier, Inc., 7.45%, 2034 (n)	625,000	568,750
Hawker Beechcraft Acquisition Co. LLC, 8.5%, 2015	1,534,000	1,284,725
Oshkosh Corp., 8.25%, 2017	290,000	298,700
Oshkosh Corp., 8.5%, 2020	320,000	331,200
Spirit AeroSystems Holdings, Inc., 7.5%, 2017	1,065,000	1,049,025
		\$ 5,290,125
Airlines - 0.4%		
American Airlines Pass-Through Trust, 7.377%, 2019	\$ 370,319	\$ 299,959
Continental Airlines, Inc., 7.339%, 2014	381,466	356,671
Continental Airlines, Inc., 7.25%, 2019	220,000	238,700
Delta Air Lines, Inc., 7.711%, 2011	995,000	985,050
		\$ 1,880,380
Apparel Manufacturers - 0.2%		
Hanesbrands, Inc., 8%, 2016	\$ 965,000	\$ 979,475
Phillips-Van Heusen Corp., 7.375%, 2020	235,000	236,175
		\$ 1,215,650
Asset-Backed & Securitized - 7.0%		
Anthracite Ltd., A CDO, FRN, 0.701%, 2019 (z)	\$ 1,554,641	\$ 1,103,795
Banc of America Commercial Mortgage, Inc., FRN, 5.744%, 2051	1,500,000	1,470,777
Banc of America Commercial Mortgage, Inc., FRN, 6.184%, 2051	6,000,000	6,080,525
Bayview Financial Acquisition Trust, FRN, 5.483%, 2041	404,000	394,206
Bayview Financial Revolving Mortgage Loan Trust, FRN, 1.864%, 2040 (z)	903,464	370,149
Citigroup/Deutsche Bank Commercial Mortgage Trust, FRN, 5.366%, 2049	1,605,000	1,271,919
Commercial Mortgage Pass-Through Certificates, FRN, 5.792%, 2046	230,000	207,032
Countrywide Asset-Backed Certificates, FRN, 5.147%, 2035	1,707,570	1,674,328
Credit Suisse Mortgage Capital Certificate, FRN, 5.722%, 2039	1,400,000	1,427,795
Crest Ltd., CDO, 7%, 2040	2,000,000	100,000
CWCapital LLC, 5.223%, 2048	5,839,000	5,598,933
DLJ Commercial Mortgage Corp., 6.04%, 2031 (z)	1,972,973	2,015,850
First Union-Lehman Brothers Bank of America, FRN, 0.423%, 2035 (i)	18,911,105	356,338

9

Table of Contents

Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Asset-Backed & Securitized - continued		
First Union-Lehman Brothers Commercial Mortgage Trust, 7%, 2029 (n)	\$ 503,883	\$ 527,194
Greenwich Capital Commercial Funding Corp., FRN, 5.887%, 2038	4,839,456	4,909,160
JPMorgan Chase Commercial Mortgage Securities Corp., 5.42%, 2049	1,255,000	1,175,985
JPMorgan Chase Commercial Mortgage Securities Corp., FRN, 5.818%, 2049	1,000,000	1,004,490
JPMorgan Chase Commercial Mortgage Securities Corp., FRN, 6.034%, 2051	185,000	52,654
Merrill Lynch Mortgage Trust, FRN, 5.826%, 2050	1,350,000	1,331,099
Merrill Lynch Mortgage Trust, FRN, 5.826%, 2050	185,000	55,853
Mortgage Capital Funding, Inc., FRN, 2.084%, 2031 (i)	112,765	42
PNC Mortgage Acceptance Corp., FRN, 7.1%, 2032 (z)	2,510,000	2,507,822
Spirit Master Funding LLC, 5.05%, 2023 (z)	1,533,005	1,311,609
Structured Asset Securities Corp., FRN, 4.67%, 2035	471,993	460,458
Wachovia Bank Commercial Mortgage Trust, FRN, 5.692%, 2047	1,503,155	302,772
Wachovia Bank Commercial Mortgage Trust, FRN, 5.902%, 2051	1,250,000	1,168,814
		\$ 36,879,599
Automotive - 1.8%		
Allison Transmission, Inc., 11%, 2015 (n)	\$ 1,535,000	\$ 1,604,075
Ford Motor Credit Co. LLC, 12%, 2015	4,528,000	5,275,029
General Motors Corp., 7.125%, 2013 (d)	1,350,000	438,750
Goodyear Tire & Rubber Co., 9%, 2015	880,000	902,000
