

GLOBAL HIGH INCOME FUND INC
Form N-Q
September 28, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number: 811-07540

Global High Income Fund Inc.

(Exact name of registrant as specified in charter)

1285 Avenue of the Americas, New York, New York 10019-6028

(Address of principal executive offices) (Zip code)

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UBS Global Asset Management
1285 Avenue of the Americas
New York, NY 10019-6028
(Name and address of agent for service)

Copy to:
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Washington, DC 20006-2401

Registrant's telephone number, including area code: 212-821 3000

Date of fiscal year end: October 31

Date of reporting period: July 31, 2012

Item 1. Schedule of Investments

Global High Income Fund Inc.

Industry diversification (unaudited)

As a percentage of net assets as of July 31, 2012

| | |
|---|---------|
| Bonds | |
| Corporate bonds | |
| Commercial banks | 4.10% |
| Diversified financial services | 2.72 |
| Electric utilities | 1.71 |
| Metals & mining | 0.09 |
| Oil, gas & consumable fuels | 5.89 |
| Paper & forest products | 0.15 |
| Road & rail | 0.86 |
| Specialty retail | 0.22 |
| | <hr/> |
| Total corporate bonds | 15.74% |
| Non-US government obligations | 68.24 |
| Convertible bond | 1.22 |
| Structured notes | 6.03 |
| | <hr/> |
| Total bonds | 91.23% |
| Common stock | 0.00 |
| Short-term investment | 6.01 |
| Options purchased | 0.25 |
| | <hr/> |
| Total investments | 97.49% |
| Cash and other assets, less liabilities | 2.51 |
| | <hr/> |
| Net assets | 100.00% |
| | <hr/> |

Portfolio of investments July 31, 2012 (unaudited)

| Security description | Face amount | Value |
|---|---------------|------------|
| Bonds 91.23% | | |
| Corporate bonds 15.74% | | |
| Argentina 0.09% | | |
| WPE International Cooperatief UA, 10.375%, due 09/30/20 ¹ | \$ 300,000 | \$ 246,000 |
| Brazil 1.68% | | |
| Banco do Brasil SA, 5.875%, due 01/26/22 ² | 2,300,000 | 2,417,875 |
| Centrais Eletricas Brasileiras SA, 5.750%, due 10/27/21 ² | 500,000 | 558,125 |
| Petrobras International Finance Co., 5.375%, due 01/27/21 | 150,000 | 166,834 |
| 5.750%, due 01/20/20 | 1,450,000 | 1,635,875 |
| Union National FIDC Trust 2006, Series 2007-2, due 07/01/10 ^{2,3,4,5} | BRL 1,832,665 | 107 |
| Series 3, due 07/01/10 ^{2,3,4,5} | 2,075,000 | 122 |
| Series 4, due 05/01/11 ^{1,3,4,5} | 3,560,082 | 208 |
| | | 4,779,146 |
| India 0.26% | | |
| Bank of India, 6.250%, due 02/16/21 ¹ | \$ 700,000 | 722,859 |
| Indonesia 0.75% | | |
| Majapahit Holding BV, 7.250%, due 06/28/17 ² | 100,000 | 115,750 |
| Pertamina Persero PT, 4.875%, due 05/03/22 ¹ | 200,000 | 209,000 |
| 6.000%, due 05/03/42 ² | 1,700,000 | 1,819,000 |
| | | 2,143,750 |
| Kazakhstan 0.96% | | |
| Alliance Bank JSC, 10.500%, due 03/25/17 ¹ | 350,000 | 297,500 |
| Development Bank of Kazakhstan JSC, 5.500%, due 12/20/15 ² | 850,000 | 896,750 |
| Kazakhstan Temir Zholy Finance BV, 6.950%, due 07/10/42 ² | 750,000 | 825,000 |
| KazMunayGas National Co., 7.000%, due 05/05/20 ¹ | 600,000 | 708,000 |
| | | 2,727,250 |
| Mexico 1.29% | | |
| Comision Federal de Electricidad, 5.750%, due 02/14/42 ² | 500,000 | 567,500 |
| Grupo Papelero Scribe SA, 8.875%, due 04/07/20 ¹ | 550,000 | 429,000 |

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| | | |
|--|-----------|------------------|
| Hipotecaria Su Casita SA, 7.500%, due 06/29/18 ^{1,3} | 498,200 | 39,856 |
| Pemex Project Funding Master Trust, 6.625%, due 06/15/35 | 2,050,000 | 2,629,023 |
| | | <u>3,665,379</u> |
| Peru 0.34% | | |
| Banco de Credito del Peru, 5.375%, due 09/16/20 ¹ | 900,000 | 954,000 |
| | | <u>954,000</u> |
| Philippines 1.27% | | |
| National Power Corp., 9.625%, due 05/15/28 | 2,360,000 | 3,610,800 |
| | | <u>3,610,800</u> |

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Russia 3.51%

| | | | |
|---|-----|------------|------------|
| RSHB Capital SA for OJSC Russian Agricultural Bank, | | | |
| 7.125%, due 01/14/14 ² | \$ | 300,000 | \$ 318,000 |
| 7.500%, due 03/25/13 | RUB | 80,000,000 | 2,495,112 |
| 9.000%, due 06/11/14 ² | \$ | 550,000 | 610,500 |
| VEB Finance Ltd., | | | |
| 6.025%, due 07/05/22 ² | | 200,000 | 216,768 |
| 6.800%, due 11/22/25 ¹ | | 900,000 | 1,035,000 |
| 6.800%, due 11/22/25 ² | | 1,000,000 | 1,150,000 |
| 6.902%, due 07/09/20 ² | | 850,000 | 952,000 |
| Vnesheconombank, | | | |
| Series 6, 7.900%, due 10/13/20 ⁶ | RUB | 75,000,000 | 2,153,198 |
| VTB Bank OJSC GDR, | | | |
| 6.551%, due 10/13/20 ¹ | \$ | 1,000,000 | 1,035,000 |
| | | | <hr/> |
| | | | 9,965,578 |
| | | | <hr/> |

South Africa 0.79%

| | | | |
|-----------------------------------|-----|------------|-----------|
| Edcon Pty Ltd., | | | |
| 9.500%, due 03/01/18 ¹ | | 300,000 | 284,250 |
| 9.500%, due 03/01/18 ² | | 350,000 | 331,625 |
| Transnet Ltd., | | | |
| Series 2, 10.000%, due 03/30/29 | ZAR | 12,000,000 | 1,636,088 |
| | | | <hr/> |
| | | | 2,251,963 |
| | | | <hr/> |

Sri Lanka 0.25%

| | | | |
|-----------------------------------|----|---------|---------|
| Bank of Ceylon, | | | |
| 6.875%, due 05/03/17 ² | \$ | 700,000 | 715,750 |
| | | | <hr/> |

Turkey 0.69%

| | | | |
|-----------------------------------|--|---------|-----------|
| Export Credit Bank of Turkey, | | | |
| 5.375%, due 11/04/16 ² | | 700,000 | 735,000 |
| 5.875%, due 04/24/19 ² | | 400,000 | 430,000 |
| Turkiye Halk Bankasi AS, | | | |
| 4.875%, due 07/19/17 ² | | 800,000 | 800,800 |
| | | | <hr/> |
| | | | 1,965,800 |
| | | | <hr/> |

Ukraine 0.91%

| | | | |
|-----------------------|-----|------------|-----------|
| Biz Finance PLC, | | | |
| 11.000%, due 02/03/14 | UAH | 15,000,000 | 1,389,103 |
| NAK Naftogaz Ukraine, | | | |
| 9.500%, due 09/30/14 | \$ | 1,220,000 | 1,207,800 |
| | | | <hr/> |
| | | | 2,596,903 |
| | | | <hr/> |

