Semi-Annual Report

April 30, 2013

Investment Products Offered

- Are Not FDIC Insured
- May Lose Value
- Are Not Bank Guaranteed

Investors should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. For copies of our prospectus or summary prospectus, which contain this and other information, visit us online at www.alliancebernstein.com or contact your AllianceBernstein Investments representative. Please read the prospectus and/or summary prospectus carefully before investing.

This shareholder report must be preceded or accompanied by the Fund's prospectus for individuals who are not current shareholders of the Fund.

You may obtain a description of the Fund's proxy voting policies and procedures, and information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, without charge. Simply visit AllianceBernstein's website at www.alliancebernstein.com, or go to the Securities and Exchange Commission's (the "Commission") website at www.sec.gov, or call AllianceBernstein at (800) 227-4618.

The Fund files its complete schedule of portfolio holdings with the Commission for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the Commission's website at www.sec.gov. The Fund's Forms N-Q may also be reviewed and copied at the Commission's Public Reference Room in Washington, DC; information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. AllianceBernstein publishes full portfolio holdings for the Fund monthly at www.alliancebernstein.com.

AllianceBernstein Investments, Inc. (ABI) is the distributor of the AllianceBernstein family of mutual funds. ABI is a member of FINRA and is an affiliate of AllianceBernstein L.P., the manager of the funds.

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Semi-Annual Report

This report provides management's discussion of fund performance for AllianceBernstein High Income Fund (the "Fund") for the semi-annual reporting period ended April 30, 2013.

Investment Objectives and Policies

The Fund's investment objective is to seek to maximize total returns from price appreciation and income.

The Fund pursues income opportunities from government, corporate, emerging market and high-yield sources. It has the flexibility to invest in a broad range of fixed-income securities in both developed and emerging market countries. The Fund's investments may include U.S. and non-U.S. corporate debt securities and sovereign debt securities. The Fund may invest, without limitation, in either U.S. dollar-denominated fixed-income securities.

The Fund may invest in debt securities with a range of maturities from short-to long-term. Substantially all of the Fund's assets may be invested in lower-rated securities, which may include securities having the lowest rating for non-subordinated debt instruments (i.e., rated C by Moody's Investors Service or CCC+ or lower by Standard & Poor's Ratings Services and Fitch Ratings) and unrated securities of equivalent investment quality. The Fund also may invest in investment-grade securities and unrated securities.

The Fund may invest in mortgagerelated and other asset-backed securities, loan participations, inflation-protected securities, structured securities, variable, floating, and inverse floating rate instruments and preferred stock, and may use other investment techniques. The Fund may also make short sales of securities or maintain a short position. The Fund may use borrowings or other leverage for investment purposes. The Fund intends, among other things, to enter into transactions such as reverse repurchase agreements and dollar rolls. The Fund may invest, without limit, in derivatives, such as options, futures, forwards or swap agreements.

Investment Results

The table on page 6 shows the Fund's performance compared with its composite benchmark, which is composed of equal weightings of the J.P. Morgan Emerging Markets Bond Index Global ("JPM EMBI Global"), the J.P. Morgan Government Bond Index-Emerging Markets ("JPM GBI-EM") (local currency- denominated) and the Barclays U.S. Corporate High Yield ("HY") 2% Issuer Capped Index for the six- and 12-month periods ended April 30, 2013. Individual performance for each of these indices is also included for both time periods. The Fund is also compared to its broad-based benchmark, the JPM EMBI Global, which tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities.

All share classes of the Fund delivered positive returns and outperformed the composite benchmark for both periods, before sales charges. The Fund's nominal and synthetic high-yield exposure and positive security selection were primary positive drivers of performance. Strong security selection across many corporate industries, particularly the

financial. consumer non-cyclical, technology and media sectors, added to returns. Non-benchmark sectors, including commercial mortgage-backed secu-("CMBS") rities and non-agency mortgages-were also additive for both periods. while an allocation investment-grade corporates was positive for the 12-month period only. Corporate positions in both Brazil and Russia were beneficial to returns for the six-month period. Within the Fund's U.S. dollardenominated emerging market holdings, exposure to the Ivory Coast, which outperformed, contributed to performance while an underweight to Venezuela detracted.

As fixed-income credit markets moved in a positive direction during both periods, the Fund's use of leverage added to returns; the Fund utilized leverage through reverse repurchase agreements at favorable rates and was able to reinvest the proceeds into higher yielding securities. Within the Fund's derivative positions, credit default swaps were utilized as both a hedge against cash positions and to add credit exposure. Currency options were utilized to hedge against market conditions of various countries, as well as equity derivatives as a hedge against the high-vield market, which had an immaterial impact on performance. The Fund utilized currency forwards for both hedging and investment purposes; overall currency positioning detracted for both periods. The Fund also utilized interest rate swaps to manage overall yield curve positioning and to offset credit exposure, which supported the Fund's positive returns.

Market Review and Investment Strategy

bond markets Global equity and advanced during the six-month period ended April 30, 2013, largely driven by improved investor sentiment and the gradual return to riskier assets. U.S. fixedincome markets posted positive returns for the six-month period with credit sectors outperforming government bonds. Spreads in non-government sectors continued to tighten with investment-grade corporates, particularly financials, performing well. High-yield corporates posted strong returns as risk aversion ebbed and investors reached for yield.

During the six-month period, the highvield sector delivered 7.26% as measured by the Barclays U.S. Corporate HY 2% Issuer Capped Index, with lower-rated bonds generally outperforming their higher-rated counterparts and financials generally outperforming industrials and utilities. Meanwhile, emerging market U.S. dollar-denominated debt posted 2.97% as measured by JP Morgan EMBI Global. Here, Belize, Venezuela and the Ivory Coast were among the top performers; on the other end of the spectrum, Argentina declined. Local emerging market debt (unhedged in U.S. dollars) returned 9.26%, as measured by the JP Morgan GBI-EM Index; Mexico was the top performer, while Brazil underperformed.

