

NEW AMERICA HIGH INCOME FUND INC
Form N-Q
November 23, 2010

**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 811-5399

The New America High Income Fund, Inc.
(Exact name of registrant as specified in charter)

33 Broad Street, Boston, MA
(Address of principal executive offices)

02109
(Zip code)

Ellen E. Terry, 33 Broad Street, Boston MA 02109
(Name and address of agent for service)

Registrant's telephone number, including area code: (617) 263-6400

Date of fiscal year end: 12/31

Date of reporting period: 7/1/10 - 9/30/10

Item 1 - Schedule of Investments - September 30, 2010 (Unaudited) (Dollar Amounts in Thousands)

Schedule of Investments - September 30, 2010 (Unaudited) (Dollar Amounts in Thousands)

| Principal Amount/Units | | Moody s Rating (Unaudited) | Value (Note 1) |
|--|--|----------------------------|----------------|
| CORPORATE DEBT SECURITIES - 126.50% (d) | | | |
| Aerospace and Defense - 1.22% | | | |
| 650 | BE Aerospace Inc., Senior Notes, 8.50%, 07/01/18 | Ba3 | 708 |
| 200 | Colt Defense LLC, Senior Notes, 8.75%, 11/15/17 (g) | B3 | 144 |
| 375 | Esterline Technologies, Senior Notes, 7%, 08/01/20 (g) | Ba3 | 388 |
| 625 | Moog, Inc., Senior Notes, 7.25%, 06/15/18 | Ba3 | 634 |
| 525 | Sequa Corporation, Senior Notes, 11.75%, 12/01/15 (g) | Caa2 | 554 |
| 225 | Sequa Corporation, Senior Notes, 13.50%, 12/01/15 (g) | Caa2 | 242 |
| 200 | Spirit Aerosystems, Inc., Senior Notes, 7.50%, 10/01/17 | B2 | 205 |
| | | | 2,875 |
| Automobile - 3.77% | | | |
| 175 | Affinia Group, Inc., Senior Notes, 10.75%, 08/15/16 (g) | B1 | 192 |
| 150 | Affinia Group, Inc., Senior Subordinated Notes, 9%, 11/30/14 | B3 | 155 |
| 1,335 | Allison Transmission, Inc., Senior Notes, 11.25%, 11/01/15 (g) | Caa2 | 1,448 |
| 800 | American Axle & Manufacturing, Inc., Senior Notes, 7.875%, 03/01/17 | B3 | 792 |
| 50 | American Axle & Manufacturing, Inc., Senior Notes, 9.25%, 01/15/17 (g) | Ba2 | 55 |
| 275 | ArvinMeritor, Inc., Senior Notes, 8.125%, 09/15/15 | Caa1 | 279 |
| 666 | Commercial Vehicle Group, Inc., 11%, 02/15/13 (c) | (e) | 673 |
| 400 | Conti Gummi Finance B.V., Senior Notes, 8.50%, 07/15/15 (g) (EUR) | B1 | 588 |
| 175 | Conti Gummi Finance B.V., Senior Notes, 7.50%, 09/15/17 (g) (EUR) | (e) | 238 |
| 75 | Conti Gummi Finance B.V., Senior Notes, 6.50%, 01/15/16 (g) (EUR) | B1 | 101 |
| 475 | Ford Motor Company, Senior Notes, 7.45%, 07/16/31 | B2 | 496 |
| 1,725 | Goodyear Tire & Rubber Company, Senior Notes, 10.50%, 05/15/16 | B1 | 1,941 |
| 1,000 | KAR Holdings, Inc., Senior Subordinated Notes, 10%, 05/01/15 | Caa1 | 1,040 |
| 937 | UCI Holdco, Inc., Senior Notes, 9.25%, 12/15/13 (c) | Caa1 | 914 |
| | | | 8,912 |
| Banking - .71% | | | |
| 1,150 | Citigroup Capital XXI, Enhanced Trust Securities, | | |

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| | | | |
|---|---|-----|-------|
| | 8.30%, 12/21/77 | Ba1 | 1,209 |
| 495 | Royal Bank of Scotland Group plc, | | |
| | 7.648%, 08/29/49 | Ba2 | 475 |
| | | | 1,684 |
| Beverage, Food and Tobacco - 3.47% | | | |
| 700 | Alliance One International , Inc., Senior Notes, | | |
| | 10%, 07/15/16 | B2 | 752 |
| 325 | CEDC Finance Corporation International, Senior Notes, | | |
| | 9.125%, 12/01/16 (g) | B1 | 349 |
| 75 | Constellation Brands, Inc., Senior Notes, | | |
| | 8.375%, 12/15/14 | Ba3 | 82 |
| 200 | Cott Beverages, Inc., Senior Notes, | | |
| | 8.375%, 11/15/17 (g) | B3 | 212 |

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Schedule of Investments - September 30, 2010 (Unaudited) (Dollar Amounts in Thousands)

| | | | |
|---|---|------|-------|
| 525 | Cott Beverages, Inc., Senior Notes, 8.125%, 09/01/18 (g) | B3 | 554 |
| 309 | Dole Food Company, Inc., Senior Notes, 13.875%, 03/15/14 | B2 | 374 |
| 675 | JBS Finance II Ltd., Senior Notes, 8.25%, 01/29/18 (g) | B1 | 672 |
| 425 | JBS USA, LLC Senior Notes, 11.625%, 05/01/14 | B1 | 493 |
| 750 | Land O Lakes, 7.45%, 03/15/28 7.45%, 03/15/28 (g) | Ba2 | 673 |
| 900 | Michael Foods, Inc., Senior Notes, 9.75%, 07/15/18 (g) | Caa1 | 963 |
| 200 | Pinnacle Foods Finance LLC, Senior Notes, 9.25%, 04/01/15 | B3 | 208 |
| 325 | Pinnacle Foods Finance LLC, Senior Notes, 9.25%, 04/01/15 (g) | B3 | 338 |
| 100 | Pinnacle Foods Finance LLC, Senior Subordinated Notes, 10.625%, 04/01/17 | Caa1 | 107 |
| 225 | Reddy Ice Holdings, Inc., Senior Notes, 10.50%, 11/01/12 | Caa2 | 223 |
| 600 | Reddy Ice Holdings, Inc., Senior Notes, 11.25%, 03/15/15 | B2 | 613 |
| 250 | Smithfield Foods, Inc., Senior Notes, 7.75%, 07/01/17 | Caa1 | 254 |
| 125 | Smithfield Foods, Inc., Senior Secured Notes, 10%, 07/15/14 (g) | B1 | 143 |
| 375 | TreeHouse Foods, Inc., Senior Notes, 7.75%, 03/01/18 | Ba2 | 401 |
| 775 | US Food Service, Senior Notes, 10.75%, 06/30/15 (g) | (e) | 791 |
| | | | 8,202 |
| Broadcasting and Entertainment - 9.30% | | | |
| 650 | AMC Entertainment, Inc., Senior Notes, 8.75%, 06/01/19 | B1 | 686 |
| 500 | Belo Corporation, Senior Notes, 8%, 11/15/16 | Ba1 | 534 |
| 875 | Cablevision Systems Corporation, Senior Notes, 7.75%, 04/15/18 | B1 | 932 |
| 350 | Cablevision Systems Corporation, Senior Notes, 8%, 04/15/20 | B1 | 376 |
| 325 | CCH II, LLC, Senior Notes, 13.50%, 11/30/16 | B2 | 386 |
| 1,200 | CCO Holdings, LLC, Senior Notes, 7.25%, 10/30/17 (g) | B2 | 1,218 |
| 400 | CCO Holdings, LLC, Senior Notes, 8.125%, 04/30/20 (g) | B2 | 422 |
| 450 | Cinemark, USA, Inc., Senior Notes, 8.625%, 06/15/19 | B3 | 479 |
| 275 | CSC Holdings, Inc., Senior Notes, 8.50%, 06/15/15 | Ba3 | 300 |
| 50 | Lamar Media Corporation, Senior Subordinated Notes, 6.625%, 08/15/15 | B1 | 51 |
| 200 | Lamar Media Corporation, Senior Subordinated Notes, | | |

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| | | | |
|-----|--|-----|-----|
| | 7.875%, 04/15/18 | B1 | 211 |
| 400 | Lamar Media Corporation, Senior Subordinated Notes, 9.75%, 04/01/14 | Ba3 | 459 |
| 350 | Lin Television Corporation, Senior Notes, 8.375%, 04/15/18 (g) | Ba3 | 368 |
| 575 | Lions Gate Entertainment, Inc., Senior Notes, 10.25%, 11/01/16 (g) | B1 | 582 |
| 400 | Mediacom Broadband LLC, Senior Notes, 8.50%, 10/15/15 | B3 | 409 |
| 525 | Netflix, Inc., Senior Notes, 8.50%, 11/15/17 | Ba2 | 583 |
| 825 | Nexstar Broadcasting, Inc., Senior Notes, 8.875%, 04/15/17 (g) | B3 | 860 |
| 500 | Regal Cinemas Corporation, Senior Notes, 8.625%, 07/15/19 | B2 | 524 |