United Arab Emirates 1.16%

| | | | |
|-----------------------------------|--|-----------|-----------|
| IPIC GMTN Ltd., | | | |
| 5.500%, due 03/01/22 ² | | 500,000 | 557,500 |
| 6.875%, due 11/01/41 ¹ | | 550,000 | 717,750 |
| 6.875%, due 11/01/41 ² | | 1,550,000 | 2,022,750 |
| | | | <hr/> |
| | | | 3,298,000 |
| | | | <hr/> |

United Kingdom 0.29%

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| | | |
|--|-----------|-------------------|
| Sinopec Group Overseas Development 2012 Ltd., 4.875%, due 05/17/42 ² | 700,000 | <u>812,140</u> |
| Venezuela 1.50% | | |
| Petroleos de Venezuela SA, | | |
| 5.250%, due 04/12/17 ¹ | 350,000 | 253,750 |
| 5.375%, due 04/12/27 | 1,150,000 | 667,000 |
| 8.500%, due 11/02/17 ¹ | 1,380,000 | 1,159,200 |
| 8.500%, due 11/02/17 ² | 2,500,000 | 2,100,000 |
| 9.000%, due 11/17/21 ¹ | 120,000 | 90,000 |
| | | <u>4,269,950</u> |
| Total corporate bonds (cost \$46,624,228) | | <u>44,725,268</u> |

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Non-US government obligations 68.24%

Albania 0.74%

| | | | |
|--|-----|-----------|--------------|
| Republic of Albania, 7.500%, due 11/04/15 | EUR | 1,800,000 | \$ 2,105,268 |
|--|-----|-----------|--------------|

Argentina 2.39%

| | | | |
|---|-----|------------|-----------|
| Republic of Argentina, 4.191%, due 12/15/35 ⁷ | | 2,200,000 | 254,447 |
| 4.383%, due 12/15/35 ⁷ | \$ | 19,290,000 | 1,929,000 |
| 4.383%, due 12/15/35 ⁷ | | 15,601,737 | 1,528,970 |
| Series VII, 7.000%, due 09/12/13 | | 1,175,000 | 1,162,075 |
| Series X, 7.000%, due 04/17/17 | | 650,000 | 487,500 |
| 7.820%, due 12/31/33 ⁶ | EUR | 358,647 | 232,775 |
| 8.280%, due 12/31/33 | \$ | 1,030,787 | 662,280 |
| Series NY, 8.280%, due 12/31/33 | | 351,143 | 233,510 |
| Series 1, 8.750%, due 06/02/17 | | 322,897 | 290,607 |

6,781,164

Belarus 1.00%

| | | | |
|---|--|-----------|-----------|
| Republic of Belarus, 8.750%, due 08/03/15 ¹ | | 2,750,000 | 2,688,125 |
| 8.950%, due 01/26/18 ¹ | | 150,000 | 142,875 |

2,831,000

Brazil 9.94%

| | | | |
|--|-----|-----------|------------|
| Federal Republic of Brazil, 5.625%, due 01/07/41 | | 1,570,000 | 2,056,700 |
| 6.000%, due 08/15/50 ⁸ | BRL | 1,340,000 | 1,824,178 |
| 7.125%, due 01/20/37 | \$ | 330,000 | 508,200 |
| Notas do Tesouro Nacional, Series B, 6.000%, due 08/15/16 ⁸ | BRL | 4,100,000 | 4,847,505 |
| 6.000%, due 05/15/45 ⁸ | | 9,250,000 | 12,314,981 |
| Series F, 10.000%, due 01/01/13 | | 5,625,000 | 2,794,252 |
| 10.000%, due 01/01/17 | | 1,280,000 | 653,277 |
| 10.000%, due 01/01/21 | | 6,428,000 | 3,263,460 |

28,262,553

Chile 1.80%

| | | | |
|---|-----|---------------|-----------|
| Bonos de la Tesoreria de la Republica, 3.000%, due 07/01/17 ⁸ | CLP | 1,286,888,430 | 2,731,924 |
| Bonos de la Tesoreria de la Republica en pesos, 6.000%, due 01/01/20 | | 340,000,000 | 742,260 |
| 6.000%, due 01/01/22 | | 540,000,000 | 1,190,293 |
| Bonos del Banco Central de Chile en Pesos, 6.000%, due 02/01/21 | | 140,000,000 | 305,773 |
| 6.000%, due 03/01/22 | | 70,000,000 | 157,342 |

5,127,592

China 0.18%

China Government Bond,

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| | | | |
|-----------------------|-----|---------------|-----------|
| 2.480%, due 12/01/20 | CNY | 3,500,000 | 522,797 |
| | | | <hr/> |
| Colombia 2.60% | | | |
| Republic of Colombia, | | | |
| 4.375%, due 07/12/21 | \$ | 1,500,000 | 1,732,500 |
| 6.125%, due 01/18/41 | | 150,000 | 207,375 |
| 7.375%, due 09/18/37 | | 575,000 | 898,438 |
| 7.750%, due 04/14/21 | COP | 1,925,000,000 | 1,364,826 |

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| | | | |
|----------------------|-----|---------------|------------|
| 8.125%, due 05/21/24 | \$ | 250,000 | \$ 374,375 |
| 9.850%, due 06/28/27 | COP | 3,200,000,000 | 2,819,539 |
| | | | <hr/> |
| | | | 7,397,053 |
| | | | <hr/> |

Croatia 0.18%

| | | | |
|---|----|---------|---------|
| Republic of Croatia, 6.250%, due 04/27/17 ² | \$ | 500,000 | 516,875 |
| | | | <hr/> |

Dominican Republic 0.21%

| | | | |
|--|--|---------|---------|
| Republic of Dominica, 7.500%, due 05/06/21 ² | | 550,000 | 596,750 |
| | | | <hr/> |

El Salvador 0.38%

| | | | |
|---|--|---------|-----------|
| Republic of El Salvador, 7.750%, due 01/24/23 ¹ | | 320,000 | 361,600 |
| 8.250%, due 04/10/32 ¹ | | 615,000 | 707,250 |
| | | | <hr/> |
| | | | 1,068,850 |
| | | | <hr/> |

Hungary 1.64%

| | | | |
|---|-----|-------------|-----------|
| Hungarian Development Bank, 5.875%, due 05/31/16 | EUR | 1,200,000 | 1,387,891 |
| Hungary Government Bond, 6.000%, due 11/24/23 | HUF | 200,000,000 | 782,253 |
| 6.500%, due 06/24/19 | | 90,000,000 | 374,858 |
| 6.750%, due 02/24/17 | | 70,000,000 | 299,369 |
| 7.500%, due 11/12/20 | | 380,000,000 | 1,667,978 |
| 7.625%, due 03/29/41 | \$ | 150,000 | 157,500 |
| | | | <hr/> |
| | | | 4,669,849 |
| | | | <hr/> |

Indonesia 6.51%

| | | | |
|---|-----|----------------|------------|
| Indonesia Treasury Bond, 9.500%, due 07/15/23 | IDR | 29,400,000,000 | 3,968,146 |
| 11.750%, due 08/15/23 | | 4,600,000,000 | 703,487 |
| 12.000%, due 09/15/26 | | 12,215,000,000 | 1,974,532 |
| Republic of Indonesia, 4.875%, due 05/05/21 ¹ | \$ | 1,500,000 | 1,698,750 |
| 4.875%, due 05/05/21 ² | | 2,480,000 | 2,808,600 |
| 5.875%, due 03/13/20 ¹ | | 740,000 | 880,600 |
| 6.625%, due 02/17/37 ¹ | | 920,000 | 1,212,100 |
| 7.750%, due 01/17/38 ¹ | | 2,935,000 | 4,329,125 |
| 7.750%, due 01/17/38 ² | | 200,000 | 295,000 |
| 8.500%, due 10/12/35 ¹ | | 400,000 | 622,000 |
| | | | <hr/> |
| | | | 18,492,340 |
| | | | <hr/> |