The Fund continued to be overweight corporate high-yield debt and underweight both U.S. dollar-denominated and local emerging market debt during the sixmonth period. The Global Fixed Income Investment Team and Global Credit Investment Team (collectively, the

"Teams") believed corporate high-yield bonds continued to present the best risk/ return opportunity in the global high-vield space, given both solid fundamentals and strong technicals. Within this sector, the Teams continued to favor high-vield securities that appeared undervalued and favored higher-quality issuers relative to CCC-rated bonds. The Teams also continued to generally favor U.S. corporates over European corporates and remained cautious on peripheral Europe. Within emerging market hard currency debt, the Fund was underweight the sector as a whole, but employed a well-diversified mix of sovereign, quasi-sovereign and corporate issues to add value. Although emerging market fundamentals in investment-grade countries were generally favorable, their lower relative yields did not make them attractive in the Teams' view. Conversely, opportunities were limited in higheryielding non-investment grade countries amid fundamental and political concerns. Overall exposure to emerging market currencies within the Fund remained very low.

In the Teams' view, U.S. monetary policy could create additional market uncertainty in the coming year, as the

U.S. Federal Reserve (the "Fed") reverses certain of the measures taken as a result of the 2008 global financial crisis. The Federal Funds rate has been reduced to near zero percent and the Fed has, among other actions taken, purchased U.S. Treasury and mortgagebacked securities. The latter is commonly referred to as Quantitative Easing ("OE"). These policies have been beneficial to fixed-income securities. including the higher-yielding fixedincome securities held in this Fund. When the Fed removes certain of these measures, there may be downward pressure on prices of fixed-income securities, including those held in the Fund. Additionally, higher short-term interest rates may impact the attractiveness of certain techniques used to leverage the Fund and could result in increased costs of leverage. The timing and the reversal of QE and the potential increase of the Federal Funds rate may impact the net asset value ("NAV") of this Fund. The Fund is most sensitive to credit risk and is managed to attempt to reduce the impact of higher interest rates on NAV. These and other risks to the Fund are discussed further in this report.

DISCLOSURES AND RISKS

Benchmark Disclosure

The unmanaged JPM® EMBI Global, the JPM® GBI-EM and the Barclays U.S. Corporate HY 2% Issuer Capped Index do not reflect fees and expenses associated with the active management of a mutual fund portfolio. The unmanaged JPM EMBI Global (market-capitalization weighted) represents the performance of U.S. dollar-denominated Brady bonds, Eurobonds, and trade loans issued by sovereign and quasi-sovereign entities. The JPM GBI-EM represents the performance of local currency government bonds issued by emerging markets. The Barclays U.S. Corporate HY 2% Issuer Capped Index is the 2% Issuer Capped component of the U.S. Corporate HY Index. The Barclays U.S. Corporate HY Index represents the performance of fixed-income securities having a maximum quality rating of Ba1, a minimum amount outstanding of \$150 million and at least 1 year to maturity. An investor cannot invest directly in an index or average, and their results are not indicative of the performance for any specific investment, including the Fund.

A Word About Risk

Market Risk: The value of the Fund's assets will fluctuate as the stock or bond market fluctuates. The value of its investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events that affect large portions of the market.

Interest Rate Risk: Changes in interest rates will affect the value of investments in fixed-income securities. When interest rates rise, the value of investments in fixed-income securities tends to fall and this decrease in value may not be offset by higher income from new investments. Interest rate risk is generally greater for fixed-income securities with longer maturities or durations.

Duration Risk: Duration is a measure that relates the expected price volatility of a fixed-income security to changes in interest rates. The duration of a fixed-income security may be shorter than or equal to full maturity of a fixed-income security. Fixed-income securities with longer durations have more risk and will decrease in price as interest rates rise. For example, a fixed-income security with a duration of three years will decrease in value by approximately 3% if interest rates increase by 1%.

Credit Risk: An issuer or guarantor of a fixed-income security, or the counterparty to a derivatives or other contract, may be unable or unwilling to make timely payments of interest or principal, or to otherwise honor its obligations. The issuer or guarantor may default causing a loss of the full principal amount of a security. The degree of risk for a particular security may be reflected in its credit rating. There is the possibility that the credit rating of a fixed-income security may be downgraded after-purchase, which may adversely affect the value of the security.

Below Investment Grade Securities: Investments in fixed-income securities with lower ratings (commonly known as "junkbonds") tend to have a higher probability that an issuer will default or fail to meet its payment obligations. These securities may be subject to greater price volatility due to such factors as specific corporate developments, interest rate sensitivity, negative perceptions of the junk bond market generally and less secondary market liquidity.

Inflation Risk: This is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money. As inflation increases, the value of the Fund's assets can decline as can the value of the Fund's distributions. This risk is significantly greater if the Fund invests a significant portion of its assets in fixed-income securities with longer maturities.

Foreign (Non-U.S.) Risk: Investments in securities of non-U.S. issuers may involve more risk than those of U.S. issuers. These securities may fluctuate more widely in price and may be less liquid due to adverse market, economic, political, regulatory or other factors.

(Disclosures, Risks and Note about Historical Performance continued on next page)

DISCLOSURES AND RISKS

(continued from previous page)

Emerging Market Risk: Investments in emerging market countries may have more risk because the markets are less developedand less liquid as well as being subject to increased economic, political, regulatory or other uncertainties.

Currency Risk: Fluctuations in currency exchange rates may negatively affect the value of the Fund's investments or reduce its returns.

Leverage Risk: To the extent the Fund uses leveraging techniques, its net asset value ("NAV") may be more volatile becauseleverage tends to exaggerate the effect of changes in interest rates and any increase or decrease in the value of the Fund's investments.