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Schedule of Investments - September 30, 2010 (Unaudited) (Dollar Amounts in Thousands)

| | | | |
|---|--|------|--------|
| 250 | Regal Cinemas Corporation, Senior Notes, 9.125%, 08/15/18 | B3 | 263 |
| 925 | Sinclair Television Group, Inc., Senior Notes, 9.25%, 11/01/17 (g) | Ba3 | 992 |
| 2,000 | Sirius Satellite Radio, Inc., Senior Notes, 8.75%, 04/01/15 (g) | Caa1 | 2,125 |
| 250 | Sirius XM Radio, Inc., Senior Notes, 9.75%, 09/01/15 (g) | B1 | 278 |
| 2,331 | Univision Communications, Inc., Senior Notes, 9.75%, 03/15/15 (c)(g) | Caa2 | 2,226 |
| 1,075 | Univision Communications, Inc., Senior Notes, 12%, 07/01/14 (g) | B2 | 1,172 |
| 550 | UPC Germany GMBH, Senior Notes, 8.125%, 12/01/17 (g) (EUR) | B1 | 583 |
| 500 | UPC Holding BV, Senior Notes, 8.375%, 08/15/20 (g) | (e) | 683 |
| 75 | Videotron Ltee., Senior Notes, 9.125%, 04/15/18 | Ba2 | 84 |
| 1,275 | Virgin Media Finance PLC, Senior Notes, 9.50%, 08/15/16 | Ba3 | 1,434 |
| 275 | XM Satellite Radio, Inc., Senior Notes, 11.25%, 06/15/13 (g) | B2 | 303 |
| 1,350 | XM Satellite Radio, Inc., Senior Notes, 13%, 08/01/14 (g) | Caa2 | 1,552 |
| 650 | Ziggo Bond Company B.V., Senior Notes, 8%, 05/15/18 (g) (EUR) | B2 | 930 |
| | | | 22,005 |
| Building and Real Estate - 3.48% | | | |
| 250 | Beazer Homes USA. Inc., Senior Notes, 8.125%, 06/15/16 | Caa2 | 234 |
| 350 | Beazer Homes USA. Inc., Senior Notes, 9.125%, 06/15/18 | Caa2 | 327 |
| 325 | CB Richard Ellis Services, Inc., Senior Subordinated Notes, 11.625%, 06/15/17 | Ba3 | 377 |
| 800 | Gibraltar Industries, Inc., Senior Subordinated Notes, 8%, 12/01/15 | B3 | 780 |
| 150 | Heidelbergcement Finance, Senior Notes, 8%, 01/31/17 (EUR) | B1 | 217 |
| 500 | Host Marriott, L.P., Senior Notes, 6.75%, 06/01/16 | Ba1 | 517 |
| 950 | IcahnEnterprises L.P., Senior Notes, 7.75%, 01/15/16 | Ba3 | 952 |
| 675 | Mercer International, Inc., Senior Notes, 9.25%, 02/15/13 | Caa1 | 673 |
| 850 | Obrascon Huarte Lain S.A, Senior Notes, 7.375%, 04/28/15 (EUR) | Ba2 | 1,110 |
| 575 | Potlatch Corporation, Senior Notes, 7.50%, 11/01/19 | Ba1 | 589 |
| 725 | Reliance Intermediate Holdings, L.P., Senior Notes, 9.50%, 12/15/19 (g) | Ba2 | 758 |
| 1,000 | Smurfit-Stone Container Corporation, Escrow Shares, 8%, 03/15/17 (a) | (e) | 36 |
| 200 | Standard Pacific Corporation, Senior Notes, | | |

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| | | | |
|-------------------------|---|------|-------|
| | 8.375%, 05/15/18 | B3 | 198 |
| 400 | Standard Pacific Corporation, Senior Notes, 10.75%, 09/15/16 | B3 | 437 |
| 525 | Texas Industries, Senior Notes, 9.25%, 08/15/20 (g) | B3 | 545 |
| 475 | USG Corporation, Senior Notes, 9.75%, 08/01/14 (g) | B2 | 493 |
| | | | 8,243 |
| Cargo Transport - 1.50% | | | |
| 500 | American Railcar Industries, Inc., Senior Notes, 7.50%, 03/01/14 | Caa1 | 502 |
| 700 | DP World Ltd., Senior Notes, 6.85%, 07/02/37 (g) | Ba1 | 657 |
| 600 | DP World Sukuk Limited, Senior Notes, 6.25%, 07/02/17 (g) | Ba1 | 589 |

Schedule of Investments - September 30, 2010 (Unaudited) (Dollar Amounts in Thousands)

| | | | |
|---|---|------|--------|
| 525 | Kansas City Southern de Mexico, S.A. de C.V., Senior Notes, | | |
| | 8%, 02/01/18 (g) | B2 | 566 |
| 130 | Kansas City Southern Railway Company, Senior Notes, | | |
| | 13%, 12/15/13 | B2 | 157 |
| 325 | Swift Transportation Company, LLC, Senior Notes, | | |
| | 8.126%, 05/15/15 (g) | Caa3 | 301 |
| 450 | United Maritime Group, LLC, Senior Notes, | | |
| | 11.75%, 06/15/15 | B3 | 449 |
| 350 | Western Express, Inc., Senior Notes, | | |
| | 12.50%, 04/15/15 (g) | Caa1 | 336 |
| | | | 3,557 |
| Chemicals, Plastics and Rubber - 4.34% | | | |
| 400 | Celanese US Holdings LLC, Senior Notes, | | |
| | 6.625%, 10/15/18 (g) | Ba3 | 408 |
| 225 | Compass Minerals International, Inc., Senior Notes, | | |
| | 8%, 06/01/19 | Ba2 | 242 |
| 1,175 | Hexion Specialty Chemicals, Inc., Senior Notes, | | |
| | 8.875%, 02/01/18 | B3 | 1,146 |
| 550 | Huntsman International LLC, Senior Subordinated Notes, | | |
| | 8.625%, 03/15/21 (g) | B3 | 571 |
| 175 | Huntsman International LLC, Senior Subordinated Notes, | | |
| | 8.625%, 03/15/20 | B3 | 182 |
| 700 | Kerling, PLC, Senior Notes, | | |
| | 10.625%, 01/28/17 (g) (EUR) | B3 | 1,007 |
| 300 | Koppers Holdings Inc., Senior Notes, | | |
| | 7.875%, 12/01/19 | B1 | 311 |
| 1,475 | LBI Escrow Corporation, Senior Notes, | | |
| | 8%, 11/01/17 (g) | Ba3 | 1,610 |
| 1,450 | Lyondell Chemical Company, Senior Notes, | | |
| | 11%, 05/01/18 | B3 | 1,602 |
| 500 | Momentive Performance Materials, Inc., Senior Notes, | | |
| | 9.75%, 12/01/14 | Caa1 | 512 |
| 700 | Momentive Performance Materials, Inc., Senior Notes, | | |
| | 11.50%, 12/01/16 | Caa2 | 702 |
| 325 | PolyOne Corporation, Senior Notes, | | |
| | 7.375%, 09/15/20 | Ba3 | 335 |
| 275 | Rhodia S.A., Senior Notes, | | |
| | 6.875%, 09/15/20 (g) | B1 | 276 |
| 550 | Solutia, Inc, Senior Notes, | | |
| | 7.875%, 03/15/20 | B2 | 588 |
| 550 | Solutia, Inc, Senior Notes, | | |
| | 8.75%, 11/01/17 | B2 | 598 |
| 175 | Westlake Chemical Corporation, Senior Notes, | | |
| | 6.625%, 01/15/16 | Ba2 | 177 |
| | | | 10,267 |
| Containers, Packaging and Glass - 4.79% | | | |
| 250 | Ardagh Glass Finance plc, Senior Notes, | | |
| | 8.75%, 02/01/20 (g) (EUR) | B3 | 339 |
| 100 | Ardagh Glass Group plc, Senior Notes, | | |
| | 7.125%, 06/15/17 (g) (EUR) | B3 | 126 |
| 425 | Ardagh Glass Group plc, Senior Notes, | | |

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|-----|--|------|-----|
| 425 | 7.375%, 10/15/17 (g) Ball Corporation, Senior Notes, | Ba3 | 427 |
| 850 | 7.375%, 09/01/19 Berry Plastics Corporation, Senior Notes, | Ba1 | 461 |
| 250 | 8.25%, 11/15/15 Berry Plastics Corporation, Senior Notes, | B1 | 873 |
| 817 | 8.875%, 09/15/14 Boise Cascade, LLC, Senior Subordinated Notes, | Caa1 | 241 |
| 250 | Notes, 7.125%, 10/15/14 Boise Paper Holdings LLC, Senior Notes, | Caa1 | 772 |
| 375 | 8%, 04/01/20 Boise Paper Holdings LLC, Senior Notes, | B2 | 259 |
| 425 | 9%, 11/01/17 Bway Holding Company, Senior Notes, | B2 | 402 |
| | 10%, 06/15/18 (g) | B3 | 460 |