Lithuania 0.41%

| | | | |
|---|--|---------|-----------|
| Republic of Lithuania, 6.125%, due 03/09/21 ¹ | | 450,000 | 512,438 |
| 6.125%, due 03/09/21 ² | | 250,000 | 284,687 |
| 6.625%, due 02/01/22 ² | | 300,000 | 354,567 |
| | | | <hr/> |
| | | | 1,151,692 |
| | | | <hr/> |

Malaysia 2.21%

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| | | | |
|---|-----|-----------|-----------|
| Malaysia Government Bond, 3.580%, due 09/28/18 | MYR | 2,600,000 | 842,892 |
| 4.160%, due 07/15/21 | | 5,300,000 | 1,789,756 |
| 4.262%, due 09/15/16 | | 5,100,000 | 1,701,439 |
| 4.392%, due 04/15/26 | | 5,600,000 | 1,942,419 |
| | | | <hr/> |
| | | | 6,276,506 |
| | | | <hr/> |

Mexico 4.90%

| | | | |
|--|-----|------------|-----------|
| Mexican Bonos, Series M, 6.500%, due 06/10/21 | MXN | 10,700,000 | 885,417 |
| 10.000%, due 11/20/36 | | 2,000,000 | 218,582 |
| Mexican Udibonos, 2.500%, due 12/10/20 ⁸ | | 3,200,000 | 1,278,825 |
| 4.000%, due 06/13/19 ⁸ | | 3,000,000 | 1,299,945 |
| 4.000%, due 11/15/40 ⁸ | | 8,800,000 | 4,125,104 |

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| | | | |
|--|-------------------------------|--|--|
| United Mexican States, 4.750%, due 03/08/44 | \$ | 1,500,000 | \$ 1,740,000 |
| 6.050%, due 01/11/40 Series A, | | 2,030,000 | 2,806,475 |
| 6.750%, due 09/27/34 | | 450,000 | 654,750 |
| 7.500%, due 04/08/33 | | 600,000 | 930,000 |
| | | | <hr/> |
| | | | 13,939,098 |
| | | | <hr/> |
| Mongolia 0.51% Development Bank of Mongolia LLC, 5.750%, due 03/21/17 ¹ | | 1,500,000 | 1,455,000 |
| | | | <hr/> |
| Montenegro 0.65% Republic of Montenegro, 7.875%, due 09/14/15 | EUR | 1,550,000 | 1,858,336 |
| | | | <hr/> |
| Nigeria 0.10% Republic of Nigeria, 16.392%, due 04/04/13 ^{2,9} | NGN | 51,000,000 | 288,575 |
| | | | <hr/> |
| Pakistan 0.32% Islamic Republic of Pakistan, 6.875%, due 06/01/17 ¹ 7.875%, due 03/31/36 ¹ | \$ | 450,000 830,000 | 357,750 535,350 |
| | | | <hr/> |
| | | | 893,100 |
| | | | <hr/> |
| Peru 3.10% Peru Government Bond, Series 7, 8.200%, due 08/12/26 Republic of Peru, 5.625%, due 11/18/50 6.900%, due 08/12/37 ¹ 6.950%, due 08/12/31 ² 7.840%, due 08/12/20 ¹ 8.750%, due 11/21/33 | PEN \$ PEN PEN \$ | 1,442,000 2,170,000 1,750,000 1,750,000 6,700,000 300,000 | 721,235 2,858,975 801,444 795,596 3,099,954 521,250 |
| | | | <hr/> |
| | | | 8,798,454 |
| | | | <hr/> |
| Poland 2.72% Government of Poland, 5.000%, due 03/23/22 5.500%, due 10/25/19 5.750%, due 09/23/22 | PLN | 1,200,000 6,000,000 14,000,000 | 1,368,000 1,894,278 4,462,517 |
| | | | <hr/> |
| | | | 7,724,795 |
| | | | <hr/> |
| Qatar 0.57% Qatar Government International Bond, 5.750%, due 01/20/42 ¹ 5.750%, due 01/20/42 ² | \$ | 350,000 900,000 | 449,750 1,156,500 |
| | | | <hr/> |
| | | | 1,606,250 |
| | | | <hr/> |
| Romania 0.48% Romanian Government International | | | |

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| | | |
|-----------------------------------|-----------|-----------|
| Bond, | | |
| 6.750%, due 02/07/22 ¹ | 100,000 | 105,750 |
| 6.750%, due 02/07/22 ² | 1,200,000 | 1,269,000 |
| | | <hr/> |
| | | 1,374,750 |
| | | <hr/> |

Russia 4.94%

| | | |
|--------------------------------------|-----------------|------------|
| Russian Federation, | | |
| 5.000%, due 04/29/20 ¹ | 2,000,000 | 2,267,500 |
| 5.000%, due 04/29/20 ² | 1,900,000 | 2,154,125 |
| 5.625%, due 04/04/42 ¹ | 200,000 | 236,750 |
| 5.625%, due 04/04/42 ² | 1,000,000 | 1,183,750 |
| 7.500%, due 03/31/30 ^{1,10} | 842,030 | 1,053,590 |
| 7.500%, due 03/31/30 ^{2,10} | 1,894,639 | 2,370,667 |
| 7.600%, due 04/14/21 | RUB 155,000,000 | 4,778,962 |
| | | <hr/> |
| | | 14,045,344 |
| | | <hr/> |

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Serbia 0.73%

| | | | |
|---|----|-----------|--------------|
| Republic of Serbia, 6.750%, due 11/01/24 ^{1,10} | \$ | 2,158,334 | \$ 2,061,209 |
|---|----|-----------|--------------|

South Africa 4.81%

| | | | |
|--|-----|------------|-----------|
| Republic of South Africa, 2.500%, due 01/31/17 ⁸ | ZAR | 10,701,032 | 1,404,813 |
| 2.750%, due 01/31/22 ⁸ | | 14,459,558 | 1,938,829 |
| 4.665%, due 01/17/24 | \$ | 1,810,000 | 2,029,463 |
| 5.500%, due 03/09/20 | | 100,000 | 118,625 |
| 5.500%, due 12/07/23 ⁸ | ZAR | 5,488,186 | 934,700 |
| 6.250%, due 03/08/41 | \$ | 350,000 | 473,375 |
| 6.750%, due 03/31/21 | ZAR | 18,000,000 | 2,188,829 |
| 6.875%, due 05/27/19 | \$ | 500,000 | 635,000 |
| 8.000%, due 12/21/18 | ZAR | 30,000,000 | 3,958,344 |

13,681,978

Sri Lanka 1.75%

| | | | |
|---|----|-----------|-----------|
| Republic of Sri Lanka, 6.250%, due 10/04/20 ¹ | \$ | 1,700,000 | 1,785,000 |
| 6.250%, due 10/04/20 ² | | 550,000 | 577,500 |
| 6.250%, due 07/27/21 ¹ | | 900,000 | 931,500 |
| 6.250%, due 07/27/21 ² | | 1,000,000 | 1,035,000 |
| 7.400%, due 01/22/15 ¹ | | 600,000 | 648,720 |

4,977,720

Thailand 2.09%

| | | | |
|--|-----|------------|-----------|
| Thailand Government Bond, 1.200%, due 07/14/21 ⁸ | THB | 82,192,000 | 2,616,048 |
| 2.800%, due 10/10/17 | | 74,900,000 | 2,336,404 |
| 3.650%, due 12/17/21 | | 24,590,000 | 805,440 |
| 3.850%, due 12/12/25 | | 5,860,000 | 194,315 |