Derivatives Risk: Investments in derivatives may be illiquid, difficult to price, and leveraged so that small changes may producedisproportionate losses for the Fund, and may be subject to counterparty risk to a greater degree than more traditional investments.

Management Risk: The Fund is subject to management risk because it is an actively managed investment fund. The Adviserwill apply its investment techniques and risk analyses in making investment decisions, but there is no guarantee that its techniqueswill produce the intended results.

These risks are fully discussed in the Fund's prospectus.

An Important Note About Historical Performance

The investment return and principal value of an investment in the Fund will fluctuate, so that shares, when redeemed, may be worth more or less than theiroriginal cost. Performance shown on the following pages represents past performanceand does not guarantee future results. Current performance may belower or higher than the performance information shown. You may obtain performance information current to the most recent month-end by visiting www.alliancebernstein.com.

All fees and expenses related to the operation of the Fund have been deducted. NAV returns do not reflect sales charges; if sales charges were reflected, the Fund's quoted performance would be lower. SEC returns reflect the applicable sales charges for each share class: a 4.25% maximum front-end sales charge for Class A shares; the applicable contingent deferred sales charge for Class B shares (3% year 1, 2% year 2, 1% year 3); a 1% 1-year contingent deferred sales charge for Class C shares. Returns for the different share classes will vary due to different expenses associated with each class. Performance assumes reinvestment of distributions and does not account for taxes.

HISTORICAL PERFORMANCE

THE FUND VS. ITS BENCHMARK	NAV F	Returns
PERIODS ENDED APRIL 30, 2013	6 Months	12 Months
AllianceBernstein High Income Fund		
Class A	8.28%	16.25%
Class B*	7.95%	15.40%
Class C	7.93%	15.37%
Advisor Class**	8.44%	16.46%
Class R**	8.08%	15.82%
Class K**	8.29%	16.11%
Class I**	8.58%	16.63%
Composite Benchmark: 33% JPM EMBI Global/33% JPM GBI-EM/33% Barclays U.S. Corporate		
2% Issuer Capped Index	6.49%	12.94%
JPM EMBI Global	2.97%	11.60%
JPM GBI-EM	9.26%	12.91%
Barclays U.S. Corporate HY		
2% Issuer Capped Index	7.26%	13.95%

^{*} Effective January 31, 2009, Class B shares are no longer available for sale to new investors. Please see Note A for additional information.

Please keep in mind that high, double-digit returns are highly unusual and cannot be sustained. Investors should also be aware that these returns were primarily achieved during favorable market conditions.

See Disclosures, Risks and Note about Historical Performance on pages 4-5.

(Historical Performance continued on next page)

^{**} Please note that these share classes are for investors purchasing shares through accounts established under certain fee-based programs sponsored and maintained by certain broker-dealers and financial intermediaries, institutional pension plans and/or investment advisory clients of, and certain other persons associated with, the Adviser and its affiliates or the Fund.

HISTORICAL PERFORMANCE

(continued from previous page)

AVERAGE ANNUAL RETURNS AS OF APRIL 30, 2013

	NAV Returns	SEC Returns	SEC Yields*
Class A Shares 1 Year 5 Years 10 Years	16.25% 12.02% 11.78%	11.32% 11.05% 11.31%	4.77%
Class B Shares 1 Year 5 Years 10 Years ^(a)	15.40% 11.17% 11.25%	12.40% 11.17% 11.25%	4.24%
Class C Shares 1 Year 5 Years 10 Years	15.37% 11.11% 10.91%	14.37% 11.11% 10.91%	4.22%
Advisor Class Shares‡ 1 Year 5 Years Since Inception†	16.46% 12.37% 11.83%	16.46% 12.37% 11.83%	5.27%
Class R Shares [‡] 1 Year 5 Years Since Inception [†]	15.82% 11.76% 11.22%	15.82% 11.76% 11.22%	4.60%
Class K Shares‡ 1 Year 5 Years Since Inception†	16.11% 12.07% 11.54%	16.11% 12.07% 11.54%	4.94%
Class I Shares‡ 1 Year 5 Years Since Inception†	16.63% 12.39% 11.88%	16.63% 12.39% 11.88%	5.32%

The Fund's current prospectus fee table shows the Fund's total annual operating expense ratios as 0.91%, 1.64%, 1.61%, 0.60%, 1.26%, 0.93% and 0.56% for Class A, Class B, Class C, Advisor, Class R, Class K and Class I shares, respectively. The Financial Highlights section of this report sets forth expense ratio data for thecurrent reporting period; the expense ratios shown above may differ from theexpense ratios in the Financial Highlights sections since they are based on differenttime periods.

- * SEC yields are calculated based on SEC guidelines for the 30-day period ended April 30, 2013.
- (a) Assumes conversion of Class B shares into Class A shares after six years.
- these share classes are offered at NAV to eligible investors and their SEC returns are the same as their NAV returns. Please note that these share classes are for investors purchasing shares through accounts established under certain fee-based programs sponsored and maintained by certain broker-dealers and financial intermediaries, institutional pension plans and/or investment advisory clients of and certain other persons associated with, the Adviser and its affiliates or the Fund. The inception date for these share classes is listed below.
- † Inception date: 1/28/2008.

See Disclosures, Risks and Note about Historical Performance on pages 4-5.