Schedule of Investments - September 30, 2010 (Unaudited) (Dollar Amounts in Thousands)

| | | | |
|--|--|------|--------|
| 375 | Cascades Inc., Senior Notes, 7.75%, 12/15/17 | Ba3 | 392 |
| 300 | Cascades, Inc., Senior Notes, 7.875%, 01/15/20 | Ba3 | 314 |
| 450 | Cellu Tissue Holdings, Inc., Senior Secured Notes, 11.50%, 06/01/14 | B1 | 526 |
| 300 | Clearwater Paper Corporation, Senior Notes, 10.625%, 06/15/16 | Ba3 | 338 |
| 225 | Clondalkin Acquisition BV, Senior Notes, 2.292%, 12/15/13 (g) | B1 | 204 |
| 300 | Crown Euro Holdings, S.A., Senior Notes, 7.125%, 08/15/18 (g) (EUR) | Ba1 | 429 |
| 150 | Georgia-Pacific Corporation, Senior Notes, 7.70%, 06/15/15 | Ba3 | 166 |
| 525 | Graphic Packaging International, Inc., Senior Notes, 7.875%, 10/01/18 | B3 | 538 |
| 600 | Graphic Packaging International, Inc., Senior Notes, 9.50%, 06/15/17 | B3 | 639 |
| 350 | Greif Inc., Senior Notes, 7.75%, 08/01/19 | Ba2 | 378 |
| 425 | JSG Funding PLC, Subordinated Notes, 7.75%, 04/01/15 | B2 | 430 |
| 275 | Plastipak Holdings, Inc., Senior Notes, 10.625%, 08/15/19 (g) | B3 | 306 |
| 200 | Plastipak Holdings, Inc., Senior Notes, 10.625%, 08/15/19 (g) | (e) | 223 |
| 475 | Reynolds Group Issuer, Inc., Senior Notes, 7.75%, 10/15/16 (g) | B1 | 487 |
| 250 | Reynolds Group Issuer, Inc., Senior Notes, 8%, 12/15/16 (g) (EUR) | Caa1 | 320 |
| 375 | Reynolds Group Issuer, Inc., Senior Notes, 8.50%, 05/15/18 (g) | Caa1 | 365 |
| 825 | Solo Cup Company, Senior Notes, 10.50%, 11/01/13 | B2 | 854 |
| 50 | Verso Paper Holdings LLC, Senior Notes, 11.50%, 07/01/14 | Ba2 | 55 |
| | | | 11,324 |
| Diversified/Conglomerate Manufacturing - 4.13% | | | |
| 500 | AGY Holding Corp., Senior Notes, 11%, 11/15/14 | B3 | 427 |
| 400 | Altra Holdings, Inc., Senior Notes, 8.125%, 12/01/16 | B1 | 416 |
| 675 | AMH Holdings, LLC, Senior Discount Notes, 11.25%, 03/01/14 | Caa2 | 702 |
| 375 | Amsted Industries, Inc., Senior Notes, 8.125%, 03/15/18 (g) | B1 | 392 |
| 780 | Cemex Finance LLC, Senior Notes, 9.50%, 12/14/16 (g) | (e) | 785 |
| 450 | Coleman Cable, Inc., Senior Notes, 9%, 02/15/18 | B3 | 461 |
| 100 | CPM Holdings, Inc., Senior Notes, 10.625%, 09/01/14 (g) | B2 | 108 |
| 500 | Goodman Global, Inc., Senior Notes, | | |

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| | | | |
|-------|---|------|-------|
| | 13.50%, 02/15/16 | (e) | 549 |
| 500 | Hawk Corporation, Senior Notes, 8.75%, 11/01/14 | B3 | 500 |
| 75 | Masco Corporation, Senior Notes, 6.125%, 10/03/16 | Ba2 | 76 |
| 425 | Masco Corporation, Senior Notes, 7.125%, 03/15/20 | Ba2 | 434 |
| 475 | Oshkosh Corporation, Senior Notes, 8.25%, 03/01/17 | B2 | 509 |
| 475 | Oshkosh Corporation, Senior Notes, 8.50%, 03/01/20 | B2 | 514 |
| 750 | Pinafore, LLC, Senior Notes, 9%, 10/01/18 (g) | B1 | 786 |
| 775 | Ply Gem Industries, Inc., Senior Notes, 11.75%, 06/15/13 | Caa1 | 827 |
| 1,425 | RBS Global, Inc., Senior Notes, 8.50%, 05/01/18 | Caa1 | 1,461 |

Schedule of Investments - September 30, 2010 (Unaudited) (Dollar Amounts in Thousands)

| | | | |
|--|--|------|-------|
| 450 | SPX Corporation, Senior Notes, 6.875%, 09/01/17 (g) | Ba1 | 477 |
| 50 | Terex Corporation, Senior Notes, 10.875%, 06/01/16 | B2 | 57 |
| 300 | Terex Corporation, Senior Subordinated Notes, 8%, 11/15/17 | Caa1 | 300 |
| | | | 9,781 |
| Diversified/Conglomerate Service - 7.59% | | | |
| 475 | Anixter Inc., Senior Notes, 10%, 03/15/14 | Ba2 | 511 |
| 525 | Avis Budget Car Rental LLC, Senior Notes, 7.625%, 05/15/14 | B3 | 533 |
| 450 | Avis Budget Car Rental LLC, Senior Notes, 9.625%, 03/15/18 | B3 | 477 |
| 675 | Dycom Investments, Inc., Senior Subordinated Notes, 8.125%, 10/15/15 | Ba3 | 688 |
| 300 | EC Finance plc, Senior Notes, 9.75%, 08/01/17 (g) (EUR) | B2 | 444 |
| 525 | Education Management LLC, Senior Notes, 8.75%, 06/01/14 | B2 | 522 |
| 81 | Education Management LLC, Senior Subordinated Notes, 10.25%, 06/01/16 | B3 | 83 |
| 600 | Europcar Groupe S.A., Senior Subordinated Notes, 4.399%, 05/15/13 (g) (EUR) | B3 | 765 |
| 254 | Europcar Groupe S.A., Subordinate Notes, 8.125%, 05/15/14 (g) (EUR) | Caa1 | 346 |
| 400 | Garda World Security Corporation, Senior Notes, 9.75%, 03/15/17 (g) | B3 | 429 |
| 425 | GEO Group, Inc., Senior Notes, 7.75%, 10/15/17 (g) | B1 | 446 |
| 850 | Hertz Corporation, Senior Notes, 7.50%, 10/15/18 (g) | B2 | 847 |
| 125 | Hertz Corporation, Senior Notes, 8.875%, 01/01/14 | B2 | 128 |
| 725 | Hertz Corporation, Senior Subordinated Notes, 10.50%, 01/01/16 | B3 | 771 |
| 400 | Hertz Holdings Netherlands B.V., Senior Notes, 8.50%, 07/31/15 (g) (EUR) | B1 | 573 |
| 450 | Inventive Health Inc., Senior Notes, 10%, 08/15/18 (g) | Caa1 | 449 |
| 825 | iPayment, Inc., Senior Notes, 9.75%, 05/15/14 | Caa1 | 752 |
| 1,067 | iPayment, Inc., Senior Subordinated Notes, 12.75%, 07/15/14 (c)(g) | (e) | 923 |
| 325 | Kratos Defense and Security Solutions, Inc., Senior Notes, 10%, 06/01/17 | B3 | 343 |
| 350 | Maxim Crane Works, L.P., Senior Notes, 12.25%, 04/15/15 (g) | Caa1 | 319 |
| 975 | Mobile Mini, Inc. Senior Notes, 6.875%, 05/01/15 | B2 | 929 |
| 300 | Mobile Services Group, Inc. Senior Notes, 9.75%, 08/01/14 | B2 | 314 |
| 900 | Multiplan, Inc., Senior Notes, | | |

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| | | | |
|-------|---|------|--------|
| | 9.875%, 09/01/18 (g) | Caa1 | 938 |
| 525 | Novasep Holding, Senior Notes, 9.75%, 12/15/16 (g) | B3 | 414 |
| 525 | Open Solutions, Inc., Senior Subordinated Notes, 9.75%, 02/01/15 (g) | Caa2 | 378 |
| 550 | RSC Equipment, Inc., Senior Notes, 10%, 07/15/17 (g) | B1 | 606 |
| 1,250 | Servicemaster Company, Senior Notes, 10.75%, 07/15/15 (g) | B3 | 1,334 |
| 925 | Sunstate Equipment Co, LLC, Senior Secured Notes, 10.50%, 04/01/13 (g) | Caa2 | 837 |
| 250 | Travelport LLC, Senior Notes, 11.875%, 09/01/16 | Caa1 | 268 |
| 1,400 | United Rentals North America, Inc., Senior Notes, 10.875%, 06/15/16 | B3 | 1,586 |
| | | | 17,953 |

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Schedule of Investments - September 30, 2010 (Unaudited) (Dollar Amounts in Thousands)

| | | | | |
|---------------------|---|------|--|-------|
| Ecological - .44% | | | | |
| 225 | Casella Waste Systems, Inc., Senior Subordinated Notes, 9.75%, 02/01/13 | Caa1 | | 226 |
| 800 | WCA Waste Corporation, Senior Notes, 9.25%, 06/15/14 | B3 | | 816 |
| | | | | 1,042 |
| Electronics - 2.40% | | | | |
| 475 | Advanced Micro Devices, Inc., Senior Notes, 7.75%, 08/01/20 (g) | Ba3 | | 488 |
| 175 | Advanced Micro Devices, Inc., Senior Notes, 8.125%, 12/15/17 | Ba3 | | 185 |
| 250 | Aspect Software, Inc., Senior Notes, 10.625%, 05/15/17 (g) | Caa1 | | 259 |
| 975 | CDW Corporation, Senior Notes, 11%, 10/12/15 (g) | (e) | | 987 |
| 525 | Fidelity National Information, Senior Notes, 7.625%, 07/15/17 (g) | Ba2 | | 559 |
| 325 | Fidelity National Information, Senior Notes, 7.875%, 07/15/20 (g) | Ba2 | | 349 |
| 800 | First Data, Senior Notes, 8.875%, 08/15/20 (g) | B1 | | 830 |
| 350 | Freescale Semiconductor, Inc., Senior Notes, 10.125%, 03/15/18 (g) | B2 | | 372 |
| 575 | Jabil Circuit, Inc., Senior Notes, 7.75%, 07/15/16 | Ba1 | | 628 |
| 375 | JDA Software Group, Inc., Senior Notes, 8%, 12/15/14 (g) | B1 | | 396 |
| 225 | Seagate Technology International, Inc., Senior Notes, 10%, 05/01/14 (g) | Baa3 | | 264 |
| 325 | Sungard Data Systems Inc., Senior Notes, 10.625%, 05/15/15 | Caa1 | | 362 |
| | | | | 5,679 |
| Finance - 13.94% | | | | |
| 475 | Aircastle Limited, Senior Notes, 9.75%, 08/01/18 (g) | Ba3 | | 494 |
| 1,825 | Ally Financial, Inc., Senior Notes, 7.50%, 09/15/20 (g) | B3 | | 1,948 |
| 1,675 | Ally Financial, Inc., Senior Notes, 8%, 11/01/31 | B3 | | 1,792 |
| 750 | Ally Financial, Inc., Senior Notes, 8.30%, 02/12/15 (g) | B3 | | 819 |
| 675 | American Capital Ltd., Senior Notes, 8.96%, 12/31/13 | (e) | | 690 |
| 1,175 | American General Finance Corporation, Senior Notes, 6.90%, 12/15/17 | B3 | | 981 |
| 7,025 | CIT Group, Inc., Senior Notes, 7%, 05/01/17 | B3 | | 6,884 |
| 1,200 | Discover Financial Services, Senior Notes, 10.25%, 07/15/19 | Ba1 | | 1,538 |
| 900 | E*Trade Financial Corporation, Senior Notes, 7.375%, 09/15/13 | B3 | | 877 |
| 475 | E*Trade Financial Corporation, Senior Notes, | | | |