Goodyear Tire & Rubber Co., 10.5%, 2016	1,200,000	1,272,000
		\$ 9,491,854
Basic Industry - 0.2%		
TriMas Corp., 9.75%, 2017 (n)	\$ 795,000	\$ 806,925
Broadcasting - 2.6%		
Allbritton Communications Co., 8%, 2018 (n)	\$ 565,000	\$ 533,925
Gray Television, Inc., 10.5%, 2015 (z)	320,000	302,400
Inmarsat Finance PLC, 7.375%, 2017 (n)	995,000	992,513
Intelsat Jackson Holdings Ltd., 9.5%, 2016	3,510,000	3,615,300
Lamar Media Corp., 6.625%, 2015	740,000	703,000
Lamar Media Corp., C, 6.625%, 2015	245,000	230,300
LIN TV Corp., 6.5%, 2013	755,000	731,406
Local TV Finance LLC, 9.25%, 2015 (p)(z)	799,312	610,141
Newport Television LLC, 13%, 2017 (n)(p)	119,932	95,971
News America, Inc., 6.2%, 2034	325,000	333,706
News America, Inc., 6.9%, 2039	205,000	227,878
Nexstar Broadcasting Group, Inc., 0.5% to 2011, 7% to 2014 (n)(p)	509,449	453,070
Nexstar Broadcasting Group, Inc., 7%, 2014	168,000	149,730

Table of Contents*Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Broadcasting - continued		
Salem Communications Corp., 9.625%, 2016	\$ 273,000	\$ 276,413
Sinclair Broadcast Group, Inc., 9.25%, 2017 (n)	1,425,000	1,410,750
SIRIUS XM Radio, Inc., 8.75%, 2015 (n)	725,000	703,250
Univision Communications, Inc., 12%, 2014 (n)	790,000	849,250
Univision Communications, Inc., 9.75%, 2015 (n)(p)	1,445,169	1,193,710
		\$ 13,412,713
Brokerage & Asset Managers - 0.6%		
E*TRADE Financial Corp., 7.875%, 2015	\$ 785,000	\$ 722,200
Janus Capital Group, Inc., 6.95%, 2017	1,900,000	1,942,279
Nuveen Investments, Inc., 10.5%, 2015	680,000	612,000
		\$ 3,276,479
Building - 2.0%		
Associated Materials, Inc., 11.25%, 2014	\$ 1,000,000	\$ 995,000
Building Materials Holding Corp., 7%, 2020 (n)	600,000	594,000
CEMEX Finance Europe B.V., 9.625%, 2017 (n)	EUR 490,000	548,145
CEMEX Finance LLC, 9.5%, 2016 (n)	\$ 2,550,000	2,326,875
Goodman Global, Inc., 13.5%, 2016	480,000	528,000
Masco Corp., 7.125%, 2020	980,000	949,403
Nortek, Inc., 11%, 2013	1,611,711	1,676,179
Owens Corning, 9%, 2019	1,550,000	1,788,630
Ply Gem Industries, Inc., 11.75%, 2013	350,000	358,750
Ply Gem Industries, Inc., 13.125%, 2014 (n)	670,000	676,700
		\$ 10,441,682
Business Services - 1.2%		
First Data Corp., 9.875%, 2015	\$ 3,285,000	\$ 2,677,275
First Data Corp., 11.25%, 2016	235,000	150,400
Iron Mountain, Inc., 6.625%, 2016	775,000	763,375
Iron Mountain, Inc., 8.375%, 2021	460,000	466,900
SunGard Data Systems, Inc., 9.125%, 2013	205,000	207,050
SunGard Data Systems, Inc., 10.25%, 2015	1,570,000	1,587,662
Terremark Worldwide, Inc., 12.25%, 2017 (n)	625,000	709,375
		\$ 6,562,037
Cable TV - 3.2%		
Cablevision Systems Corp., 8.625%, 2017 (n)	\$ 475,000	\$ 477,375
CCH II LLC/CCH II Capital Corp., 13.5%, 2016	160,000	183,400
Charter Communications Holding Co. LLC, 7.875%, 2018 (n)	285,000	279,656
Charter Communications Holding Co. LLC, 8.125%, 2020 (n)	185,000	183,150
Charter Communications, Inc., 10.875%, 2014 (n)	395,000	431,537
CSC Holdings, Inc., 8.5%, 2014 (n)	770,000	800,800

Table of Contents*Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Cable TV - continued		