(Historical Performance continued on next page)

HISTORICAL PERFORMANCE

(continued from previous page)

SEC AVERAGE ANNUAL RETURNS (WITH ANY APPLICABLE SALES CHARGES) AS OF THE MOST RECENT CALENDAR QUARTER-END (MARCH 31, 2013)

	SEC Returns
Class A Shares 1 Year 5 Years 10 Years	9.90% 11.19% 11.83%
Class B Shares 1 Year 5 Years 10 Years ^(a)	10.96% 11.30% 11.78%
Class C Shares 1 Year 5 Years 10 Years	12.92% 11.27% 11.43%
Advisor Class Shares [‡] 1 Year 5 Years Since Inception [†]	15.11% 12.53% 11.58%
Class R Shares [‡] 1 Year 5 Years Since Inception [†]	14.35% 11.89% 10.98%
Class K Shares [‡] 1 Year 5 Years Since Inception [†]	14.76% 12.21% 11.29%
Class I Shares [‡] 1 Year 5 Years Since Inception [†]	15.16% 12.53% 11.61%

See Disclosures, Risks and Note about Historical Performance on pages 4-5.

⁽a) Assumes conversion of Class B shares into Class A shares after six years.

[‡] Please note that these share classes are for investors purchasing shares through accounts established under certain fee-based programs sponsored and maintained by certain broker-dealers and financial intermediaries, institutional pension plans and/or investment advisory clients of, and certain other persons associated with, the Adviser and its affiliates or the Fund. The inception date for these share classes is listed below.

[†] Inception date: 1/28/2008.

EXPENSE EXAMPLE

(unaudited)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments, contingent deferred sales charges on redemptions and (2) ongoing costs, including management fees; distribution (12b-1) fees; and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period as indicated below.

Actual Expenses

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed annual rate of return of 5% before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds by comparing this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

	Acco	ginning ount Value ober 1, 2012	Ending count Value ril 30, 2013	nses Paid g Period*	Annualized Expense Ratio*
Class A					
Actual	\$	1,000	\$ 1,082.80	\$ 4.49	0.87%
Hypothetical**	\$	1,000	\$ 1,020.48	\$ 4.36	0.87%
Class B					
Actual	\$	1,000	\$ 1,079.50	\$ 8.15	1.58%
Hypothetical**	\$	1,000	\$ 1,016.96	\$ 7.90	1.58%
Class C					
Actual	\$	1,000	\$ 1,079.30	\$ 8.09	1.57%
Hypothetical**	\$	1,000	\$ 1,017.01	\$ 7.85	1.57%
Advisor Class					
Actual	\$	1,000	\$ 1,084.40	\$ 2.95	0.57%
Hypothetical**	\$	1,000	\$ 1,021.97	\$ 2.86	0.57%
Class R					
Actual	\$	1,000	\$ 1,080.80	\$ 6.45	1.25%
Hypothetical**	\$	1,000	\$ 1,018.60	\$ 6.26	1.25%
Class K					
Actual	\$	1,000	\$ 1,082.90	\$ 4.49	0.87%
Hypothetical**	\$	1,000	\$ 1,020.48	\$ 4.36	0.87%
Class I					
Actual	\$	1,000	\$ 1,085.80	\$ 2.64	0.51%
Hypothetical**	\$	1,000	\$ 1,022.27	\$ 2.56	0.51%

^{*} Expenses are equal to the classes' annualized expense ratios of, respectively, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

^{**} Assumes 5% annual return before expenses.

PORTFOLIO SUMMARY

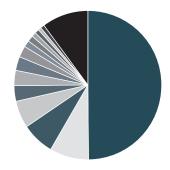
April 30, 2013 (unaudited)

PORTFOLIO STATISTICS

Net Assets (\$mil): \$6,109.5



- 49.9% Corporates Non-Investment Grades
- 8.5% Corporates Investment Grades
- 7.2% Governments Treasuries
- 5.9% Collateralized Mortgage Obligations
- 3.4% Emerging Markets -Corporate Bonds
- 3.3% Bank Loans
- 3.0% Emerging Markets -Sovereigns
- 2.5% Commercial Mortgage-Backed Securities
- 1.4% Preferred Stocks
- 1.3% Quasi-Sovereigns
- 1.0% Emerging Markets Treasuries
- 0.9% Local Governments -Municipal Bonds
- 0.7% Governments -Sovereign Agencies
- 0.8% Other
- 10.2% Short-Term



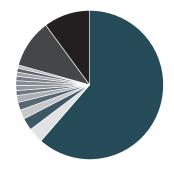
* All data are as of April 30, 2013. The Fund's security type breakdown is expressed as a percentage of total investments and may vary over time. The Fund also enters into derivative transactions, which may be used for hedging or investment purposes (see "Portfolio of Investments" section of the report for additional details). "Other" securities type weightings represents 0.3% or less in the following security types: Asset-Backed Securities, Common Stocks, Governments – Sovereign Bonds, Inflation-Linked Securities, Local Governments – Regional Bonds, Options Purchased – Puts, Supranationals and Warrants.

PORTFOLIO SUMMARY

April 30, 2013 (unaudited)

COUNTRY BREAKDOWN*

- 61.5% United States
- 3.3% United Kingdom
- 2.7% Brazil
- 2.0% Russia
- 1.7% Luxembourg
- 1.5% Canada
- 1.1% France
- 1.1% Netherlands
- 1.0% Germany
- 1.0% Turkey
- 0.9% Switzerland
- 0.8% Argentina
- 0.7% Dominican Republic
- 10.5% Other
- 10.2% Short-Term



* All data are as of April 30, 2013. The Fund's country breakdown is expressed as a percentage of total investments and may vary over time. The Fund also enters into derivative transactions, which may be used for hedging or investment purposes (see "Portfolio of Investments" section of the report for additional details). "Other" country weightings represent 0.7% or less in the following countries: Australia, Austria, Barbados, Belgium, Bermuda, Cayman Islands, Chile, China, Colombia, Costa Rica, Croatia, Czech Republic, Denmark, El Salvador, Gabon, Ghana, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Italy, Ivory Coast, Jamaica, Japan, Kazakhstan, Mexico, Nigeria, Norway, Peru, Philippines, Portugal, Serbia, Singapore, South Africa, Spain, Supranational, Sweden, Trinidad & Tobago, Ukraine, United Arab Emirates, Uruguay, Venezuela and Virgin Islands (BVI).