5,952,207

Turkey 5.63%

| | | | |
|--|-----|------------|-----------|
| Government of Turkey, 10.500%, due 01/15/20 | TRY | 12,100,000 | 7,690,041 |
| Republic of Turkey, 5.125%, due 03/25/22 | \$ | 1,450,000 | 1,587,750 |
| 5.625%, due 03/30/21 | | 1,000,000 | 1,138,750 |
| 6.000%, due 01/14/41 | | 1,450,000 | 1,676,563 |
| 6.250%, due 09/26/22 | | 1,300,000 | 1,553,500 |
| 6.750%, due 05/30/40 | | 750,000 | 951,562 |
| 6.875%, due 03/17/36 | | 250,000 | 318,125 |
| 7.250%, due 03/05/38 | | 250,000 | 334,688 |
| 7.500%, due 11/07/19 | | 200,000 | 249,750 |
| 8.000%, due 02/14/34 | | 350,000 | 497,437 |

15,998,166

Ukraine 0.54%

| | | | |
|---|--|-----------|---------|
| Financing of Infrastructural Projects State Enterprise, 8.375%, due 11/03/17 ² | | 1,150,000 | 983,250 |
| Government of Ukraine, | | | |

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| | | |
|---|-----------|-----------|
| 9.250%, due 07/24/17 ² | 550,000 | 547,937 |
| | | <hr/> |
| | | 1,531,187 |
| | | <hr/> |
| Uruguay 0.07% | | |
| Oriental Republic of Uruguay, 6.875%, due 09/28/25 | 150,000 | 205,500 |
| | | <hr/> |
| Venezuela 3.97% | | |
| Republic of Venezuela, 6.000%, due 12/09/20 ¹ | 500,000 | 348,750 |
| 7.000%, due 03/31/38 ¹ | 3,250,000 | 2,177,500 |
| 7.650%, due 04/21/25 | 2,850,000 | 2,040,600 |
| 7.750%, due 10/13/19 ¹ | 1,950,000 | 1,550,250 |
| 8.250%, due 10/13/24 ¹ | 3,400,000 | 2,541,500 |
| 9.250%, due 05/07/28 ¹ | 280,000 | 219,100 |

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| | | | |
|----------------------|----|-----------|-------------------|
| 9.375%, due 01/13/34 | \$ | 3,050,000 | \$ 2,394,250 |
| | | | <u>11,271,950</u> |

Vietnam 0.17%

| | | | |
|---|--|---------|----------------|
| Socialist Republic of Vietnam, 6.750%, due 01/29/20 ¹ | | 200,000 | 219,500 |
| 6.875%, due 01/15/16 ¹ | | 250,000 | 270,625 |
| | | | <u>490,125</u> |

| | | | |
|---|--|--|--------------------|
| Total Non-US government obligations (cost \$178,058,813) | | | <u>193,954,033</u> |
|---|--|--|--------------------|

Convertible bond 1.22%

China 1.22%

| | | | |
|--|-----|------------|-----------|
| China Petroleum & Chemical Corp., 5.716%, due 04/24/14 ⁹ (cost \$3,264,360) | HKD | 23,000,000 | 3,462,739 |
|--|-----|------------|-----------|

Structured notes 6.03%

Ghana 0.68%

| | | | |
|--|----|-----------|------------------|
| Citigroup Funding Inc, 6.393%, due 03/14/13 ¹ (linked to Ghana Government Bonds, 6.393%, due 03/14/13) | \$ | 900,000 | 595,800 |
| 6.427%, due 03/13/13 ¹ (linked to Ghana Government Bonds, 6.427%, due 03/13/13) | | 900,000 | 599,400 |
| 7.148%, due 03/14/13 ¹ (linked to Ghana Government Bonds, 7.148%, due 03/14/13) | | 1,100,000 | 734,360 |
| | | | <u>1,929,560</u> |

India 3.50%

| | | | |
|---|--|-----------|------------------|
| Standard Chartered Bank, 7.830%, due 04/13/18 ² (linked to Indian Government Bonds, 7.830%, due 04/13/18) | | 2,496,960 | 2,451,765 |
| 8.130%, due 09/23/22 ² (linked to Indian Government Bonds, 8.130%, due 09/23/22) | | 5,918,535 | 5,779,450 |
| 8.130%, due 09/23/22 ² (linked to Indian Government Bonds, 8.130%, due 09/23/22) | | 1,792,460 | 1,742,988 |
| | | | <u>9,974,203</u> |

Nigeria 0.93%

| | | | |
|---|-----|-------------|---------|
| Credit Suisse International, 15.928%, due 02/21/13 ^{2,9} (linked to Nigeria Treasury Bill, 15.928%, due 02/21/13) | NGN | 103,000,000 | 591,899 |
| HSBC Bank PLC, 15.994%, due 03/30/13 ^{2,9} (linked to Nigeria Treasury Bill, | | | |

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15.994%, due 03/30/13)

\$ 1,898,735

1,711,235

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Republic of Nigeria,
16.588%, due 03/07/13^{2,9}
(linked to Nigeria Treasury Bill,
16.588%, due 03/07/13)

NGN 58,000,000 \$ 329,952

2,633,086

Serbia 0.92%

Citigroup Funding Inc,
13.000%, due 02/25/13^{2,9}
(linked to Serbian Treasury Bill,
13.000%, due 02/25/13)

\$ 2,850,000 2,627,130

Total structured notes (cost \$18,608,276)

17,163,979

Total bonds (cost \$246,555,677)

259,306,019

Shares

Common stock 0.00%

Mexico 0.00%

Hipotecaria Su Casita SA ADR^{2,3,11}
(cost \$0)

60,217 0

Short-term investment 6.01%

Investment company 6.01%

UBS Cash Management Prime
Relationship Fund¹²
(cost \$17,094,776)

17,094,776 17,094,776

**Face amount
covered by
contracts**

Options Purchased* 0.25%

Call Options 0.13%

Foreign Exchange Option, Buy
EUR/MXN,
strike @ MXN 16.60,
expires August 2012

EUR 1,940,000 7,559

Foreign Exchange Option, Buy
USD/CZK,
strike @ CZK 20.80,
expires September 2012

\$ 1,920,000 28,279

Foreign Exchange Option, Buy
USD/CZK,
strike @ CZK 20.40,
expires December 2012

3,380,000 140,635

Foreign Exchange Option, Buy
USD/HUF,
strike @ HUF 235.00,
expires August 2012

3,000,000 24,196

Foreign Exchange Option, Buy
USD/HUF,
strike @ HUF 240.00,
expires August 2012

2,060,000 9,069

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| | | |
|---|-----------|--------|
| Foreign Exchange Option, Buy USD/HUF, strike @ HUF 240.00, expires October 2012 | 2,010,000 | 34,035 |
| Foreign Exchange Option, Buy USD/MXN, strike @ MXN 14.20, expires September 2012 | 1,150,000 | 5,203 |

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| | | | | |
|---|----|------------|----|---------|
| Foreign Exchange Option, Buy USD/MXN, strike @ MXN 13.87, expires September 2012 | \$ | 1,150,000 | \$ | 10,368 |
| Foreign Exchange Option, Buy USD/RUB, strike @ RUB 33.30, expires August 2012 | | 2,130,000 | | 10,755 |
| Foreign Exchange Option, Buy USD/RUB, strike @ RUB 33.60, expires August 2012 | | 1,870,000 | | 6,983 |
| Foreign Exchange Option, Buy USD/SAR, strike @ SAR 3.75, expires July 2013 | | 10,587,500 | | 20,123 |
| Foreign Exchange Option, Buy USD/TRY, strike @ TRY 1.87, expires February 2013 | | 2,310,000 | | 65,880 |
| | | | | <hr/> |
| | | | | 363,085 |
| | | | | <hr/> |