CSC Holdings, Inc., 8.5%, 2015 (n)	\$ 1,980,000	\$ 2,049,300
DIRECTV Holdings LLC, 5.2%, 2020 (n)	3,240,000	3,268,680
Echostar Corp., 7.125%, 2016	335,000	328,300
Mediacom LLC, 9.125%, 2019 (n)	1,395,000	1,381,050
TCI Communications, Inc., 9.8%, 2012	701,000	786,682
Time Warner Cable, Inc., 5%, 2020	2,150,000	2,146,106
Videotron LTEE, 6.875%, 2014	2,110,000	2,099,450
Virgin Media Finance PLC, 9.125%, 2016	2,185,000	2,209,581
Virgin Media Finance PLC, 9.5%, 2016	395,000	404,875
		\$ 17,029,942
Chemicals - 1.9%		
Ashland, Inc., 9.125%, 2017	\$ 1,595,000	\$ 1,746,525
Hexion Finance Escrow LLC, 8.875%, 2018 (n)	895,000	827,875
Hexion Specialty Chemicals, Inc., 9.75%, 2014	1,315,000	1,255,825
Lumena Resources Corp., 12%, 2014 (n)	891,000	784,080
Lyondell Chemical Co., 11%, 2018	503,207	533,399
Momentive Performance Materials, Inc., 12.5%, 2014 (n)	1,706,000	1,842,480
Momentive Performance Materials, Inc., 11.5%, 2016	343,000	306,985
Mosaic Co., 7.625%, 2016 (n)	1,525,000	1,673,803
Sociedad Quimica y Minera de Chile S.A., 5.5%, 2020 (n)	414,000	399,510
Solutia, Inc., 7.875%, 2020	795,000	791,025
		\$ 10,161,507
Computer Software - 0.4%		
Seagate Technology HDD Holdings, 6.375%, 2011	\$ 1,950,000	\$ 1,991,437
Computer Software - Systems - 0.5%		
DuPont Fabros Technology, Inc., 8.5%, 2017 (n)	\$ 1,135,000	\$ 1,146,350
International Business Machines Corp., 8%, 2038	1,000,000	1,360,529
		\$ 2,506,879
Conglomerates - 0.3%		
Actuant Corp., 6.875%, 2017	\$ 1,005,000	\$ 949,725
Kennametal, Inc., 7.2%, 2012	684,000	723,207
		\$ 1,672,932
Construction - 0.1%		
Corporacion GEO S.A.B. de C.V., 8.875%, 2014 (n)	\$ 465,000	\$ 469,650
Consumer Products - 0.8%		
ACCO Brands Corp., 10.625%, 2015	\$ 105,000	\$ 113,663
ACCO Brands Corp., 7.625%, 2015	255,000	237,150

Table of Contents*Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Consumer Products - continued		
Central Garden & Pet Co., 8.25%, 2018	\$ 455,000	\$ 450,450
Easton-Bell Sports, Inc., 9.75%, 2016 (n)	295,000	304,588
Fortune Brands, Inc., 5.125%, 2011	671,000	686,184
Jarden Corp., 7.5%, 2017	1,405,000	1,376,900
Libbey Glass, Inc., 10%, 2015 (n)	740,000	767,750
Visant Holding Corp., 8.75%, 2013	500,000	503,750
		\$ 4,440,435
Consumer Services - 1.4%		
Grupo Posadas S.A. de C.V., 9.25%, 2015 (n)	\$ 113,000	\$ 113,565
KAR Holdings, Inc., 10%, 2015	1,135,000	1,137,837
KAR Holdings, Inc., FRN, 4.344%, 2014	380,000	342,950
Live Nation Entertainment, Inc., 8.125%, 2018 (z)	140,000	138,600
Realogy Corp., 10.5%, 2014	330,000	280,500
Service Corp. International, 7.375%, 2014	500,000	505,000
Service Corp. International, 7%, 2017	4,030,000	3,909,100
Ticketmaster Entertainment, Inc., 10.75%, 2016	1,020,000	1,106,700
		\$ 7,534,252
Containers - 1.2%		
Crown Americas LLC, 7.75%, 2015	\$ 565,000	\$ 574,887
Graham Packaging Holdings Co., 9.875%, 2014	1,800,000	1,813,500
Greif, Inc., 6.75%, 2017	855,000	836,831
Greif, Inc., 7.75%, 2019	1,000,000	1,021,250
Owens-Illinois, Inc., 7.375%, 2016	1,000,000	1,017,500
Reynolds Group, 7.75%, 2016 (n)	1,050,000	1,039,500
		\$ 6,303,468
Defense Electronics - 0.7%		