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| | | | |
|-------|--|-----|-------|
| | 7.875%%, 12/01/15 | B3 | 458 |
| 2,198 | E*Trade Financial Corporation, Senior Notes, 12.50%, 11/30/17 (c) | (e) | 2,495 |
| 1,175 | Ford Motor Credit Company LLC, Senior Notes, 8.125%, 01/15/20 | Ba3 | 1,363 |
| 250 | Ford Motor Credit Company LLC, Senior Notes, 8.70%, 10/01/14 | Ba3 | 281 |
| 1,225 | Ford Motor Credit Company LLC, Senior Notes, 12%, 05/15/15 | Ba3 | 1,537 |
| 650 | Fresenius US Financial II Inc., Senior Notes, 9%, 07/15/15 (g) | Ba1 | 741 |
| 1,975 | International Lease Finance Corporation, Senior Notes, 8.625%, 09/15/15 (g) | B1 | 2,128 |

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Schedule of Investments - September 30, 2010 (Unaudited) (Dollar Amounts in Thousands)

| | | | |
|---|--|------|--------|
| 1,600 | International Lease Finance Corporation, Senior Notes, 8.875%, 09/01/17 | B1 | 1,732 |
| 2,375 | Nuveen Investments, Inc., Senior Notes, 5.50%, 09/15/15 | Caa3 | 1,876 |
| 1,050 | Nuveen Investments, Inc., Senior Notes, 10.50%, 11/15/15 | Caa3 | 1,045 |
| 450 | Penson Worldwide, Inc., Senior Notes, 12.50%, 05/15/17 (g) | B1 | 446 |
| 475 | PHH Corporation, Senior Notes, 9.25%, 03/01/16 (g) | Ba2 | 492 |
| 575 | Provident Funding Associates, L.P., Senior Notes, 10.25%, 04/15/17 (g) | Ba3 | 592 |
| 1,750 | SLM Corporation, Senior Medium Term Notes, 8.45%, 06/15/18 | Ba1 | 1,769 |
| | | | 32,978 |
| Farming and Agriculture - .36% | | | |
| 800 | CF Industries Inc., Senior Notes, 6.875%, 05/01/18 | B1 | 860 |
| Furnishings, Housewares, Consumer Durable - .37% | | | |
| 225 | Mohawk Industries, Inc., Senior Notes, 6.875%, 01/15/16 | Ba2 | 234 |
| 650 | Sealy Mattress Company, Senior Subordinated Notes, 8.25%, 06/15/14 | Caa1 | 648 |
| | | | 882 |
| Groceries - .22% | | | |
| 500 | Susser Holdings LLC, Senior Notes, 8.50%, 05/15/16 | B2 | 520 |
| Healthcare, Education and Childcare - 7.24% | | | |
| 450 | Accellent, Inc. Senior Notes, 8.375%, 02/01/17 | B1 | 461 |
| 375 | Accellent, Inc Senior Subordinated Notes, 10.50%, 12/01/13 | Caa2 | 381 |
| 1,500 | Biomet, Inc., Senior Notes, 10.375%, 10/15/17 | B3 | 1,657 |
| 475 | Biomet, Inc., Senior Subordinated Notes, 11.625%, 10/15/17 | Caa1 | 529 |
| 125 | BioScrip, Inc., Senior Notes, 10.25%, 10/01/15 | B3 | 128 |
| 675 | Boston Scientific Corporation, Senior Notes, 7.375%, 01/15/40 | Ba1 | 772 |
| 525 | Capella Healthcare Inc., Senior Notes, 9.25%, 07/01/17 (g) | B3 | 562 |
| 925 | CHS/Community Health Systems, Inc., Senior Notes, 8.875%, 07/15/15 | B3 | 980 |
| 550 | HCA, Inc., Senior Notes, 8.50%, 04/15/19 | Ba3 | 610 |
| 75 | HCA, Inc., Senior Notes, 9.25%, 11/15/16 | B2 | 81 |
| 750 | HCA, Inc., Senior Secured Notes, 9.625%, 11/15/16 | B2 | 818 |

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| | | | |
|-----|---|------|-----|
| 150 | HCA, Inc., Senior Secured Notes, 9.875%, 02/15/17 | B2 | 165 |
| 355 | Healthsouth Corporation, Senior Notes, 10.75%, 06/15/16 | B2 | 391 |
| 250 | LifePoint Hospitals, Inc., Senior Notes, 6.625%, 10/01/20 (g) | Ba1 | 256 |
| 350 | Mylan Inc., Senior Notes, 7.625%, 07/15/17 (g) | B1 | 371 |
| 425 | OnCure Holdings, Inc., Senior Notes, 11.75%, 05/15/17 (g) | B2 | 391 |
| 525 | Radiation Therapy Services, Inc., Senior Subordinated Notes, 9.875%, 04/15/17 (g) | Caa1 | 518 |
| 813 | Symbion, Inc., Senior Notes, 11.00%, 08/23/15 (c) | Caa2 | 713 |
| 900 | Tenet Healthcare Corporation, Senior Notes, 8%, 08/01/20 (g) | Caa1 | 895 |

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Schedule of Investments - September 30, 2010 (Unaudited) (Dollar Amounts in Thousands)

| | | | |
|--|--|------|--------|
| 475 | Tenet Healthcare Corporation, Senior Notes, 8.875%, 07/01/19 | B1 | 525 |
| 175 | UHS Escrow Corporation, Senior Notes, 7%, 10/01/18 (g) | B1 | 181 |
| 875 | United Surgical Partners International, Inc., Senior Subordinated Notes, 8.875%, 05/01/17 | Caa1 | 895 |
| 450 | Universal Hospital Services, Inc., Senior Secured Notes, 4.134%, 06/01/15 | B3 | 389 |
| 200 | Universal Hospital Services, Inc., Senior Secured Notes, 8.50%, 06/01/15 | B3 | 203 |
| 350 | US Oncology, Inc., Senior Notes, 9.125%, 08/15/17 | Ba3 | 369 |
| 838 | US Oncology, Inc., Senior Subordinated Notes, 6.904%, 03/15/12 (c) | Caa1 | 796 |
| 425 | Valeant Pharmaceuticals, International, Senior Notes, 6.75%, 10/01/17 (g) | B1 | 435 |
| 625 | Valeant Pharmaceuticals, International, Senior Notes, 7%, 10/01/20 (g) | B1 | 639 |
| 750 | Vanguard Health Holding Company II, LLC, Senior Notes, 8%, 02/01/18 (g) | B3 | 758 |
| 1,225 | Warner Chilcott Company, LLC, Senior Notes, 7.75%, 09/15/18 (g) | B3 | 1,251 |
| | | | 17,120 |
| Hotels, Motels, Inns and Gaming - 4.50% | | | |
| 800 | Ameristar Casinos, Inc., Senior Notes, 9.25%, 06/01/14 | B2 | 855 |
| 500 | Cirsa Funding Luxembourg S.A., Senior Notes, 8.75%, 05/15/18 (g) (EUR) | B3 | 695 |
| 250 | Codere Finance (Luxembourg) S.A., Senior Notes, 8.25%, 06/15/15 (g) (EUR) | B2 | 341 |
| 50 | Gaylord Entertainment Company, Senior Notes, 6.75%, 11/15/14 | Caa2 | 50 |
| 1,875 | Harrah's Escrow Corporation, Senior Notes, 11.25%, 06/01/17 | Caa1 | 2,053 |
| 500 | Harrah's Operating Company, Senior Notes, 10%, 12/15/18 | (e) | 398 |
| 525 | MGM Mirage, Senior Notes, 9%, 03/15/20 (g) | B1 | 559 |
| 375 | MGM Mirage, Senior Notes, 10.375%, 05/15/14 | B1 | 415 |
| 775 | MGM Mirage, Senior Notes, 11.125%, 11/15/17 | B1 | 882 |
| 400 | MGM Mirage, Senior Notes, 13%, 11/15/13 | B1 | 471 |
| 475 | Pinnacle Entertainment, Inc., Senior Subordinated Notes, 8.625%, 08/01/17 | B1 | 504 |
| 1,300 | Pokagon Gaming Authority, Senior Notes, 10.375%, 06/15/14 (g) | B2 | 1,345 |
| 225 | Sheraton Holding Corporation, Senior Notes, 7.375%, 11/15/15 | Ba1 | 248 |
| 550 | Shingle Springs Tribal Gaming Authority, Senior Secured Notes, 9.375%, 06/15/15 (g) | Caa2 | 407 |
| 575 | Wynn Las Vegas LLC, Senior Notes, | | |