Put Options 0.12%

| | | | | |
|--|-----|------------|--|--------|
| Foreign Exchange Option, Buy EUR/CLP, strike @ CLP 590.00, expires October 2012 | EUR | 780,000 | | 13,685 |
| Foreign Exchange Option, Buy EUR/ILS, strike @ ILS 4.82, expires August 2012 | | 3,730,000 | | 348 |
| Foreign Exchange Option, Buy EUR/ILS, strike @ ILS 4.80, expires August 2012 | | 3,730,000 | | 418 |
| Foreign Exchange Option, Buy EUR/ILS, strike @ ILS 4.84, expires August 2012 | | 3,890,000 | | 15,603 |
| Foreign Exchange Option, Buy EUR/ILS, strike @ ILS 4.87, expires August 2012 | | 4,480,000 | | 29,396 |
| Foreign Exchange Option, Buy EUR/ILS, strike @ ILS 4.87, expires August 2012 | | 3,290,000 | | 22,155 |
| Foreign Exchange Option, Buy EUR/MXN, strike @ MXN 17.10, expires August 2012 | | 1,650,000 | | 92,628 |
| Foreign Exchange Option, Buy EUR/TRY, strike @ TRY 2.22, expires August 2012 | | 3,200,000 | | 39,812 |
| Foreign Exchange Option, Buy USD/CNY, strike @ CNY 6.22, expires January 2013 | \$ | 10,180,000 | | 1,548 |

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| | | |
|---|---------------|-----------------------|
| Foreign Exchange Option, Buy USD/CNY, strike @ CNY 6.29, expires January 2013 | \$ 10,180,000 | \$ 9,171 |
| Foreign Exchange Option, Buy USD/RUB, strike @ RUB 31.70, expires August 2012 | 2,130,000 | 11,808 |
| Foreign Exchange Option, Buy USD/RUB, strike @ RUB 32.00, expires August 2012 | 1,870,000 | 16,388 |
| Foreign Exchange Option, Buy USD/SAR, strike @ SAR 3.75, expires July 2013 | 10,587,500 | 12,607 |
| Foreign Exchange Option, Buy USD/TRY, strike @ TRY 1.87, expires February 2013 | 2,310,000 | 92,904 |
| | | <u>358,471</u> |
| Total options purchased (cost \$1,251,532) | | <u>721,556</u> |
| Total investments ¹³ 97.49% (cost \$264,901,985) | | 277,122,351 |
| Cash and other assets, less liabilities 2.51% | | 7,122,202 |
| Net assets 100.00% | | <u>\$ 284,244,553</u> |

Notes to portfolio of investments

Aggregate cost for federal income tax purposes was substantially the same as for book purposes; and net unrealized appreciation consisted of:

| | |
|--|----------------------|
| Gross unrealized appreciation | \$ 24,416,834 |
| Gross unrealized depreciation | (12,196,468) |
| Net unrealized appreciation of investments | <u>\$ 12,220,366</u> |

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For a listing of defined portfolio acronyms, counterparty abbreviations and currency abbreviations that are used throughout the Portfolio of investments as well as the tables that follow, please refer to the end of this report.

Forward foreign currency contracts

| <u>Counterparty</u> | <u>Contracts to deliver</u> | <u>In exchange for</u> | <u>Maturity date</u> | <u>Unrealized appreciation/ (depreciation)</u> |
|---------------------|-----------------------------|------------------------|----------------------|--|
| BB | EUR 6,905,000 | USD 8,435,286 | 10/22/12 | \$ (69,506) |
| BB | PLN 4,293,000 | USD 1,232,169 | 08/17/12 | (50,356) |
| BB | RUB 14,524,000 | USD 448,805 | 08/30/12 | 456 |
| BB | USD 7,282,958 | CNY 45,770,000 | 01/25/13 | (158,067) |
| BB | USD 4,790,910 | HUF 1,147,087,499 | 09/19/12 | 183,216 |
| BB | USD 6,708,839 | IDR 64,572,576,958 | 09/19/12 | 68,247 |
| BB | USD 2,061,576 | INR 117,180,000 | 09/20/12 | 23,950 |
| BB | USD 607,205 | PLN 2,107,000 | 08/17/12 | 22,257 |
| BB | USD 279,475 | RUB 9,150,000 | 08/30/12 | 2,981 |
| BB | USD 2,347,595 | RUB 77,857,999 | 09/19/12 | 48,436 |
| BB | ZAR 18,760,000 | USD 2,205,684 | 09/19/12 | (45,887) |
| CITI | USD 443,866 | ARS 2,218,000 | 10/05/12 | 9,179 |
| CSI | BRL 16,458,994 | USD 7,978,958 | 09/19/12 | 18,969 |
| CSI | CLP 2,162,920,000 | USD 4,257,298 | 09/20/12 | (189,476) |
| CSI | CNY 12,852,000 | USD 2,036,041 | 01/10/13 | 34,247 |
| CSI | CNY 15,750,000 | USD 2,511,161 | 01/25/13 | 59,401 |
| CSI | COP 3,120,949,000 | USD 1,720,716 | 09/19/12 | (6,245) |
| CSI | KRW 3,167,040,000 | USD 2,751,412 | 09/19/12 | (40,495) |
| CSI | TWD 699,128 | USD 23,433 | 09/19/12 | 117 |
| CSI | USD 99,800 | ARS 499,000 | 10/05/12 | 2,125 |
| CSI | USD 249,799 | ARS 1,244,000 | 10/11/12 | 2,381 |
| CSI | USD 2,051,233 | CNY 12,852,000 | 01/10/13 | (49,439) |
| CSI | USD 3,243,081 | COP 5,831,060,000 | 09/19/12 | (16,493) |
| CSI | USD 2,687,348 | KRW 3,167,040,000 | 09/19/12 | 104,559 |
| CSI | USD 1,400,591 | MXN 18,950,000 | 09/19/12 | 17,644 |
| CSI | USD 7,174,371 | MYR 22,790,687 | 09/19/12 | 82,637 |
| CSI | USD 590,229 | PHP 25,250,000 | 09/19/12 | 13,975 |
| CSI | USD 7,673,885 | PLN 26,755,000 | 09/19/12 | 287,388 |
| CSI | USD 6,270,105 | TRY 11,679,324 | 09/19/12 | 185,662 |
| CSI | USD 1,720,654 | ZAR 14,100,000 | 09/19/12 | (28,375) |
| CSI | USD 2,440,815 | ZAR 20,950,000 | 09/19/12 | 73,599 |
| DB | CNY 4,886,000 | USD 766,732 | 09/26/12 | 2,139 |
| DB | PEN 5,150,000 | USD 1,930,647 | 09/19/12 | (22,287) |
| DB | USD 99,800 | ARS 499,000 | 10/05/12 | 2,125 |
| DB | USD 409,402 | CNY 2,630,000 | 09/26/12 | 2,157 |
| DB | USD 4,452,928 | THB 141,558,590 | 09/19/12 | 29,317 |
| DB | USD 2,761,985 | TWD 82,100,000 | 09/19/12 | (23,867) |
| GSI | BRL 5,640,000 | USD 2,737,067 | 09/19/12 | 9,419 |
| GSI | CNY 8,295,000 | USD 1,302,198 | 09/26/12 | 4,142 |
| GSI | CNY 13,662,000 | USD 2,156,590 | 01/10/13 | 28,633 |
| GSI | RUB 9,150,000 | USD 283,985 | 08/30/12 | 1,529 |
| GSI | USD 815,765 | CNY 5,247,000 | 09/26/12 | 5,320 |
| GSI | USD 5,419,231 | MXN 76,478,900 | 09/19/12 | 304,520 |
| JPMCB | USD 8,781 | CNY 56,000 | 09/26/12 | (18) |
| JPMCB | USD 815,857 | CNY 5,248,000 | 09/26/12 | 5,385 |
| JPMCB | USD 5,089,943 | CNY 31,889,000 | 01/25/13 | (125,869) |
| JPMCB | USD 627,836 | PLN 2,186,000 | 08/17/12 | 25,227 |
| MLI | USD 443,800 | ARS 2,219,000 | 10/05/12 | 9,450 |