BAE Systems Holdings, Inc., 4.75%, 2010 (n)	\$ 474,000	\$ 477,297
BAE Systems Holdings, Inc., 5.2%, 2015 (n)	450,000	475,859
L-3 Communications Corp., 5.875%, 2015	1,180,000	1,171,150
L-3 Communications Corp., 6.375%, 2015	1,500,000	1,500,000
ManTech International Corp., 7.25%, 2018 (z)	260,000	260,650
		\$ 3,884,956
Electronics - 0.7%		
Flextronics International Ltd., 6.25%, 2014	\$ 434,000	\$ 429,660
Freescale Semiconductor, Inc., 8.875%, 2014	1,115,000	1,006,287
Freescale Semiconductor, Inc., 10.125%, 2018 (n)	385,000	399,438
Freescale Semiconductor, Inc., 9.25%, 2018 (z)	545,000	540,913
Jabil Circuit, Inc., 7.75%, 2016	1,140,000	1,165,650

Table of Contents*Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Electronics - continued		
NXP B.V./NXP Funding LLC, 7.875%, 2014	\$ 265,000	\$ 244,462
		\$ 3,786,410
Emerging Market Quasi-Sovereign - 3.6%		
BNDES Participacoes S.A., 5.5%, 2020 (n)	\$ 138,000	\$ 133,860
Ecopetrol S.A., 7.625%, 2019	594,000	660,825
Gaz Capital S.A., 8.125%, 2014 (n)	1,464,000	1,559,160
KazMunaiGaz Finance B.V., 11.75%, 2015 (n)	2,051,000	2,440,690
KazMunaiGaz Finance B.V., 9.125%, 2018 (n)	733,000	806,300
KazMunaiGaz Finance B.V., 7%, 2020 (n)	263,000	253,138
Majapahit Holding B.V., 7.25%, 2017 (n)	1,478,000	1,537,120
Majapahit Holding B.V., 8%, 2019 (n)	492,000	526,440
Majapahit Holding B.V., 7.75%, 2020 (n)	1,205,000	1,268,263
Pemex Project Funding Master Trust, 5.75%, 2018	642,000	651,828
Peru Enhanced Pass-Through Trust, 0%, 2018 (n)	215,169	172,136
Petrobras International Finance Co., 7.875%, 2019	1,361,000	1,539,725
Petroleos de Venezuela S.A., 5.25%, 2017	950,000	522,500
Petroleos Mexicanos, 8%, 2019	1,101,000	1,268,903
Petroleos Mexicanos, 6%, 2020 (n)	1,195,000	1,209,938
Qtel International Finance Ltd., 7.875%, 2019 (n)	1,104,000	1,239,240
Ras Laffan Liquefied Natural Gas Co. Ltd., 8.294%, 2014 (n)	1,195,200	1,327,213
Ras Laffan Liquefied Natural Gas Co. Ltd., 6.75%, 2019 (n)	1,442,000	1,568,360
		\$ 18,685,639
Emerging Market Sovereign - 3.1%		
Dominican Republic, 7.5%, 2021 (n)	\$ 239,000	\$ 235,714
Kingdom of Bahrain, 5.5%, 2020 (n)	247,000	241,975
Republic of Argentina, 8.28%, 2033	866,660	558,996
Republic of Argentina, 2.5% to 2019, 3.75% to 2029, 5.25% to 2038	1,848,000	665,280
Republic of Argentina, FRN, 0.389%, 2012	1,460,363	1,269,637
Republic of Colombia, 7.375%, 2019	465,000	535,912
Republic of Colombia, 8.125%, 2024	664,000	786,840
Republic of Colombia, 6.125%, 2041	1,580,000	1,501,000
Republic of Indonesia, 0%, 2010	IDR 11,988,000,000	1,289,954
Republic of Indonesia, 6.875%, 2018	\$ 204,000	228,480
Republic of Indonesia, 11.625%, 2019 (n)	1,423,000	2,031,332
Republic of Indonesia, 5.875%, 2020 (n)	258,000	267,030
Republic of Indonesia, 7.75%, 2038 (n)	593,000	677,502
Republic of Panama, 9.375%, 2029	1,062,000	1,470,870
Republic of Peru, 7.35%, 2025	355,000	415,350
Republic of Philippines, 6.5%, 2020	358,000	389,773
Republic of Philippines, 6.375%, 2034	1,377,000	1,373,558

Table of Contents*Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Emerging Market Sovereign - continued		