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| | | | | |
|-------------------|--|---|------|--------|
| | | 7.75%, 08/15/20 (g) | Ba3 | 610 |
| 750 | | Wynn Las Vegas LLC, Senior Notes, | | |
| | | 7.875%, 11/01/17 | Ba2 | 806 |
| | | | | 10,639 |
| Insurance - 3.07% | | | | |
| 2,450 | | American International Group, Inc., Senior Notes, | | |
| | | 8.25%, 08/15/18 | A3 | 2,842 |
| 575 | | Centene Corporation, Senior Notes, | | |
| | | 7.25%, 04/01/14 | Ba2 | 597 |
| 750 | | Genworth Financial, Inc., Senior Notes, | | |
| | | 8.625%, 12/15/16 | Baa3 | 836 |
| 875 | | Hub International Limited, Senior Notes, | | |
| | | 9%, 12/15/14 (g) | B3 | 864 |

Schedule of Investments - September 30, 2010 (Unaudited) (Dollar Amounts in Thousands)

| | | | |
|---|---|------|-------|
| 1,775 | Hub International Limited, Senior Subordinated Notes, 10.25%, 06/15/15 (g) | Caa1 | 1,715 |
| 425 | USI Holdings Corporation, Senior Subordinated Notes, 9.75%, 05/15/15 (g) | Caa1 | 412 |
| | | | 7,266 |
| Leisure, Amusement and Entertainment - 1.77% | | | |
| 525 | Cedar Fair LP, Senior Notes, 9.125%, 08/01/18 (g) | B2 | 554 |
| 175 | Easton Bell Sports Inc., Senior Notes, 9.75%, 12/01/16 | B3 | 190 |
| 1,275 | Manchester United Finance plc, Senior Notes, 8.375%, 02/01/17 (g) | (e) | 1,249 |
| 450 | Speedway Motorsports, Inc., Senior Notes, 8.75%, 06/01/16 | Ba1 | 479 |
| 775 | Ticketmaster, Senior Notes, 10.75%, 08/01/16 | B1 | 847 |
| 575 | Universal City Development Partners, Ltd., Senior Notes, 8.875%, 11/15/15 | B3 | 594 |
| 250 | Universal City Development Partners, Ltd., Senior Notes, 10.875%, 11/15/16 | B3 | 271 |
| | | | 4,184 |
| Machinery - .54% | | | |
| 1,175 | Case New Holland, Inc., Senior Notes, 7.875%, 12/01/17 (g) | Ba3 | 1,287 |
| Mining, Steel, Iron and Non-Precious Metals - 5.63% | | | |
| 525 | AK Steel Corporation, Senior Notes, 7.625%, 05/15/20 | Ba3 | 535 |
| 525 | Algoma Acquisition Corporation, 9.875%, 06/15/15 (g) | Caa2 | 469 |
| 250 | Arch Coal, Inc., Senior Notes, 8.75%, 08/01/16 | B1 | 276 |
| 975 | Consol Energy, Inc., Senior Notes, 8%, 04/01/17 (g) | B1 | 1,055 |
| 400 | Consol Energy, Inc., Senior Notes, 8.25%, 04/01/20 (g) | B1 | 436 |
| 350 | ESCO Corporation, Senior Notes, 4.167%, 12/15/13 (g) | B2 | 315 |
| 500 | ESCO Corporation, Senior Notes, 8.625%, 12/15/13 (g) | B2 | 514 |
| 725 | Foresight Energy LLC, Senior Notes, 9.625%, 08/15/17 (g) | Caa1 | 750 |
| 150 | International Coal, Senior Notes, 9.125%, 04/01/18 | Caa1 | 159 |
| 550 | Metals USA, Inc., Senior Secured Notes, 11.125%, 12/01/15 | B3 | 582 |
| 450 | New World Resources N.V., Senior Notes, 7.875%, 05/01/18 (g) (EUR) | Ba3 | 637 |
| 575 | Novelis, Inc., Senior Notes, 11.50%, 02/15/15 | B1 | 655 |
| 425 | Patriot Coal Corporation, Senior Notes, 8.25%, 04/30/18 | B3 | 424 |

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| | | | |
|-------|---|------|--------|
| 2,525 | Ryerson Holding Corporation, Senior Secured Notes, 14.50%, 02/01/15 (b)(g) | Caa3 | 1,136 |
| 1,225 | Ryerson Inc., Senior Secured Notes, 12%, 11/01/15 | Caa1 | 1,262 |
| 625 | Severstal Columbus LLC, Senior Notes, 10.25%, 02/15/18 (g) | B3 | 656 |
| 900 | Steel Capital, Senior Notes, 9.75%, 07/29/13 (g) | Ba3 | 993 |
| 50 | Steel Dynamics, Inc., Senior Notes, 7.75%, 04/15/16 | Ba2 | 52 |
| 475 | Steel Dynamics, Inc., Senior Notes, 7.625%, 03/15/20 (g) | Ba2 | 496 |
| 1,125 | Tube City IMS Corporation., Senior Subordinated Notes, 9.75%, 02/01/15 | Caa1 | 1,139 |
| 725 | Vedanta Resources, Plc, Ssenior Notes, 9.50%, 07/18/18 (g) | Ba2 | 783 |
| | | | 13,324 |

Schedule of Investments - September 30, 2010 (Unaudited) (Dollar Amounts in Thousands)

| Oil and Gas - 11.92% | | | | |
|----------------------|---|------|--|-------|
| 75 | AmeriGas Partners, L.P., Senior Notes, 7.125%, 05/20/16 | Ba3 | | 78 |
| 105 | Anadarko Petroleum Corporation, Senior Notes, 6.20%, 03/15/40 | Ba1 | | 102 |
| 545 | Anadarko Petroleum Corporation, Senior Notes, 8.70%, 03/15/19 | Ba1 | | 651 |
| 930 | Anadarko Petroleum Corporation, Senior Notes, 6.375%, 09/15/17 | Ba1 | | 1,018 |
| 1,075 | Antero Resources Corporation, Senior Notes, 9.375%, 12/01/17 | Caa1 | | 1,139 |
| 450 | Berry Petroleum Company, Senior Notes, 10.25%, 06/01/14 | B2 | | 504 |
| 525 | Bill Barrett Corporation, Senior Notes, 9.875%, 07/15/16 | B1 | | 574 |
| 750 | Chesapeake Energy Corp., Senior Notes, 6.625%, 08/15/20 | Ba3 | | 784 |
| 975 | Chesapeake Energy Corp., Senior Notes, 9.50%, 02/15/15 | Ba3 | | 1,127 |
| 425 | Cie Gen Geophysique, Senior Notes, 7.50%, 05/15/15 | Ba3 | | 432 |
| 800 | Complete Production Services, Inc., Senior Notes, 8%, 12/15/16 | B1 | | 824 |
| 750 | Concho Resources, Inc., Senior Notes, 8.625%, 10/01/17 | B3 | | 793 |
| 1,375 | Connacher Oil and Gas Limited, Senior Notes, 10.25%, 12/15/15 (g) | Caa2 | | 1,396 |
| 400 | Continental Resources, Senior Notes, 7.125%, 04/01/21 (g) | B1 | | 413 |
| 772 | Denbury Resources Inc., Senior Subordinated Notes, 8.25%, 02/15/20 | B1 | | 841 |
| 575 | Denbury Resources Inc., Senior Subordinated Notes, 9.75%, 03/01/16 | B1 | | 645 |
| 1,425 | El Paso Corporation, Senior Notes, 12%, 12/12/13 | Ba3 | | 1,742 |
| 125 | Encore Acquisition Company, Senior Subordinated Notes, 9.50%, 05/01/16 | B1 | | 140 |
| 1,325 | Energy Transfer Equity, L.P., Senior Notes, 7.50%, 10/15/20 | Ba2 | | 1,395 |
| 625 | Exco Resources, Inc., Senior Notes, 7.50%, 09/15/18 | B3 | | 620 |
| 250 | Ferrellgas, L.P., Senior Notes, 6.75%, 05/01/14 | Ba3 | | 253 |
| 120 | Forest Oil Corp., Senior Notes, 7.25%, 06/15/19 | B1 | | 123 |
| 575 | Global Geophysical Services, Senior Notes, 10.50%, 05/01/17 (g) | B3 | | 584 |
| 750 | Hilcorp Energy I, L.P., Senior Notes, 7.75%, 11/01/15 (g) | B2 | | 757 |
| 625 | Inergy, L.p., Senior Notes, 7%, 10/01/18 (g) | Ba3 | | 641 |
| 475 | Inergy, L.p., Senior Notes, 8.75%, 03/01/15 | Ba3 | | 512 |
| 425 | Kinder Morgan Finance Company, ULC, Senior Notes, | | | |

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| | | | |
|-----|---|------|-----|
| | 5.70%, 01/05/16 | Ba1 | 439 |
| 250 | NRG Energy, Inc., Senior Notes, 7.375%, 02/01/16 | B1 | 256 |
| 625 | NRG Energy, Inc., Senior Notes, 7.375%, 01/15/17 | B1 | 639 |
| 800 | NRG Energy, Inc., Senior Notes, 8.25%, 09/01/20 (g) | B1 | 827 |
| 700 | OPTI Canada Inc., Senior Secured Notes, 7.875%, 12/15/14 | Caa3 | 525 |
| 425 | OPTI Canada Inc., Senior Secured Notes, 8.25%, 12/15/14 | Caa3 | 319 |
| 300 | Penn Virginia Corporation, Senior Notes, 10.375%, 06/15/16 | B2 | 327 |