Net unrealized appreciation on forward foreign currency contracts

\$ 844,409

Futures contracts

| | <u>Expiration date</u> | <u>Cost/ (proceeds)</u> | <u>Value</u> | <u>Unrealized appreciation/ (depreciation)</u> |
|--|----------------------------|-----------------------------|--------------|--|
| US Treasury futures buy contracts: | | | | |
| 5 Year US Treasury Notes, 80 contracts (USD) | September 2012 | \$ 9,911,856 | \$ 9,982,500 | \$ 70,644 |
| 10 Year US Treasury Notes, 65 contracts (USD) | September 2012 | 8,685,119 | 8,752,657 | 67,538 |
| US Treasury futures sell contracts: | | | | |
| US Long Bond, 95 contracts (USD) | September 2012 | (14,065,298) | (14,347,969) | (282,671) |
| Net unrealized depreciation on futures contracts | | | | <u>\$ (144,489)</u> |

Options written

| | <u>Expiration date</u> | <u>Premiums received</u> | <u>Value</u> |
|--|------------------------|--------------------------|---------------------|
| Call options | | | |
| Foreign Exchange Option, Sell USD/CZK, USD 1,920,000 face amount covered by contracts, strike @ CZK 21.70 | September 2012 | \$ 19,603 | \$ (9,893) |
| Foreign Exchange Option, Sell USD/CZK, USD 3,380,000 face amount covered by contracts, strike @ CZK 23.30 | December 2012 | 40,999 | (33,226) |
| Foreign Exchange Option, Sell USD/HUF, USD 2,010,000 face amount covered by contracts, strike @ HUF 255.00 | October 2012 | 34,206 | (14,840) |
| Foreign Exchange Option, Sell USD/MXN, USD 1,150,000 face amount covered by contracts, strike @ MXN 14.65 | September 2012 | 16,388 | (3,343) |
| Put options | | | |
| Foreign Exchange Option, Sell EUR/CLP, EUR 780,000 face amount covered by contracts, strike @ CLP 560.00 | October 2012 | 2,687 | (2,697) |
| Foreign Exchange Option, Sell EUR/MXN, EUR 1,650,000 face amount covered by contracts, strike @ MXN 17.75 | August 2012 | 46,126 | (173,016) |
| Foreign Exchange Option, Sell EUR/TRY, EUR 3,200,000 face amount covered by contracts, strike @ TRY 2.19 | August 2012 | 7,763 | (17,276) |
| Total options written | | <u>\$ 167,772</u> | <u>\$ (254,291)</u> |

Foreign exchange written option activity for the period ended July 31, 2012 was as follows:

| | <u>Premiums received</u> |
|--|--------------------------|
| Foreign exchange options outstanding at October 31, 2011 | \$ 438,879 |
| Foreign exchange options written | 2,314,879 |
| Foreign exchange options terminated in closing purchase transactions | (2,585,986) |
| Foreign exchange options expired prior to exercise | |
| | <u>\$ 167,772</u> |

Currency swap agreements³

| <u>Counterparty</u> | <u>Pay contracts (000s)</u> | <u>Receive contracts (000s)</u> | <u>Termination date</u> | <u>Pay rate¹⁴</u> | <u>Receive rate¹⁴</u> | <u>Upfront payments made</u> | <u>Value</u> | <u>Unrealized appreciation</u> |
|---------------------|-----------------------------|---------------------------------|-------------------------|------------------------------|----------------------------------|------------------------------|--------------|--------------------------------|
| BB | INR 308,000 | USD 5,967 | 12/05/16 | 4.500% | 6 month USD LIBOR | \$ | \$ 621,577 | \$ 621,577 |
| CITI | USD 3,206 | COP 6,300,000 | 06/11/13 | 5.250% | 6 month USD LIBOR | \$ | \$ 325,866 | \$ 325,866 |
| DB | INR 57,477 | USD 1,091 | 05/02/15 | 5.750% | 6 month USD LIBOR | \$ | \$ 40,183 | \$ 40,183 |
| MLI | INR 160,650 | USD 2,992 | 05/08/15 | 5.567% | 6 month USD LIBOR | \$ | \$ 74,081 | \$ 74,081 |

Interest rate swap agreements

| Counterparty | Notional amount (000s) | Termination date | Payments made by the Fund ¹⁴ | Payments received by the Fund ¹⁴ | Upfront payments made | | Unrealized appreciation/ (depreciation) |
|--------------|---------------------------|---------------------|--|---|-----------------------------|-------------|---|
| | | | | | Value | Value | |
| BB | KRW 3,250,000 | 08/19/16 | 3.530% | 3 month CD KSDA | \$ | \$ (61,023) | \$ (61,023) |
| CITI | KRW 2,900,000 | 08/26/16 | 3.410 | 3 month CD KSDA | | (45,769) | (45,769) |
| CITI | MYR 1,950 | 08/24/15 | 3 month KLIBOR | 3.505% | | 8,546 | 8,546 |
| DB | MYR 7,650 | 08/24/15 | 3 month KLIBOR | 3.500 | | 33,141 | 33,141 |
| DB | TWD 85,000 | 08/22/16 | 1.325 | 3 month TWCPBA | | (35,281) | (35,281) |
| GSI | TWD 85,500 | 08/26/16 | 1.280 | 3 month TWCPBA | | (31,534) | (31,534) |
| MLI | MXN 7,200 | 11/16/28 | 28 day MXIBTIE | 8.830 | | 144,508 | 144,508 |
| MLI | MXN 7,000 | 11/21/28 | 28 day MXIBTIE | 8.610 | | 127,951 | 127,951 |
| MLI | MYR 8,720 | 01/18/13 | 3 month KLIBOR | 3.470 | | 3,374 | 3,374 |
| | | | | | \$ | \$ 143,913 | \$ 143,913 |

Credit default swaps on sovereign issues buy protection¹⁵

| Counterparty | Referenced Obligation ¹⁶ | Notional amount (000s) | Termination date | Payments made by the Fund ¹⁴ | Upfront payments made | | Unrealized appreciation |
|--------------|--|------------------------------|---------------------|---|-----------------------------|------------|----------------------------|
| | | | | | Value | Value | |
| CITI | Republic of Venezuela bond, 9.500%, due 09/15/27 | USD 510 | 06/20/17 | 5.000% | \$ (63,321) | \$ 77,315 | \$ 13,994 |
| CSI | Republic of Venezuela bond, 9.500%, due 09/15/27 | USD 510 | 06/20/17 | 5.000 | (63,091) | 77,315 | 14,224 |
| DB | Republic of Venezuela bond, 9.500%, due 09/15/27 | USD 650 | 06/20/17 | 5.000 | (77,655) | 98,540 | 20,885 |
| | | | | | \$ (204,067) | \$ 253,170 | \$ 49,103 |

Credit default swaps on sovereign issues sell protection¹⁷

| Counterparty | Referenced Obligation ¹⁶ | Notional amount (000s) | Termination date | Payments received by the Fund ¹⁴ | Upfront payments received | | Unrealized appreciation/ (depreciation) | Credit spread ¹⁸ |
|--------------|--|------------------------------|---------------------|--|---------------------------------|--------------|---|--------------------------------|
| | | | | | Value | Value | | |
| BB | Republic of Argentina bond, 8.280%, due 12/31/33 | USD 2,900 | 09/20/15 | 5.000% | \$ 360,003 | \$ (394,196) | \$ (34,193) | 10.382% |
| BB | Federal Republic of Brazil bond, 12.250%, due 03/06/30 | USD 180 | 06/20/22 | 1.000 | 14,775 | (11,378) | 3,397 | 1.745 |
| CSI | United Mexican States bond, 7.500%, due 04/08/33 | USD 1,000 | 02/20/14 | 4.170 | | 77,666 | 77,666 | 0.417 |
| DB | Republic of Argentina bond, 8.280%, due 12/31/33 | USD 1,200 | 09/20/15 | 5.000 | 128,500 | (163,116) | (34,616) | 10.382 |