PORTFOLIO OF INVESTMENTS April 30, 2013 (unaudited)

		ncipal nount (000)	U.S. \$ Value
CORPORATES – NON-INVESTMENT GRADES – 51.2%			
Industrial – 43.6%			
Basic – 4.0%			
Ainsworth Lumber Co., Ltd. 7.50%, 12/15/17 ^(a)	1100	2,064 \$	2,249,760
AK Steel Corp.	υ.σ.φ	Ζ,004 ψ	2,249,700
7.625%, 5/15/20 ^(b)		3,535	3,066,613
8.75%, 12/01/18 ^(a)		3,402	3,776,220
Aleris International, Inc.		0,102	0,110,220
7.625%, 2/15/18		5,443	5,878,440
7.875%, 11/01/20		6,095	6,597,837
Appleton Papers, Inc.		-,	-,,
10.50%, 6/15/15 ^(a)		2,150	2,273,625
ArcelorMittal			
6.75%, 2/25/22 ^(b)		7,500	8,226,532
9.50%, 2/15/15 ^(b)		730	824,288
ArcelorMittal USA LLC			
6.50%, 4/15/14		1,565	1,627,838
Arch Coal, Inc.			
7.00%, 6/15/19 ^(b)		3,500	3,246,250
7.25%, 6/15/21 ^(b)		4,402	4,027,830
8.75%, 8/01/16		1,675	1,742,000
Ashland, Inc.		1 000	1 001 000
4.75%, 8/15/22 ^(a)		1,800	1,881,000
Banc of America Axiall Corp. 4.875%, 5/15/23 ^(a)		814	850,630
Calcipar SA		014	000,000
6.875%, 5/01/18 ^(a)		1,301	1,390,444
Celanese US Holdings LLC		1,001	1,000,111
4.625%, 11/15/22		2,500	2,575,000
6.625%, 10/15/18		644	703,570
Commercial Metals Co.			,-
6.50%, 7/15/17		3,844	4,209,180
7.35%, 8/15/18		2,644	2,921,620
Consol Energy, Inc.			
8.00%, 4/01/17		2,000	2,165,000
8.25%, 4/01/20		3,000	3,360,000
Eagle Spinco, Inc.			
4.625%, 2/15/21 ^(a)		584	613,200
GrafTech International Ltd.		4.00.4	4.405.000
6.375%, 11/15/20 ^(a)		4,224	4,435,200
Huntsman International LLC		0.000	4 405 000
8.625%, 3/15/21		3,900	4,485,000
Ineos Finance PLC 8.375%, 2/15/19 ^(a)		2 500	2 046 050
INEOS Group Holdings SA		3,500	3,946,250
8.50%, 2/15/16(a)(b)		9,341	9,492,791
0.0070, 2/10/10/2/		U,UT I	J,7JZ,1J1

		Principal Amount (000)		U.S. \$ Value
James River Coal Co.				
7.875%, 4/01/19	U.S.\$	600	\$	249,000
JMC Steel Group, Inc.	σ.σ.φ		Ψ	
8.25%, 3/15/18 ^(a)		4,898		5,124,532
10.625%, 2/01/17 ^(a)	EUR	6,635		9,054,714
MacDermid, Inc. 9.50%, 4/15/17 ^(a)	U.S.\$	3,315		3,431,025
Momentive Performance Materials, Inc.				
8.875%, 10/15/20		7,692		8,384,280
11.50%, 12/01/16 ^(c)		2,540		1,676,400
New World Resources NV 7.875%, 5/01/18 ^(a)	EUR	3,221		3,987,382
NOVA Chemicals Corp.				
8.625%, 11/01/19 Novelis, Inc./GA	U.S.\$	2,383		2,695,769
8.75%, 12/15/20		7,000		7,945,000
Orion Engineered Carbons Bondco GmbH 9.625%, 6/15/18 ^(a)		2,183		2,466,790
Peabody Energy Corp.		1 605		1 755 000
6.00%, 11/15/18		1,625 7,901		1,755,000 8,424,441
7.875%, 11/01/26		50		54,125
Penn Virginia Resource Partners LP/Penn		50		04,120
Virginia Resource Finance Corp. II				
8.375%, 6/01/20		6,500		7,028,125
PetroLogistics LP/PetroLogistics		2,200		.,,
Finance Corp.				
6.25%, 4/01/20 ^(a)		2,300		2,334,500
Polypore International, Inc.				
7.50%, 11/15/17 ^(b)		1,635		1,765,800
PQ Corp.				
8.75%, 5/01/18 ^(a)		6,684		7,202,010
Rain CII Carbon LLC/CII Carbon Corp.		0.500		0.000.750
8.00%, 12/01/18 ^(a)		2,500		2,668,750
8.25%, 1/15/21 ^(a)		1,333		1,449,638
Ryerson, Inc./Joseph T Ryerson & Son, Inc.				
9.00%, 10/15/17 ^(a)		10,320		11,248,800
11.25%, 10/15/18 ^(a)		6,286		6,788,880
Sappi Papier Holding GmbH		0,200		0,100,000
7.75%, 7/15/17 ^(a)		3,084		3,430,950
Smurfit Kappa Acquisitions 7.75%, 11/15/19 ^(a)	EUR	3,440		4,992,173
SPCM SA	LOIT	0,440		4,002,170
5.50%, 6/15/20		8,130		11,670,416
Steel Dynamics, Inc. 5.25%, 4/15/23 ^(a)	U.S.\$	3,955		4,093,425
6.125%, 8/15/19 ^(a)	υ.υ.ψ	800		876,000
6.375%, 8/15/22 ^(a)		4,626		5,065,470
		.,-20		-,,