Republic of South Africa, 5.5%, 2020	\$ 751,000	\$ 756,633
Ukraine Government International, 6.58%, 2016	1,389,000	1,281,491
United Mexican States, 5.95%, 2019	134,000	144,385
		\$ 16,121,712
Energy - Independent - 3.3%		
Anadarko Petroleum Corp., 6.45%, 2036	\$ 160,000	\$ 151,483
Anadarko Petroleum Corp., 6.2%, 2040	580,000	535,736
ATP Oil & Gas Corp., 11.875%, 2015 (z)	160,000	125,600
Chaparral Energy, Inc., 8.875%, 2017	1,230,000	1,113,150
Chesapeake Energy Corp., 9.5%, 2015	1,065,000	1,152,862
Chesapeake Energy Corp., 6.875%, 2016	435,000	444,787
Hilcorp Energy I LP, 9%, 2016 (n)	1,080,000	1,096,200
Newfield Exploration Co., 6.625%, 2014	650,000	651,625
Newfield Exploration Co., 6.625%, 2016	225,000	223,875
OPTI Canada, Inc., 8.25%, 2014	1,455,000	1,244,025
Penn Virginia Corp., 10.375%, 2016	1,630,000	1,735,950
Petrohawk Energy Corp., 10.5%, 2014	560,000	592,200
Pioneer Natural Resources Co., 6.875%, 2018	1,175,000	1,145,344
Pioneer Natural Resources Co., 7.5%, 2020	765,000	764,956
Plains Exploration & Production Co., 7%, 2017	1,460,000	1,335,900
Quicksilver Resources, Inc., 8.25%, 2015	780,000	760,500
Quicksilver Resources, Inc., 9.125%, 2019	220,000	220,550
Range Resources Corp., 8%, 2019	1,535,000	1,581,050
SandRidge Energy, Inc., 8%, 2018 (n)	745,000	666,775
Southwestern Energy Co., 7.5%, 2018	1,175,000	1,233,750
Talisman Energy, Inc., 7.75%, 2019	280,000	337,420
		\$ 17,113,738
Energy - Integrated - 0.8%		
CCL Finance Ltd., 9.5%, 2014	\$ 457,000	\$ 500,415
CCL Finance Ltd., 9.5%, 2014 (n)	1,244,000	1,362,180
Hess Corp., 8.125%, 2019	100,000	123,410
Husky Energy, Inc., 5.9%, 2014	306,000	336,467
Husky Energy, Inc., 7.25%, 2019	324,000	380,003
Pacific Rubiales Energy Corp., 8.75%, 2016 (n)	1,005,000	1,077,863
TNK-BP Finance S.A., 6.25%, 2015 (n)	112,000	110,880
TNK-BP Finance S.A., 7.25%, 2020 (n)	137,000	133,233
		\$ 4,024,451
Entertainment - 0.7%		
AMC Entertainment, Inc., 11%, 2016	\$ 1,200,000	\$ 1,230,000
AMC Entertainment, Inc., 8.75%, 2019	1,160,000	1,171,600

Table of Contents*Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Entertainment - continued		
Cinemark USA, Inc., 8.625%, 2019	\$ 1,460,000	\$ 1,474,600
		\$ 3,876,200
Financial Institutions - 2.1%		
CIT Group, Inc., 7%, 2014	\$ 725,000	\$ 681,500
CIT Group, Inc., 7%, 2017	2,955,000	2,666,888
CIT Group, Inc., 10.25%, 2017	95,000	97,375
Credit Acceptance Corp., 9.125%, 2017 (z)	500,000	505,000
GMAC, Inc., 6.875%, 2011	293,000	293,000
GMAC, Inc., 6.75%, 2014	2,505,000	2,386,013
GMAC, Inc., 8%, 2031	1,914,000	1,741,740
International Lease Finance Corp., 5.625%, 2013	1,655,000	1,452,262
International Lease Finance Corp., 8.75%, 2017 (n)	1,225,000	1,120,875
Nationstar Mortgage LLC, 10.875%, 2015 (z)	410,000	350,550
		\$ 11,295,203
Food & Beverages - 2.0%		
Anheuser-Busch InBev, 6.875%, 2019 (n)	\$ 1,300,000	\$ 1,499,762
ARAMARK Corp., 8.5%, 2015	1,154,000	1,151,115
B&G Foods, Inc., 7.625%, 2018	470,000	468,825
CEDC Finance Corp. International, Inc., 9.125%, 2016 (n)	893,000	879,605
Constellation Brands, Inc., 7.25%, 2016	1,020,000	1,014,900
Del Monte Foods Co., 6.75%, 2015	1,170,000	1,172,925