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| | | | | | | | | | |
|----|--|-----|-----|----------|-------|-------------------|---------------------|------------------|-------|
| DB | Federal Republic of Brazil bond, 12.250%, due 03/06/30 | USD | 800 | 06/20/22 | 1.000 | <u>64,908</u> | <u>(50,568)</u> | <u>14,340</u> | 1.745 |
| | | | | | | <u>\$ 568,186</u> | <u>\$ (541,592)</u> | <u>\$ 26,594</u> | |

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The Board has delegated to the UBS Global Asset Management Global Valuation Committee (GVC) the responsibility for making fair value determinations with respect to the Fund 's portfolio holdings. The GVC is comprised of representatives of management, including members of the investment team.

The GVC provides reports to the Board at each quarterly meeting regarding any securities or instruments that have been fair valued, valued pursuant to standing instructions approved by the GVC, or where non vendor pricing sources had been used to make fair value determinations when sufficient information exists during the prior quarter. Fair valuation determinations are subject to review at least monthly by the GVC during scheduled meetings. Pricing decisions, processes, and controls over fair value determinations are subject to internal and external reviews, including annual internal compliance reviews, periodic internal audit reviews and annual review of securities valuations by the Fund 's independent auditors.

The types of securities or instruments for which such fair value pricing may be necessary include, but are not limited to: foreign securities and instruments under some circumstances, as discussed below, securities of an issuer that has entered into a restructuring; securities or instruments whose trading has been halted or suspended; fixed income securities that are in default and for which there is no current market value quotation; and securities or instruments that are restricted as to transfer or resale. The need to fair value a Fund 's portfolio securities and other instruments may also result from low trading volume in foreign markets or thinly traded domestic securities or instruments, and when a security is subject to a trading limit or collar on the exchange or market on which it is primarily traded reaches the limit up or limit down price and no trading has taken place at that price. Various factors may be reviewed in order to make a good faith determination of a security 's or instrument 's fair value. These factors include, but are not limited to, fundamental analytical data relating to the investment; the nature and duration of restrictions on disposition of the securities or instruments; and the evaluation of forces which influence the market in which the securities or instruments are purchased and sold. Valuing securities and other instruments at fair value involves greater reliance on judgment than valuing securities and other instruments that have readily available market quotations. Fair value determinations can also involve reliance on quantitative models employed by a fair value pricing service.

US generally accepted accounting principles (US GAAP) requires disclosure surrounding the various inputs that are used in determining the value of the Fund 's investments. These inputs are summarized into the three broad levels listed below:

Level 1 Unadjusted quoted prices in active markets for identical investments.

Level 2 Other significant observable inputs, including but not limited to, quoted prices for similar investments, interest rates, prepayment speeds and credit risk.

Level 3 Unobservable inputs inclusive of the Fund 's own assumptions in determining the fair value of investments.

In May 2011, FASB issued Accounting Standards Update No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in US GAAP and International Financial Reporting Standards (IFRS) (ASU 2011-04). ASU 2011-04 includes common requirements for measurement of and disclosure about fair value between US GAAP and IFRS. ASU 2011-04 requires reporting entities to disclose the following information for fair value measurements categorized within Level 3 of the fair value hierarchy: quantitative information about the unobservable inputs used in the fair value measurement, the valuation processes used by the reporting entity and a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs. In addition, ASU 2011-04 requires reporting entities to make disclosures about amounts and reasons for all transfers in and out of Level 1 and Level 2 fair value measurements. The new disclosures have been implemented for interim and annual reporting periods beginning after December 15, 2011.

In December 2011, FASB issued Accounting Standards Update No. 2011-11 Disclosures about Offsetting Assets and Liabilities (ASU 2011-11). These disclosure requirements are intended to help investors and other financial statement users to better assess the effect or potential effect of offsetting arrangements on a company 's financial position. They also improve transparency in the reporting of how companies mitigate credit risk, including disclosure of related collateral pledged or received. In addition, ASU 2011-11 facilitates comparison between those entities that prepare their financial statements on the basis of US GAAP and those entities that prepare their financial statements on the basis of IFRS. ASU 2011-11 requires entities to: disclose both gross and net information about both instruments and transactions eligible for offset in the financial statements; and disclose instruments and transactions subject to an agreement similar to a master netting agreement. ASU 2011-11 is effective for fiscal years beginning on or after January 1, 2013, and interim periods within those annual periods. At this time, management is evaluating the implications of ASU 2011-11 and its impact on the Funds ' financial statement disclosures.

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Fair valuation summary

The following is a summary of the fair valuations according to the inputs used as of July 31, 2012 in valuing the Fund's investments:

| Description | Unadjusted quoted prices in active markets for identical investments (Level 1) | Other significant observable inputs (Level 2) | Unobservable inputs (Level 3) | Total |
|---|--|---|-------------------------------|-----------------------|
| Corporate bonds | \$ | \$ 44,724,831 | \$ 437 | \$ 44,725,268 |
| Non-US government obligations | | 193,954,033 | | 193,954,033 |
| Convertible bond | | 3,462,739 | | 3,462,739 |
| Structured notes | | 17,163,979 | | 17,163,979 |
| Common stock | | | 0 | 0 |
| Short-term investment | | 17,094,776 | | 17,094,776 |
| Options purchased | | 721,556 | | 721,556 |
| Forward foreign currency contracts, net | | 844,409 | | 844,409 |
| Futures contracts, net | (144,489) | | | (144,489) |
| Options written | | (254,291) | | (254,291) |
| Swap agreements, net | | 917,198 | | 917,198 |
| Total | \$ (144,489) | \$ 278,629,230 | \$ 437 | \$ 278,485,178 |

At July 31, 2012, there were no transfers between Level 1 and Level 2.

Level 3 rollforward disclosure

The following is a rollforward of the Fund's investments that were valued using unobservable inputs for the period:

| | Corporate bonds | Common stock | Structured notes | Total |
|--|-----------------|--------------|------------------|---------------|
| Beginning balance | \$ 8,037,895 | \$ 0 | \$ 1,460,445 | \$ 9,498,340 |
| Purchases | | | | |
| Issuances | | | | |
| Sales | (8,702,353) | | (1,172,862) | (9,875,215) |
| Settlements | | | | |
| Accrued discounts (premiums) | | | | |
| Total realized gain (loss) | 2,858,810 | | (334,638) | 2,524,172 |
| Change in net unrealized appreciation/depreciation | (2,193,915) | | 47,055 | (2,146,860) |
| Transfers into Level 3 | | | | |
| Transfers out of Level 3 ¹ | | | | |
| Ending balance | \$ 437 | \$ 0 | \$ | \$ 437 |

The change in net unrealized appreciation/depreciation relating to the Level 3 investments held at July 31, 2012 was \$(952).