		Principal Amount (000)	U	.S. \$ Value
		(5.5.5)		
7.625%, 3/15/20	U.S.\$	2,500	\$	2,800,000
Thompson Creek Metals Co., Inc. 9.75%, 12/01/17		4,384		4,679,920
TPC Group, Inc.		7,007		4,070,020
8.75%, 12/15/20 ^(a)		11,318		11,940,490
United States Steel Corp.		4.027		0.700.040
6.65%, 6/01/37 US Coatings Acquisition, Inc./Flash Dutch 2 BV		4,037		3,703,948
5.75%, 2/01/21 ^(a)	EUR	1,202		1,685,867
7.375%, 5/01/21 ^(a)	U.S.\$	4,003		4,273,202
Usiminas Commercial Ltd. 7.25%, 1/18/18 ^(a)		0.441		2 704 629
Vedanta Resources PLC		2,441		2,704,628
9.50%, 7/18/18 ^{(a)(b)}		1,900		2,175,500
Verso Paper Holdings LLC/Verso Paper, Inc.		4 700		750 440
8.75%, 2/01/19		1,726		759,440
Capital Goods - 5.2%				47,102,000
Ardagh Glass Finance PLC				
8.75%, 2/01/20 ^(a)	EUR	2,144		3,021,189
Ardagh Packaging Finance PLC	поф	0.050		0.500.075
7.375%, 10/15/17 ^(a)	U.S.\$	2,350 2,500		2,590,875 2,825,000
9.25%, 10/15/20 ^(a)	EUR	1,198		1,751,254
Ardagh Packaging Finance PLC/Ardagh				
MP Holdings USA, Inc. 4.875%, 11/15/22 ^(a)	U.S.\$	588		601,230
5.00%, 11/15/22 ^(a)	EUR	1,957		2,622,373
7.375%, 10/15/17 ^{(a)(b)}		5,500		7,895,115
B/E Aerospace, Inc. 5.25%, 4/01/22	U.S.\$	3,698		3,938,370
6.875%, 10/01/20	υ.υ.φ	2,480		2,783,800
BC Mountain LLC/BC Mountain Finance, Inc.		,		,,
7.00%, 2/01/21 ^(a)		3,200		3,440,000
Berry Plastics Corp. 9.75%, 1/15/21		5,000		5,925,000
Bombardier, Inc.		0,000		0,020,000
5.75%, 3/15/22 ^(a)		5,800		6,198,750
6.125%, 1/15/23 ^(a) 7.45%, 5/01/34 ^(a)		4,000 1,105		4,325,000 1,142,294
7.75%, 3/15/20 ^(a)		2,558		3,031,230
Building Materials Corp. of America				
6.75%, 5/01/21 ^(a)		3,500 1,540		3,876,250 1,663,200
6.875%, 8/15/18 ^(a)		985		1,003,200
7.50%, 3/15/20 ^(a)		1,898		2,097,290

		Principal Amount	
		(000)	U.S. \$ Value
Cemex Espana Luxembourg			
9.25%, 5/12/20 ^(a)	115\$	555 9	610,500
9.875%, 4/30/19 ^{(a)(d)}	Ο.Ο.φ	10,290	11,782,050
Cemex Finance LLC		10,200	11,102,000
9.375%, 10/12/22 ^{(a)(b)}		4,406	5,055,932
Clean Harbors, Inc.		•	, ,
5.125%, 6/01/21 ^(a)		3,417	3,579,307
5.25%, 8/01/20		800	846,000
CNH America LLC			
7.25%, 1/15/16		997	1,119,133
CNH Capital LLC			. ===
6.25%, 11/01/16		1,425	1,578,188
Crown Americas LLC/Crown Americas			
Capital Corp. IV 4.50%, 1/15/23 ^(a)		5,055	5 160 /10
Crown European Holdings SA		5,055	5,162,419
7.125%, 8/15/18 ^(a)	EUR	1,295	1,858,941
GenCorp, Inc.	LOIT	1,200	1,000,011
7.125%, 3/15/21 ^(a)	U.S.\$	2,513	2,707,757
Graphic Packaging International, Inc.	•	,-	, - , -
7.875%, 10/01/18		2,000	2,220,000
9.50%, 6/15/17		480	506,400
Griffon Corp.			
7.125%, 4/01/18		1,604	1,744,350
HD Supply, Inc.		4.000	4 000 000
7.50%, 7/15/20 ^(a)		4,000	4,330,000
10.50%, 1/15/21 11.50%, 7/15/20		14,795	15,516,256
HeidelbergCement Finance		5,038	5,995,220
Luxembourg SA			
8.50%, 10/31/19 ^(a)	EUR	2,420	4,063,449
Huntington Ingalls Industries, Inc.		_,0	.,000, 1.10
6.875%, 3/15/18	U.S.\$	1,511	1,671,544
7.125%, 3/15/21		2,186	2,431,925
Interline Brands, Inc.			
10.00%, 11/15/18 ^{(a)(e)}		5,887	6,541,929
KM Germany Holdings GmbH			
8.75%, 12/15/20 ^(a)	EUR	672	978,091
KUKA AG		4.047	7 000 400
8.75%, 11/15/17 ^(a)		4,917	7,333,439
Lafarge SA 7.125%, 7/15/36	U.S.\$	2,640	2,828,100
Manitowoc Co., Inc. (The)	υ.υ.φ	2,040	2,020,100
5.875%, 10/15/22		3,750	3,993,750
8.50%, 11/01/20		5,474	6,240,360
9.50%, 2/15/18		216	237,600
Masco Corp.			- ,
5.95%, 3/15/22		5,800	6,564,336
6.125%, 10/03/16		2,315	2,603,657