Del Monte Foods Co., 7.5%, 2019 (n)	1,000,000	1,017,500
Pinnacle Foods Finance LLC, 9.25%, 2015	990,000	987,525
Smithfield Foods, Inc., 7.75%, 2017	370,000	347,800
TreeHouse Foods, Inc., 7.75%, 2018	915,000	935,588
Tyson Foods, Inc., 7.85%, 2016	912,000	978,120
		\$ 10,453,665
Forest & Paper Products - 1.9%		
Boise, Inc., 8%, 2020 (n)	\$ 820,000	\$ 826,150
Buckeye Technologies, Inc., 8.5%, 2013	150,000	152,625
Cascades, Inc., 7.75%, 2017 (n)	915,000	882,975
Cellu Tissue Holdings, Inc., 11.5%, 2014	770,000	827,750
Fibria Overseas Finance Ltd., 7.5%, 2020 (n)	612,000	599,760
Georgia-Pacific Corp., 7.125%, 2017 (n)	3,585,000	3,567,075
Georgia-Pacific Corp., 8%, 2024	535,000	557,737
Georgia-Pacific Corp., 7.25%, 2028	205,000	194,750
Graphic Packaging International Corp., 9.5%, 2013	635,000	646,112
Grupo Papelero Scribe S.A., 8.875%, 2020 (n)	238,000	196,053
Jefferson Smurfit Corp., 8.25%, 2012 (d)	480,000	406,800
JSG Funding PLC, 7.75%, 2015	40,000	38,950

Table of Contents*Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Forest & Paper Products - continued		
Smurfit Kappa Group PLC, 7.75%, 2019 (n)	EUR 560,000	\$ 681,524
Votorantim Participacoes S.A., 6.75%, 2021 (n)	\$ 650,000	638,625
		\$ 10,216,886
Gaming & Lodging - 3.1%		
Ameristar Casinos, Inc., 9.25%, 2014	\$ 545,000	\$ 558,625
FelCor Lodging Trust, Inc., 10%, 2014	205,000	205,000
Firekeepers Development Authority, 13.875%, 2015 (n)	330,000	377,850
Fontainebleau Las Vegas Holdings LLC, 10.25%, 2015 (d)(n)	460,000	5,175
Gaylord Entertainment Co., 6.75%, 2014	915,000	846,375
GWR Operating Partnership LLP, 10.875%, 2017 (z)	765,000	750,656
Harrah s Operating Co., Inc., 11.25%, 2017	445,000	466,138
Harrah s Operating Co., Inc., 10%, 2018	735,000	580,650
Harrah s Operating Co., Inc., 10%, 2018	1,044,000	824,760
Host Hotels & Resorts, Inc., 6.75%, 2016	1,150,000	1,127,000
Host Hotels & Resorts, Inc., 9%, 2017 (n)	1,255,000	1,330,300
MGM Mirage, 10.375%, 2014 (n)	145,000	154,063
MGM Mirage, 7.5%, 2016	485,000	388,000
MGM Mirage, 11.125%, 2017 (n)	365,000	395,113
MGM Mirage, 11.375%, 2018 (n)	1,865,000	1,725,125
MGM Mirage, 9%, 2020 (z)	655,000	656,638
Midwest Gaming, Inc., 11.625%, 2016 (n)	245,000	238,875
Penn National Gaming, Inc., 8.75%, 2019 (n)	1,065,000	1,080,975
Pinnacle Entertainment, Inc., 7.5%, 2015	550,000	511,500
Royal Caribbean Cruises Ltd., 7%, 2013	245,000	241,019
Royal Caribbean Cruises Ltd., 11.875%, 2015	1,350,000	1,532,250
Starwood Hotels & Resorts Worldwide, Inc., 6.75%, 2018	1,485,000	1,466,437
Station Casinos, Inc., 6.5%, 2014 (d)	25,000	219
Station Casinos, Inc., 6.875%, 2016 (d)	980,000	8,575
Station Casinos, Inc., 6%, 2012 (d)	1,730,000	108,125
Wyndham Worldwide Corp., 6%, 2016	985,000	956,054
		\$ 16,535,497
Industrial - 0.9%		
Altra Holdings, Inc., 8.125%, 2016 (n)	\$ 350,000	\$ 349,125
Aquilex Corp., 11.125%, 2016 (n)	870,000	870,000
Baldor Electric Co., 8.625%, 2017	1,260,000	1,282,050
Great Lakes Dredge & Dock Corp., 7.75%, 2013	550,000	549,312
Hillman Cos., Inc., 10.875%, 2018 (z)	495,000	491,288
Johnsondiversey Holdings, Inc., 8.25%, 2019 (n)	680,000	697,000