Schedule of Investments - September 30, 2010 (Unaudited) (Dollar Amounts in Thousands)

| | | | |
|---|---|------|--------|
| 325 | Penn Virginia Resources Partners, L.P., Senior Notes, 8.25%, 04/15/18 | B2 | 335 |
| 400 | PetroHawk Energy Corporation, Senior Notes, 10.50%, 08/01/14 | B3 | 450 |
| 600 | Plains Exploration and Production Company, Senior Notes, 10%, 03/01/16 | B1 | 681 |
| 710 | Pride International, Senior Notes, 8.50%, 06/15/19 | Ba1 | 824 |
| 275 | QEP Resources, Inc., Senior Notes, 6.875%, 03/01/21 | Ba1 | 297 |
| 650 | Quicksilver Resources, Inc., Senior Notes, 11.75%, 01/01/16 | B2 | 760 |
| 825 | Range Resources Corporaiton, Senior Subordinated Notes, 6.75%, 08/01/20 | Ba3 | 852 |
| 375 | RDS Ultra-Deep Water, Ltd., Senior Notes, 11.875%, 03/15/17 (g) | B3 | 392 |
| 400 | Suburban Propane Partners, L.P., Senior Notes, 7.375%, 03/15/20 | Ba3 | 425 |
| 650 | Swift Energy Company, Senior Notes, 8.875%, 01/15/20 | B3 | 678 |
| 750 | Tesoro Corporation, Senior Notes, 6.50%, 06/01/17 | Ba1 | 735 |
| 25 | Tesoro Corporation, Senior Notes, 9.75%, 06/01/19 | Ba1 | 27 |
| 325 | Whiting Petroleum Corporation, Senior Subordinated Notes, 6.50% 10/01/18 | Ba3 | 332 |
| | | | 28,208 |
| Personal, Food and Miscellaneous Services - 2.80% | | | |
| 400 | Central Garden & Pet Company, Senior Subordinated Notes, 8.25%, 03/01/18 | B2 | 408 |
| 475 | FTI Consulting, Inc., Senior Notes, 6.75%, 10/01/20 (g) | Ba2 | 480 |
| 250 | FTI Consulting, Inc., Senior Notes, 7.75%, 10/01/16 | Ba2 | 261 |
| 50 | Grohe Holding GmbH, Senior Bonds, 8.625%, 10/01/14 (g) (EUR) | Caa1 | 69 |
| 203 | Grohe Holding GmbH, Senior Secured Bonds, 3.71%, 01/15/14 (EUR) | B3 | 255 |
| 1,100 | Mac-Gray Corporation, Senior Notes, 7.625%, 08/15/15 | B3 | 1,059 |
| 850 | O Charleys, Inc., Senior Subordinated Notes, 9%, 11/01/13 | B3 | 858 |
| 600 | OSI Restaurant Partners, Inc., Senior Notes, 10%, 06/15/15 | Caa3 | 606 |
| 1,000 | Wendy's International Holdings, LLC, Senior Notes, 10%, 07/15/16 | B3 | 1,061 |
| 400 | West Corporation, Senior Subordinated Notes, 8.625%, 10/01/18 (g) | B3 | 402 |
| 900 | West Corporation, Senior Subordinated Notes, 9.50%, 10/15/14 | Caa1 | 942 |
| 200 | West Corporation, Senior Subordinated Notes, 11%, 10/15/16 | Caa1 | 212 |
| | | | 6,613 |

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Personal Non-Durable Consumer Products - .63%

| | | | |
|-----|--|------|-------|
| 200 | Acco Brands Corporation, Senior Notes, 10.625%, 03/15/15 | B1 | 223 |
| 675 | Bausch & Lomb, Incorporated, Senior Notes, 9.875%, 11/01/15 | Caa1 | 717 |
| 250 | Jarden Corporation, Senior Notes, 8%, 05/01/16 | Ba3 | 267 |
| 275 | Scotts Miracle-Gro Company, Senior Notes, 7.25%, 01/15/18 | B1 | 289 |
| | | | 1,496 |

Personal Transportation - 1.72%

| | | | |
|-------|--|-----|-------|
| 1,275 | Continental Airlines, Inc., Senior Notes, 6.75%, 09/15/15 (g) | Ba2 | 1,294 |
|-------|--|-----|-------|

Schedule of Investments - September 30, 2010 (Unaudited) (Dollar Amounts in Thousands)

| | | | |
|---------------------------------|---|------|-------|
| 200 | Continental Airlines, Inc., Senior Notes, 7.25%, 05/10/21 | Baa2 | 221 |
| 150 | Continental Airlines, Inc., Senior Notes, 9.25%, 05/10/17 | Ba2 | 163 |
| 584 | Delta Airlines, Inc., Senior Notes, 9.50%, 09/15/14 (g) | Ba2 | 634 |
| 1,275 | Delta Airlines, Inc., Senior Notes, 12.25%, 03/15/15 (g) | B2 | 1,412 |
| 185 | Northwest Airlines 7.575%, 09/01/20 | (e) | 185 |
| 150 | United Airlines, Inc., Senior Notes, 12%, 11/01/13 (g) | B3 | 166 |
| | | | 4,075 |
| Printing and Publishing - 2.58% | | | |
| 400 | Bankrate, Inc., Senior Notes, 11.75%, 07/15/15 (g) | B2 | 426 |
| 825 | Cengage Learning Acquisitions, Inc., Senior Subordinated Notes, 13.25%, 07/15/15 (g) | Caa2 | 815 |
| 875 | Cequel Communications Holdings I, LLC, Senior Notes, 8.625%, 11/15/17 (g) | B3 | 923 |
| 1,100 | Deluxe Corporation, Senior Notes, 7.375%, 06/01/15 | Ba1 | 1,134 |
| 475 | Interpublic Group of Companies, Inc., Senior Notes, 10%, 07/15/17 | Ba2 | 555 |
| 575 | McClatchy Company, Senior Notes, 11.50%, 02/15/17 | B1 | 611 |
| 350 | Nielsen Finance LLC, Senior Notes, 11.50%, 05/01/16 | Caa1 | 398 |
| 1,100 | Nielsen Finance LLC, Senior Notes, 11.625%, 02/01/14 | Caa1 | 1,251 |
| | | | 6,113 |
| Retail Stores - 6.01% | | | |
| 1,425 | Ace Hardware Corporation, Senior Notes, 9.125%, 06/01/16 (g) | Ba2 | 1,518 |
| 150 | Burlington Coat Factory Warehouse, Corp, Senior Notes, 11.125%, 04/15/14 | Caa1 | 157 |
| 739 | Dollar General Corporation, Senior Subordinated Debentures, 11.875%, 07/15/17 | B3 | 861 |
| 75 | Federated Retail Holdings, Inc., Senior Notes, 5.90%, 12/01/16 | Ba1 | 79 |
| 700 | HSN, Inc., Senior Notes, 11.25%, 08/01/16 | Ba2 | 798 |
| 1,350 | Limited Brands, Inc., Senior Notes, 7%, 05/01/20 | Ba1 | 1,458 |
| 250 | Limited Brands, Inc., Senior Notes, 8.50%, 06/15/19 | Ba1 | 291 |
| 575 | Michaels Stores, Inc., Senior Subordinated Notes, 11.375%, 11/01/16 | Caa2 | 627 |
| 1,025 | Michaels Stores, Inc., Subordinated Notes, 13%, 11/01/16 (b) | Caa2 | 999 |
| 1,182 | Neiman Marcus Group, Inc., Senior Notes, | | |

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| | | | |
|-------|--|------|-------|
| | 9%, 10/15/15 | Caa1 | 1,230 |
| 850 | Neiman Marcus Group, Inc., Senior Subordinated Notes, 10.375%, 10/15/15 | Caa2 | 892 |
| 100 | Penney (J.C.) Corporation, Inc., Senior Notes, 7.125%, 11/15/23 | Ba1 | 108 |
| 400 | Penney (J.C.) Corporation, Inc., Senior Notes, 7.40%, 04/01/37 | Ba1 | 404 |
| 50 | Penney (J.C.) Corporation, Inc., Senior Notes, 7.95%, 04/01/17 | Ba1 | 56 |
| 500 | QVC, Inc., Senior Notes, 7.125%, 04/15/17 (g) | Ba2 | 515 |
| 1,050 | QVC, Inc., Senior Notes, 7.50%, 10/01/19 (g) | Ba2 | 1,089 |
| 475 | Rite Aid Corporation, Senior Notes, 8%, 08/15/20 (g) | B3 | 481 |
| 675 | Rite Aid Corporation, Senior Notes, 8.625%, 03/01/15 | Caa3 | 584 |