		Principal Amount (000)		U.S. \$ Value
Milesyan I I C/Mayon Finance Cove				
Milacron LLC/Mcron Finance Corp. 7.75%, 2/15/21 ^(a)	U.S.\$	3,458	\$	3,596,320
Nortek, Inc.	Ο.Ο.Φ	0,400	Ψ	0,000,020
8.50%, 4/15/21		6,025		6,732,937
Obrascon Huarte Lain SA				
7.375%, 4/28/15	EUR	2,550		3,639,474
OI European Group BV 6.75%, 9/15/20 ^(a)		1,500		2 206 927
Ply Gem Industries, Inc.		1,500		2,296,827
8.25%, 2/15/18	U.S.\$	3,350		3,668,250
Polymer Group, Inc.	•	-,		-,,
7.75%, 2/01/19		9,800		10,767,750
RBS Global, Inc./Rexnord LLC		0.000		0.005.000
8.50%, 5/01/18		3,000		3,285,000
Rexam PLC 6.75%, 6/29/67 ^(a)	EUR	2,660		3,747,042
Reynolds Group Issuer, Inc./Reynolds Group	LON	2,000		3,747,042
Issuer LLC/Reynolds Group Issuer Lu				
5.75%, 10/15/20	U.S.\$	2,779		2,911,002
7.125%, 4/15/19		712		767,180
7.875%, 8/15/19		4,653		5,211,360
8.25%, 2/15/21 ^(c)		409		434,051
8.50%, 5/15/18 ^(c)		4,050		4,313,250
9.00%, 4/15/19 9.875%, 8/15/19		2,638 6,304		2,849,040 7,076,240
RSI Home Products, Inc.		0,004		7,070,240
6.875%, 3/01/18 ^(a)		5,195		5,422,281
Sealed Air Corp.		-,		-, , -
6.50%, 12/01/20 ^(a)		2,187		2,443,973
6.875%, 7/15/33 ^(a)		8,059		8,139,590
8.125%, 9/15/19 ^(a)		3,870		4,431,150
8.375%, 9/15/21 ^(a)		1,773		2,074,410
Sequa Corp. 7.00%, 12/15/17 ^(a)		3,425		3,476,375
Silver II Borrower/Silver II US		0,420		0,470,070
Holdings LLC				
7.75%, 12/15/20 ^(a)		11,897		12,759,532
SRA International, Inc.				
11.00%, 10/01/19		5,184		5,495,040
Summit Materials LLC/Summit Materials				
Finance Corp. 10.50%, 1/31/20 ^(a)		2,720		3,128,000
Terex Corp.		2,720		3,120,000
6.00%, 5/15/21		4,165		4,477,375
Textron Financial Corp.		,		, ,
6.00%, 2/15/67 ^(a)		125		114,375
TransDigm, Inc.		0.070		7.007.005
7.75%, 12/15/18		6,670		7,387,025
United Rentals North America, Inc.				
7.625%, 4/15/22		4,820		5,530,950
		1,020		0,000,000

		Principal Amount (000)	U.S. \$ Value
8.25%, 2/01/21 8.375%, 9/15/20 ^(b) 10.25%, 11/15/19 USG Corp.	U.S.\$	4,500 5,710 2,000	\$ 5,130,000 6,452,300 2,315,000
6.30%, 11/15/16		1,910	2,034,150
Wienerberger AG 6.50%, 2/09/17	EUR	2,900	3,639,960 316,654,637
Communications - Media - 5.4% Allbritton Communications Co.			
8.00%, 5/15/18 Argiva Broadcast Finance PLC	U.S.\$	8,115	8,804,775
9.50%, 3/31/20 ^(a)	GBP	6,766	11,140,564
8.00%, 4/15/20CCO Holdings LLC/CCO Holdings Capital Corp.	U.S.\$	7,827	9,001,050
5.75%, 1/15/24		1,474 2,070 2,000 2,250 3,780	1,534,803 2,245,950 2,172,500 2,435,625 4,243,050
Cequel Communications Holdings I LLC/ Cequel Capital Corp. 6.375%, 9/15/20 ^(a)		8,697 4,115	9,262,305 4,408,194
Clear Channel Communications, Inc. 7.25%, 10/15/27		2,955 8,037 7,716 385	1,802,550 8,037,000 7,542,390 331,100
Clear Channel Worldwide Holdings, Inc. 6.50%, 11/15/22(a)		8,500	9,093,950
Series A 7.625%, 3/15/20		885	944,738
Series B 7.625%, 3/15/20		6,615	7,127,662
Crown Media Holdings, Inc. 10.50%, 7/15/19		9,278	10,507,335
Cumulus Media Holdings, Inc. 7.75%, 5/01/19 ^(b)		4,005	4,085,100
Dex One Corp. 12.00%, 1/29/17 ^{(e)(f)}		4,337	1,994,883
DigitalGlobe, Inc. 5.25%, 2/01/21 ^(a)		1,534	1,549,340
DISH DBS Corp. 4.625%, 7/15/17 6.75%, 6/01/21 7.125%, 2/01/16		4,000 1,500 1,250	4,060,000 1,620,000 1,381,250