RBS Global, Inc. & Rexnord LLC, 8.5%, 2018 (n)	410,000	389,500
		\$ 4,628,275

Table of Contents*Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Insurance - 1.4%		
American International Group, Inc., 8.175% to 2038, FRN to 2058	\$ 1,585,000	\$ 1,236,300
ING Groep N.V., 5.775% to 2015, FRN to 2049	2,100,000	1,537,809
MetLife, Inc., 9.25% to 2038, FRN to 2068 (n)	800,000	872,000
Metropolitan Life Global Funding, 2.875%, 2012 (n)	1,350,000	1,379,553
Metropolitan Life Global Funding, 5.125%, 2014 (n)	860,000	922,546
Unum Group, 7.125%, 2016	1,171,000	1,310,050
		\$ 7,258,258
Insurance - Property & Casualty - 1.4%		
Allstate Corp., 7.45%, 2019	\$ 850,000	\$ 1,006,649
AXIS Capital Holdings Ltd., 5.75%, 2014	1,013,000	1,076,019
Liberty Mutual Group, Inc., 10.75% to 2038, FRN to 2058 (n)	1,375,000	1,471,250
USI Holdings Corp., 9.75%, 2015 (z)	615,000	559,650
USI Holdings Corp., FRN, 4.31%, 2014 (n)	2,005,000	1,604,000
ZFS Finance USA Trust II, 6.45% to 2016, FRN to 2065 (n)	1,190,000	1,082,900
ZFS Finance USA Trust V, 6.5% to 2017, FRN to 2037 (n)	627,000	570,570
		\$ 7,371,038
International Market Quasi-Sovereign - 1.7%		
Bank of Ireland, 2.75%, 2012 (n)	\$ 1,480,000	\$ 1,450,251
Canada Housing Trust, 4.6%, 2011 (n)	CAD 392,000	388,562
Commonwealth Bank of Australia, 2.9%, 2014 (n)	\$ 1,780,000	1,805,700
ING Bank N.V., 3.9%, 2014 (n)	1,390,000	1,474,536
Irish Life & Permanent PLC, 3.6%, 2013 (n)	1,500,000	1,513,317
KFW International Finance, Inc., 4.875%, 2019	1,000,000	1,094,950
Societe Financement de l Economie Francaise, 3.375%, 2014 (n)	1,000,000	1,041,920
		\$ 8,769,236
International Market Sovereign - 11.0%		
Federal Republic of Germany, 3.75%, 2015	EUR 3,007,000	\$ 4,067,376
Federal Republic of Germany, 4.25%, 2018	EUR 619,000	864,394
Federal Republic of Germany, 6.25%, 2030	EUR 847,000	1,480,913
Government of Canada, 4.5%, 2015	CAD 747,000	772,000
Government of Canada, 5.75%, 2033	CAD 136,000	169,465
Government of Japan, 1.5%, 2012	JPY 549,000,000	6,189,467
Government of Japan, 1.3%, 2014	JPY 225,600,000	2,572,907
Government of Japan, 1.7%, 2017	JPY 644,600,000	7,542,007
Government of Japan, 2.2%, 2027	JPY 619,000,000	7,092,317
Kingdom of Belgium, 5.5%, 2017	EUR 378,000	550,780
Kingdom of Sweden, 4.5%, 2015	SEK 2,635,000	376,080
Kingdom of the Netherlands, 3.75%, 2014	EUR 1,333,000	1,788,922
Kingdom of the Netherlands, 5.5%, 2028	EUR 454,000	716,994

Table of Contents*Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
Bonds - continued		
International Market Sovereign - continued		
Republic of Austria, 4.65%, 2018	EUR 1,345,000	\$ 1,881,695
Republic of Finland, 3.875%, 2017	EUR 921,000	1,243,638
Republic of France, 4.75%, 2012	EUR 703,000	945,683
Republic of France, 4.75%, 2035	EUR 1,370,000	1,992,002
Republic of Ireland, 4.6%, 2016	EUR 1,629,000	2,067,732
Republic of Italy, 4.75%, 2013	EUR 5,607,000	7,300,388
Republic of Italy, 5.25%, 2017	EUR 2,779,000	3,784,392
United Kingdom Treasury, 8%, 2015	GBP 755,000	1,406,833
United Kingdom Treasury, 8%, 2021	GBP 953,000	1,930,782