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Schedule of Investments - September 30, 2010 (Unaudited) (Dollar Amounts in Thousands)

| | | | |
|------------------------------------|---|------|--------|
| 225 | Rite Aid Corporation, Senior Notes, 9.75%, 06/12/16 | B3 | 240 |
| 600 | Rite Aid Corporation, Senior Notes, 10.25%, 10/15/19 | Caa2 | 628 |
| 125 | Rite Aid Corporation, Senior Notes, 10.375%, 07/15/16 | Caa2 | 130 |
| 525 | Toys R Us Delaware, Inc., Senior Notes, 7.375%, 09/01/16 (g) | B1 | 541 |
| 500 | Toys R Us Property Company II, LLC, Senior Notes, 8.50%, 12/01/17 (g) | Ba1 | 531 |
| | | | 14,217 |
| Telecommunications - 13.55% | | | |
| 875 | Broadview Networks Holdings, Inc., Senior Secured Notes, 11.375%, 09/01/12 | B3 | 857 |
| 400 | Cincinnati Bell Inc., Senior Notes, 7%, 02/15/15 | B2 | 399 |
| 2,425 | Clearwire Communications LLC, Senior Secured Notes, 12%, 12/01/15 (g) | Caa1 | 2,619 |
| 100 | Cricket Communications, Inc., Senior Notes, 7.75%, 05/15/16 | Ba2 | 107 |
| 675 | Cricket Communications, Inc., Senior Notes, 9.375%, 11/01/14 | B3 | 700 |
| 1,000 | Cricket Communications, Inc., Senior Notes, 10%, 07/15/15 | B3 | 1,072 |
| 500 | Crown Castle International Corporation, Senior Notes, 9%, 01/15/15 | B1 | 550 |
| 700 | Digicel Limited, Senior Notes, 8.25%, 09/01/17 (g) | B1 | 733 |
| 350 | Digicel Limited, Senior Notes, 8.875%, 01/15/15 (g) | Caa1 | 356 |
| 900 | Digicel Limited, Senior Notes, 10.50%, 04/15/18 (g) | Caa1 | 985 |
| 475 | Equinix, Inc., Senior Notes, 8.125%, 03/01/18 | Ba2 | 505 |
| 225 | Geoeye, Inc., Senior Notes, 9.625%, 10/01/15 | B1 | 246 |
| 425 | Hughes Network Systems, LLC, Senior Notes, 9.50%, 04/15/14 | B1 | 442 |
| 300 | Hughes Network Systems, LLC, Senior Notes, 9.50%, 04/15/14 | B1 | 312 |
| 500 | Intelsat Corporation, Senior Notes, 9.25%, 06/15/16 | B3 | 534 |
| 800 | Intelsat Jackson Holdings Ltd., Senior Notes, 7.25%, 10/15/20 (g) | B3 | 804 |
| 500 | Intelsat Ltd., Senior Notes, 11.25%, 06/15/16 | Caa2 | 542 |
| 2,750 | Intelsat Subsidiary Holding Company, Ltd., Senior Notes, 11.25%, 02/04/17 | Caa3 | 2,956 |
| 538 | iPCS, Inc., Senior Secured Notes, 3.733%, 05/01/14 (c) | Ba3 | 509 |
| 500 | Level 3 Financing, Inc., Senior Notes, 9.25%, 11/01/14 | Caa1 | 470 |
| 1,050 | MetroPCS Wireless, Inc., Senior Notes, | | |

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| | | | |
|-------|--|-----|-------|
| | 7.875%, 09/01/18 | B2 | 1,084 |
| 550 | MetroPCS Wireless, Inc., Senior Notes, 9.25%, 11/01/14 | B2 | 575 |
| 50 | MetroPCS Wireless, Inc., Senior Notes, 9.25%, 11/01/14 | B2 | 52 |
| 200 | New Communications Holdings Inc., Senior Notes, 8.25%, 04/15/17 | Ba2 | 218 |
| 1,075 | Nextel Communications, Senior Notes, 7.375%, 08/01/15 | Ba2 | 1,080 |
| 375 | NII Capital Corporation, Senior Notes, 8.875%, 12/15/19 | B1 | 416 |
| 1,300 | NII Capital Corporation, Senior Notes, 10%, 08/15/16 | B1 | 1,479 |
| 675 | Paetec Holding Corporation, Senior Notes, 8.875%, 06/30/17 | B1 | 702 |

Schedule of Investments - September 30, 2010 (Unaudited) (Dollar Amounts in Thousands)

| | | | |
|-----------------------------|--|------|--------|
| 425 | Sable International Finance Limited, Senior Notes, 7.75%, 02/15/17 (g) | Ba2 | 445 |
| 250 | SBA Telecommunications, Inc., Senior Notes, 8%, 08/15/16 | Ba3 | 267 |
| 525 | SBA Telecommunications, Inc., Senior Notes, 8.25%, 08/15/19 | Ba3 | 576 |
| 175 | Sprint Capital Corporation, Senior Notes, 6.875%, 11/15/28 | Ba3 | 161 |
| 1,050 | Sprint Capital Corporation, Senior Notes, 8.75%, 03/15/32 | Ba3 | 1,104 |
| 2,900 | Sprint Nextel Corporation, Senior Notes, 8.375%, 08/15/17 | Ba3 | 3,139 |
| 1,550 | Telesat Canada, Senior Notes, 11%, 11/01/15 | Caa1 | 1,752 |
| 475 | Telesat Canada, Senior Subordinated Notes, 12.50%, 11/01/17 | Caa1 | 558 |
| 400 | Terremark Worldwide, Inc., Senior Notes, 12%, 06/15/17 | B1 | 458 |
| 475 | Trilogy International Partners, LLC, Senior Notes, 10.25%, 08/15/16 (g) | Caa1 | 442 |
| 275 | ViaSat, Inc., Senior Notes, 8.875%, 09/15/16 | B1 | 296 |
| 1,200 | Wind Acquisition Finance S.A., Senior Notes, 11.75%, 07/15/17 (g) | B2 | 1,344 |
| 107 | Wind Acquisition Holdings Finance S.A., Senior Notes, 12.25%, 07/15/17 (c)(g) | B3 | 115 |
| 100 | Windstream Corporation, Senior Notes, 8.625%, 08/01/16 | Ba3 | 106 |
| | | | 32,067 |
| Textiles and Leather - .34% | | | |
| 100 | Hanesbrands, Inc., Senior Notes, 4.121%, 12/15/14 | B1 | 96 |
| 500 | Levi Strauss & Co., Senior Notes, 7.625%, 05/15/20 | B2 | 518 |
| 175 | Levi Strauss & Co., Senior Notes, 8.875%, 04/01/16 | B2 | 185 |
| | | | 799 |
| Utilities - 2.17% | | | |
| 25 | AES Corporation, Senior Notes, 8%, 10/15/17 | B1 | 27 |
| 1,300 | AES Corporation, Senior Notes, 9.75%, 04/15/16 | B1 | 1,488 |
| 1,875 | Energy Future, Senior Notes, 10%, 12/01/20 | Caa3 | 1,875 |
| 400 | North American Energy Alliance, LLC, Senior Notes, 10.875%, 06/01/16 (g) | Ba3 | 437 |
| 1,000 | PNM Resources, Inc., Senior Notes, 9.25%, 05/15/15 | Ba2 | 1,083 |
| 250 | RRI Energy, Inc., Senior Notes, 7.875%, 06/15/17 | B3 | 229 |
| | | | 5,139 |

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| | | | |
|---|---|----|---------|
| Total Corporate Debt Securities | | | |
| (Total cost of \$279,820) | | | 299,311 |
| CONVERTIBLE DEBT SECURITIES - .20% (d) | | | |
| Diversified/Conglomerate Manufacturing - .20% | | | |
| 475 | General Cable Corporation, Subordinated Notes, 4.50%, 11/15/29 | B2 | 479 |
| Total Convertible Debt Securities | | | |
| (Total cost of \$490) | | | 479 |
| BANK DEBT SECURITIES - .76% (d) | | | |
| Electronics - .28% | | | |
| 722 | Infor Global Solutions Holdings, Ltd., 4.01%, 07/28/12 (h) | B1 | 670 |

Schedule of Investments - September 30, 2010 (Unaudited) (Dollar Amounts in Thousands)

| | | | |
|---|---|------|-------|
| Hotels, Motels, Inns and Gaming - .28% | | | |
| 686 | Pokagon Gaming Authority, 9%, 08/15/12 (h) | (e) | 655 |
| Oil and Gas - .20% | | | |
| 500 | Dresser, Inc., 6.112%, 05/04/15 (h) | B3 | 482 |
| Total Bank Debt Securities (Total cost of \$1,881) | | | 1,807 |
| Shares | | | |
| PREFERRED STOCK - 2.63% (d) | | | |
| Automotive - .18% | | | |
| 4,150 | Dana Holding Corporation, 4%, Convertible (g) | (e) | 432 |
| Building and Real Estate - 0.00% | | | |
| 1,975 | Smurfit-Stone Container Corporation, Escrow Shares (a)(i) | (e) | |
| Broadcasting and Entertainment - .14% | | | |
| 495 | Spanish Broadcasting System, Inc., 10.75% (a) | C | 332 |
| Electronics - 1.16% | | | |
| 3,400 | Lucent Technologies Capital Trust I, Convertible, 7.75% | B3 | 2,738 |
| Finance - 1.13% | | | |
| 2,975 | Ally Financial, Inc., 7% (g) | Caa2 | 2,678 |
| Telecommunications - .02% | | | |
| 600 | Crown Castle International Corporation, Convertible, 6.25% | (e) | 37 |
| Total Preferred Stock (Total cost of \$5,479) | | | 6,217 |
| COMMON STOCK - .46% (d) | | | |
| 44,075 | B&G Foods, Inc., | | 481 |
| 32,725 | Smurfit-Stone Container Corporation (f) | | 603 |
| Total Common Stock and Warrants (Total cost of \$1,126) | | | 1,084 |
| Principal Amount | | | |
| SHORT-TERM INVESTMENTS - 2.43% (d) | | | |
| 5,740 | Societe Generale North America, Commercial Paper, Due 010/01/10, Discount of .22% | P-1 | 5,740 |
| Total Short-Term Investments (Total cost of \$5,740) | | | 5,740 |

TOTAL INVESTMENTS

(Total cost of \$294,536)

\$ 314,638

-
- (a) Denotes income is not being accrued and/or issuer is in bankruptcy proceedings.
 - (b) Securities are step interest bonds. Interest on these bonds accrues based on the effective interest method which results in a constant rate of interest being recognized.
 - (c) Pay-In-Kind Security
 - (d) Percentages indicated are based on total net assets to common shareholders of \$236,598.
 - (e) Not rated.
 - (f) Non-income producing.
-

- (g) Securities are exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be resold, normally to qualified institutional buyers in transactions exempt from registration. Unless otherwise noted, 144A Securities are deemed to be liquid. See Note 1 of the Note to Schedule of Investments for valuation policy. Total market value of Rule 144A securities amounted to \$111,733 as of September 30, 2010.
- (h) Restricted as to public resale. The total value of restricted securities owned at September 30, 2010 was \$1,807 or .76% of total net assets to common shareholders.
- (i) Security is valued at fair value using methods determined by the Board of Directors. The total value of these securities at September 30, 2010 was \$0.