Portfolio footnotes

- * Non-income producing security.
- ¹ Security exempt from registration pursuant to Regulation S under the Securities Act of 1933. Regulation S applies to securities offerings that are made outside of the United States and do not involve direct selling efforts in the United States. At July 31, 2012, the value of these securities amounted to \$46,382,288 or 16.32% of net assets.
- ² Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. These securities are considered liquid, unless noted otherwise, and may be resold in transactions exempt from registration, normally to qualified institutional buyers. At July 31, 2012, the value of these securities amounted to \$51,405,860 or 18.09% of net assets.
- ³ Security is illiquid. At July 31, 2012, the value of these securities and other derivative instruments amounted to \$1,102,000 or 0.39% of net assets.
- ⁴ Security linked to closed-end fund or structured investment vehicle.
- ⁵ Security held past stated maturity date due to defaulted status. Bond is being traded based on potential future claim.
- ⁶ Variable or floating rate security The interest rate shown is the current rate as of July 31, 2012 and changes periodically.
- ⁷ Security pays, when required, a floating rate that is determined annually based on the Argentina GDP.
- ⁸ Debt security whose principal and/or interest payments are adjusted for inflation, unlike debt securities that make fixed principal and interest payments. The interest rate paid by the securities is fixed, while the principal value rises or falls based on changes in an index. Thus, if inflation occurs, the principal and interest payments on the securities are adjusted accordingly to protect investors from inflationary loss. During a deflationary period, the principal and interest payments decrease, although the securities principal amounts will not drop below their face amounts at maturity. In exchange for the inflation protection, the securities generally pay lower interest rates than typical government securities from the issuers country. Only if inflation occurs will securities offer a higher real yield than a conventional security of the same maturity.
- ⁹ Rate shown reflects annualized yield at July 31, 2012 on zero coupon bond.
- ¹⁰ Step bond Coupon rate increases in increments to maturity. Rate disclosed is as of July 31, 2012. Maturity date disclosed is the ultimate maturity date.
- ¹¹ Security is being fair valued by a valuation committee under the direction of the Board of Directors. At July 31, 2012, the value of this security amounted to \$0 or 0.00% of net assets.
- ¹² The table below details the Fund's investment in a fund that is advised by the same advisor as the Fund. The advisor does not earn a management fee from UBS Relationship Fund.

| Security description | Value | Purchases during the nine months ended | Sales during the nine months ended | Value | Income earned from affiliate for the nine months ended |
|---|---------------|--|------------------------------------|---------------|--|
| | 10/31/11 | 07/31/12 | 07/31/12 | 07/31/12 | 07/31/12 |
| UBS Cash Management Prime Relationship Fund | \$ 16,615,794 | \$ 84,784,304 | \$ 84,305,322 | \$ 17,094,776 | \$ 11,340 |

¹³ The Fund calculates its net asset value based on the current market value, where available, for its portfolio securities. The Fund normally obtains market values for its securities and other instruments from independent pricing sources and broker-dealers. Independent pricing sources may use reported last sale prices, official market closing prices, current market quotations or valuations from computerized matrix systems that derive values based on comparable securities or instruments. A matrix system incorporates parameters such as security quality, maturity and coupon, and/or research and evaluations by its staff, including review of broker-dealer market price quotations, if available, in determining the valuation of the portfolio securities. Securities traded in the over-the-counter (OTC) market and listed on The NASDAQ Stock Market, Inc. (NASDAQ) normally are valued at the NASDAQ Official Closing Price. Other OTC securities are valued at the last bid price on the valuation date available prior to valuation. Securities which are listed on US and foreign stock exchanges normally are valued at the market closing price, the last sale price on the day the securities are valued or, lacking any sales on such day, at the last available bid price. In cases where securities are traded on more than one exchange, the securities are valued on the exchange designated as the primary market by UBS Global Asset Management (Americas) Inc. (UBS Global AM), the investment advisor of the Fund. If a market value is not available from an independent pricing source for a particular security, that security is valued at fair value as determined in good faith by or under the direction of the Fund's Board of Directors (the Board). Foreign currency exchange rates are generally determined as of the close of the New York Stock Exchange (NYSE). Occasionally, events affecting the value of foreign investments occur between the time at which they are determined and the

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close of the NYSE, which will not be reflected in the computation of the Fund's net asset value. If events materially affecting the value of such securities occur during such time periods, the securities will be valued at their fair value as determined in good faith by or under the direction of the Board. The amortized cost method of valuation, which approximates market value, generally is used to value short-term debt instruments with sixty days or less remaining to maturity, unless the Board determines that this does not represent fair value. Investments in open-end investment companies are valued at the daily closing net asset value of the respective investment company as provided by such other entity. Pursuant to the Fund's adoption of use of the practical expedient within ASC Topic 820 that is effective for interim periods ending after December 15, 2009, investments in non-registered investment companies are also valued at the daily net asset value. All investments quoted in foreign currencies are valued daily in US dollars on the basis of the foreign currency exchange rates prevailing at the time such valuation is determined by the Fund's custodian.

¹⁴ Payments made or received are based on the notional amount.

¹⁵ If the Fund is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation or underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

¹⁶ Payments from/to the counterparty will be received/made upon the occurrence of bankruptcy and/or restructuring event with respect to the referenced index/obligation.

¹⁷ If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

¹⁸ Credit spreads, represented in absolute terms, utilized in determining the market value as of period end serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default or other credit event occurring for the credit derivative. The credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. A credit spread identified as "Defaulted" indicates a credit event has occurred for the referenced entity.

Portfolio acronyms

| | |
|----------|---|
| ADR | American depositary receipt |
| CD KSDA | Korean Securities Dealer Association 91-day Certificate of Deposit Rate |
| GDP | Gross domestic product |
| GDR | Global depositary receipt |
| JSC | Joint stock company |
| KLIBOR | Korea Interbank Offered Rate |
| LIBOR | London Interbank Offered Rate |
| MXIBTIIE | Mexico Interbank TIIE 28 Day Rate |
| OJSC | Open joint stock company |
| TWCPBA | Taiwan Secondary Markets Bills Rate |

Counterparty abbreviations

| | |
|-------|-----------------------------|
| BB | Barclays Bank PLC |
| CITI | Citibank NA |
| CSI | Credit Suisse International |
| DB | Deutsche Bank AG |
| GSI | Goldman Sachs International |
| JPMCB | JP Morgan Chase Bank |
| MLI | Merrill Lynch International |

Currency abbreviations

| | |
|-----|----------------------|
| ARS | Argentine Peso |
| BRL | Brazilian Real |
| CLP | Chilean Peso |
| CNY | Chinese Yuan |
| COP | Colombian Peso |
| CZK | Czech Koruna |
| EUR | Euro |
| HKD | Hong Kong Dollar |
| HUF | Hungarian Forint |
| IDR | Indonesian Rupiah |
| ILS | Israel New Shekel |
| INR | Indian Rupee |
| KRW | Korean Won |
| MXN | Mexican Peso |
| MYR | Malaysian Ringgit |
| NGN | Nigerian Naira |
| PEN | Peruvian Nuevo Sol |
| PHP | Philippine Peso |
| PLN | Polish Zloty |
| RUB | Russian Ruble |
| SAR | Saudi Arabian Riyal |
| THB | Thai Baht |
| TRY | Turkish Lira |
| TWD | Taiwan Dollar |
| UAH | Ukrainian Hryvnia |
| USD | United States Dollar |
| ZAR | South African Rand |

For more information regarding the Fund's other significant accounting policies, please refer to the Fund's semiannual report to shareholders dated April 30, 2012.

Item 2. Controls and Procedures.

- (a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (Investment Company Act)) are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.
- (b) The registrant's principal executive officer and principal financial officer are aware of no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act) that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

- (a) Certifications of principal executive officer and principal financial officer of registrant pursuant to Rule 30a-2(a) under the Investment Company Act is attached hereto as Exhibit EX-99.CERT.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Global High Income Fund Inc.

By: /s/ Mark E. Carver
Mark E. Carver
President

Date: September 28, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Mark E. Carver
Mark E. Carver
President

Date: September 28, 2012

By: /s/ Thomas Disbrow
Thomas Disbrow
Vice President and Treasurer

Date: September 28, 2012