United Kingdom Treasury, 4.25%, 2036	GBP 739,000	1,067,355
		\$ 57,804,122
Machinery & Tools - 0.7%		
Case Corp., 7.25%, 2016	\$ 710,000	\$ 713,550
Case New Holland, Inc., 7.125%, 2014	2,235,000	2,235,000
Rental Service Corp., 9.5%, 2014	1,010,000	959,500
		\$ 3,908,050
Major Banks - 2.6%		
Banco Internacional del Peru, 8.5% to 2020, FRN to 2070 (n)	\$ 135,000	\$ 135,000
Banco PanAmericano S.A., 8.5%, 2020 (n)	416,000	423,280
Bank of America Corp., 7.375%, 2014	1,000,000	1,104,169
Bank of America Corp., 7.625%, 2019	370,000	420,099
Bank of America Corp., 8% to 2018, FRN to 2049	3,275,000	3,148,388
BNP Paribas, 5.186% to 2015, FRN to 2049 (n)	1,667,000	1,366,940
Credit Suisse New York, 5.5%, 2014	1,000,000	1,078,923
JPMorgan Chase & Co., 6.3%, 2019	1,000,000	1,088,570
Morgan Stanley, 5.75%, 2016	397,000	397,711
Morgan Stanley, 6.625%, 2018	391,000	401,510
Morgan Stanley, 7.3%, 2019	830,000	871,781
Morgan Stanley, 5.625%, 2019	1,500,000	1,433,529
MUFG Capital Finance 1 Ltd., 6.346% to 2016, FRN to 2049	289,000	255,675
Royal Bank of Scotland Group PLC, 6.99% to 2017, FRN to 2049 (n)	350,000	227,500
Royal Bank of Scotland Group PLC, FRN, 7.648%, 2049	825,000	618,750
UniCredito Luxembourg Finance S.A., 6%, 2017 (n)	498,000	486,787
		\$ 13,458,612
Medical & Health Technology & Services - 5.5%		
Biomet, Inc., 10%, 2017	\$ 545,000	\$ 576,337
Biomet, Inc., 11.625%, 2017	2,260,000	2,412,550
Community Health Systems, Inc., 8.875%, 2015	3,510,000	3,593,362
Cooper Cos., Inc., 7.125%, 2015	570,000	564,300

Table of Contents*Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Medical & Health Technology & Services - continued		
DaVita, Inc., 6.625%, 2013	\$ 618,000	\$ 613,365
DaVita, Inc., 7.25%, 2015	1,595,000	1,587,025
Fisher Scientific International, Inc., 6.125%, 2015	1,254,000	1,297,890
Fresenius Medical Care AG & Co. KGaA, 9%, 2015 (n)	665,000	724,850
HCA, Inc., 8.75%, 2010	480,000	483,600
HCA, Inc., 9.25%, 2016	6,130,000	6,421,175
HCA, Inc., 8.5%, 2019 (n)	605,000	632,225
HealthSouth Corp., 8.125%, 2020	1,380,000	1,338,600
Hospira, Inc., 6.05%, 2017	655,000	726,844
McKesson Corp., 7.5%, 2019	110,000	133,530
Owens & Minor, Inc., 6.35%, 2016	970,000	952,789
Psychiatric Solutions, Inc., 7.75%, 2015	705,000	722,625
Tenet Healthcare Corp., 9.25%, 2015	1,445,000	1,484,737
U.S. Oncology, Inc., 10.75%, 2014	655,000	668,919
United Surgical Partners International, Inc., 8.875%, 2017	225,000	225,000
United Surgical Partners International, Inc., 9.25%, 2017 (p)	245,000	243,162
Universal Hospital Services, Inc., 8.5%, 2015 (p)	1,530,000	1,468,800
Vanguard Health Systems, Inc., 8%, 2018	585,000	555,750
VWR Funding, Inc., 10.25%, 2015 (p)	1,204,125	1,216,166
		\$ 28,643,601
Metals & Mining - 2.8%		
Arch Western Finance LLC, 6.75%, 2013	\$ 1,345,000	\$ 1,328,187
Bumi Capital Pte Ltd., 12%, 2016 (n)	268,000	273,360
Cloud Peak Energy, Inc., 8.25%, 2017 (n)	545,000	538,188
Cloud Peak Energy, Inc., 8.5%, 2019 (n)	545,000	542,275
CONSOL Energy, Inc., 8%, 2017 (n)	925,000	940,031
CONSOL Energy, Inc., 8.25%, 2020 (n)	480,000	490,200
FMG Finance Ltd., 10.625%, 2016 (n)	730,000	