(EUR) Euro

Forward Currency Exchange Contracts - (Unaudited) (Dollar Amounts in Thousands)

As of September 30, 2010, the Fund had forward currency exchange contracts outstanding as follows:

| Counterparty | Settlement Date | | Receive | | Deliver | Unrealized Appreciation (Depreciation) |
|--|-----------------|-----|---------|-----|---------|--|
| State Street Bank | 12/9/10 | USD | 9,695 | EUR | 7,529 | \$ (563) |
| State Street Bank | 12/9/10 | USD | 212 | EUR | 158 | (4) |
| State Street Bank | 12/9/10 | USD | 369 | EUR | 274 | (5) |
| State Street Bank | 12/9/10 | USD | 81 | EUR | 60 | (1) |
| State Street Bank | 12/9/10 | USD | 72 | EUR | 53 | |
| State Street Bank | 12/9/10 | USD | 162 | EUR | 119 | |
| State Street Bank | 12/9/10 | EUR | 376 | USD | 512 | |
| Net unrealized gain (loss) on open forward currency exchange contracts | | | | | | \$ (573) |

The New America High Income Fund, Inc.

Note 1 to Schedule of Investments
September 30, 2010 (Unaudited)

(1) Significant Accounting and Other Policies

The New America High Income Fund, Inc. (the Fund) was organized as a corporation in the state of Maryland on November 19, 1987 and is registered with the Securities and Exchange Commission as a diversified, closed-end investment company under the Investment Company Act of 1940. The Fund commenced operations on February 26, 1988. The investment objective of the Fund is to provide high current income while seeking to preserve stockholders' capital through investment in a professionally managed, diversified portfolio of high yield fixed-income securities.

The Fund invests primarily in fixed maturity corporate debt securities that are rated less than investment grade. Risk of loss upon default by the issuer is significantly greater with respect to such securities compared to investment grade securities because these securities are generally unsecured and are often subordinated to other creditors of the issuer and because these issuers usually have high levels of indebtedness and are more sensitive to adverse economic conditions, such as a recession, than are investment grade issuers. In some cases, the collection of principal and timely receipt of interest is dependent upon the issuer attaining improved operating results, selling assets or obtaining additional financing.

The Fund may focus its investments in certain industries, subjecting it to greater risk than a Fund that is more diversified. See the schedule of investments for information on individual securities as well as industry diversification and credit quality ratings.

The Fund's financial statements have been prepared in conformity with accounting principles generally accepted in the United States for investment companies that require the management of the Fund to, among other things, make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

The following is a summary of significant accounting policies consistently followed by the Fund, which are in conformity with those generally accepted in the investment company industry.

(a) *Valuation of Investments* Investments for which market quotations are readily available are stated at market value, which is determined by using the most recently quoted bid price provided by an independent pricing service or principal market maker. Independent pricing services provide market quotations based primarily on quotations from dealers and brokers, market transactions, accessing data from quotations services, offering sheets obtained from dealers and various relationships between securities. Investments whose primary market is on an exchange are valued at the last sale price on the day of valuation. Short-term investments with original maturities of 60 days or less are stated at amortized cost, which approximates market value. Following procedures approved by the Board of Directors, investments for which market quotations are not readily available (primarily fixed-income corporate bonds and notes) are stated at fair value on the basis of subjective valuations furnished by securities dealers and brokers. Other investments, for which market quotations are not readily available with a cost and a value of \$0, are valued in good faith at fair market value using methods determined by the Board of Directors. Fair value measurement is further discussed in

section (e) of this footnote.

(b) *Foreign Currency* Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U. S. dollar amounts on the respective dates of such transactions.

Note 1 to Schedule of Investments Continued
September 30, 2010 (Unaudited)

(c) *Foreign Currency Forward Exchange Contracts* The Fund may enter into foreign currency forward exchange contracts primarily to hedge against foreign currency exchange rate risks on its non-U.S. dollar denominated investment securities. When entering into a forward currency contract, the Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. The Fund's net equity therein, representing unrealized gain or loss on the contracts as measured by the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date, is included in the statement of assets and liabilities. Realized and unrealized gains and losses are included in the statement of operations. These instruments involve market risk, credit risk or both kinds of risks, in excess of the amount recognized in the statement of assets and liabilities. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movement in currency and securities values and interest rates.

(d) *Securities Transactions and Net Investment Income* Securities transactions are recorded on trade date. Realized gains or losses on sales of securities are calculated on the identified cost basis. Interest income is accrued on a daily basis. Discount on short-term investments is amortized to investment income. Premiums or discounts on corporate debt securities are amortized based on the interest method for financial reporting purposes. All income on original issue discount and step interest bonds is accrued based on the effective interest method. The Fund does not amortize market premiums or discounts for tax purposes. Dividend payments received in the form of additional securities are recorded on the ex-dividend date in an amount equal to the value of the security on such date.

(e) *Fair Value Measurement* The Fund applies ASC 820 *Fair Value Measurements and Disclosures* formerly known as SFAS No. 157 *Fair Value Measurements*. This standard establishes the definition of fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements.

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

Level 2 Observable inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund's own assumptions about

Note 1 to Schedule of Investments Continued
September 30, 2010 (Unaudited)

the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

A description of the valuation techniques applied to the Fund's major asset and liability categories is as follows.

Debt securities (corporate, convertible & bank debt). The fair value of debt securities is provided by independent pricing services using quotations from dealers and brokers, market transactions, data from quotations services, offering sheets and various relationships between securities. While most corporate bonds are categorized in level 2 of the fair value hierarchy, there may be instances where less observable inputs necessitate a level 3 categorization.

Equity securities (preferred and common stock). Equity securities for which the primary market is on an exchange will be valued at the last sale price on the day of valuation and are categorized in level 1 of the fair value hierarchy. Other equity securities traded in inactive markets or valued by independent pricing services using methods similar to debt securities are categorized in level 2. The fair value of equity securities in which observable inputs are unavailable are categorized in level 3.

Short-term investments. Short-term investments are valued using amortized cost, which approximates fair value. To the extent the inputs are observable and timely the values would be categorized in level 2 of the fair value hierarchy.

Forwards are valued at the unrealized gain or loss on the contract as measured by the difference between the forward exchange rates at the date of entry into the contract and the forward rates at the reporting date. Forwards are categorized in level 2 of the fair value hierarchy.

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The following is a summary of the inputs used as of September 30, 2010 in valuing the Fund's investments:

| | Level 1 Quoted Prices (000 s) | Level 2 Significant Observable Inputs (000 s) | Level 3 Significant Unobservable Inputs (000 s) | Total Value (000 s) |
|---------------------------------------|--|---|---|------------------------|
| Investments | | | | |
| Debt Securities* | \$ | \$ | 301,597 | \$ 301,597 |
| Preferred Stock | | | | |
| Automotive | | 432 | | 432 |
| Broadcasting and Entertainment | | 332 | | 332 |
| Building and Real Estate | | | | |
| Electronics | | 2,738 | | 2,738 |
| Finance | | 2,678 | | 2,678 |
| Telecommunications | | 37 | | 37 |
| Common Stock | | | | |
| B&G Foods, Inc. | 481 | | | 481 |
| Smurfit - Stone Container Corporation | 603 | | | 603 |

Note 1 to Schedule of Investments **Continued**
September 30, 2010 (Unaudited)

| | Level 1 Quoted Prices (000 s) | Level 2 Significant Observable Inputs (000 s) | Level 3 Significant Unobservable Inputs (000 s) | Total Value (000 s) |
|-------------------------------------|--|---|---|------------------------|
| Short-Term Investment | \$ | \$ 5,740 | \$ | \$ 5,740 |
| Total Investments | \$ 1,084 | \$ 313,554 | \$ | \$ 314,638 |
| Forward Currency Exchange Contracts | \$ | \$ (573) | \$ | \$ (573) |

* Debt Securities All are level 2. Type of debt and industries are shown on the Schedule of Investments.

The following is a reconciliation of Fund investments using Level 3 inputs for the period:

| | Equity Securities |
|--|----------------------|
| Balance, December 31, 2009 | \$ 230,000 |
| Net purchases (sales) | (111,000) |
| Change in unrealized appreciation (depreciation) | 2,397,000 |
| Realized gain (loss) | (2,184,000) |
| Transfers out of Level 3 to Level 2 | (332,000) |
| Balance, September 30, 2010 | \$ |

Transfers between levels are recognized at the end of the reporting period. During the nine months ended September 30, 2010, the Fund recognized no significant transfers to/from Level 1 or Level 2.

Item 2.

(a) The registrant's President and Treasurer have concluded that the registrant's disclosure controls and procedures (as defined in rule 30a-3(c) under the Investment Company Act of 1940 (the "Act")) are effective, based on their evaluation of these disclosure controls and procedures required by Rule 30a-3(b) as of a date within 90 days of the filing date of this report.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in rule 30a-3(d) under the Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3.

Certifications as required by Rule 30a-2(a) under the Act are attached hereto.