		Principal Amount (000)	U.S. \$ Value
Griffey Intermediate, Inc./Griffey Finance			
Sub LLC			
7.00%, 10/15/20 ^(a)	U.S.\$	10,045	\$ 10,170,562
Hughes Satellite Systems Corp.		F 70F	0.500.407
7.625%, 6/15/21		5,725	6,569,437
Intelsat Jackson Holdings SA		2.500	0.706.050
6.625%, 12/15/22 ^{(a)(b)} 7.25%, 10/15/20		2,500 7,625	2,706,250 8,463,750
7.50%, 4/01/21		1,965	2,215,538
Intelsat Luxembourg SA		1,905	2,210,000
7.75%, 6/01/21 ^(a)		4,400	4,642,000
7.7070, 0/01/21 ^(a)			, ,
8.125%, 6/01/23 ^(a)		2,067	2,201,355
11.25%, 2/04/17		3,068	3,267,420
Lamar Media Corp.		0.714	2 770 005
5.00%, 5/01/23		3,714	3,778,995
5.875%, 2/01/22		4,000	4,375,000
7.875%, 4/15/18		1,000	1,092,500
Liberty Interactive LLC		1 1 1 5	1 1 10 15 1
5.70%, 5/15/13		1,145	1,146,454
LIN Television Corp.		0.001	0 570 005
6.375%, 1/15/21 ^(a)		2,391	2,570,325
8.375%, 4/15/18		2,750	2,983,750
Local TV Finance LLC		0.000	0.000.400
9.25%, 6/15/15 ^(a)		3,360	3,368,400
Lynx II Corp.		1 007	1 050 070
6.375%, 4/15/23 ^(a)	ODD	1,807	1,956,078
7.00%, 4/15/23 ^(a)	GBP	2,085	3,413,756
McClatchy Co. (The)	шоф	4.000	4.050.000
9.00%, 12/15/22 ^(a)	U.S.\$	4,228	4,650,800
Mediacom LLC/Mediacom Capital Corp.		065	1 000 005
7.25%, 2/15/22		965	1,066,325
9.125%, 8/15/19		1,800	2,011,500
New York Times Co. (The)		0.000	0.450.050
6.625%, 12/15/16		2,200	2,450,250
Nexstar Broadcasting, Inc.		0.007	0.500.655
6.875%, 11/15/20 ^(a)		3,287	3,500,655
Nexstar Broadcasting, Inc./Mission			
Broadcasting, Inc.		0.004	0.010.005
8.875%, 4/15/17		2,021	2,212,995
Norcell 1B AB	ELID	0.000	11 510 110
12.40%, 12/01/19 ^{(a)(a)}	EUR	8,368	11,516,148
Numericable Finance & Co., SCA		0.700	4.040.400
12.375%, 2/15/19 ^{(a)(b)}		2,700	4,249,139
Quebecor Media, Inc.	шоф	0.500	0.500.407
7.75%, 3/15/16	U.S.\$	3,530	3,596,187
RR Donnelley & Sons Co.		4.004	E 004 007
7.25%, 5/15/18		4,801	5,221,087
8.25%, 3/15/19		3,000	3,345,000
Sinclair Television Group, Inc.		0.010	0.050.005
5.375%, 4/01/21 ^(a)		3,218	3,258,225

		Principal Amount (000)	U.S. \$ Value
6.125%, 10/01/22 ^(a)	U.S.\$	7,058 1,710 3,430	\$ 7,481,480 1,906,650 3,721,550
5.25%, 8/15/22 ^(a)		4,526 3,500	4,673,095 3,920,000
5.75%, 9/25/15 ^{(g)(h)}	EUR	925	1,218
6.625%, 2/15/21 ^(a)		5,000	7,012,759
6.375%, 11/15/20 ^(a)		2,500	3,514,610
9.00%, 4/01/19@ Unitymedia Hessen GmbH & Co. KG/ Unitymedia NRW GmbH	U.S.\$	3,021	3,300,442
5.50%, 9/15/22 ^(a) 5.50%, 1/15/23 ^(a) 7.50%, 3/15/19 ^(a)	EUR U.S.\$	3,000 8,392 1,029	4,019,990 8,685,720 1,129,328
7.50%, 3/15/19 ^(a)	EUR	1,263	1,820,324
6.75%, 9/15/22 ^(a)	U.S.\$	6,505 7,395 3,015 7,615	7,220,550 8,079,037 3,391,875 8,490,725
UPC Holding BV 6.375%, 9/15/22 ^(a) 8.375%, 8/15/20 ^(a) UPCB Finance III Ltd.	EUR	4,000 3,000	5,333,647 4,404,408
6.625%, 7/01/20 ^(a)	U.S.\$	2,615	2,843,813
7.625%, 1/15/20 ^(a)	EUR	1,600	2,291,493
6.875%, 1/15/22 ^(a)	U.S.\$	1,700	1,865,750
6.625%, 2/01/21 Virgin Media Finance PLC		1,325	1,404,500
8.375%, 10/15/19 XM Satellite Radio, Inc.		4,650	5,248,687
7.625%, 11/01/18 ^(a)		1,345	1,482,863 330,570,509
Communications - Telecommunications - 2.9% CenturyLink, Inc. Series V			
5.625%, 4/01/20		4,500	4,804,402
8.25%, 10/15/17		1,001 1,600	1,071,070 1,716,000

		Principal Amount (000)	U.S. \$ Value
0.750/_0/45/40/5	шоф	4.050 A	4 740 000
8.75%, 3/15/18 ^(b)	U.S.\$	4,650 \$	4,743,000
12.00%, 12/01/15 ^(a)		5,640	6,034,800
7.75%, 10/15/20 ^(b)		3,770	3,835,975
5.25%, 1/15/23		6,667 2,500	6,983,682 2,743,750
9.50%, 4/29/18 ^(f)	CAD	2,500	2,368,356
Digicel Ltd. 6.00%, 4/15/21 ^(a)	U.S.\$	3,750	3,759,375
eAccess Ltd. 8.25%, 4/01/18(a)		3,648	4,094,880
Frontier Communications Corp. 7.125%, 1/15/23 ^(b) 7.625%, 4/15/24 8.125%, 10/01/18 8.50%, 4/15/20 9.00%, 8/15/31		1,250 2,001 1,600 1,650 1,600	1,293,750 2,086,043 1,856,000 1,897,500 1,668,000
Level 3 Communications, Inc. 8.875%, 6/01/19 ^(a) Level 3 Financing, Inc.		3,207	3,543,735
7.00%, 6/01/20 ^(a)		7,000 3,465 4,135 2,200	7,402,500 3,915,450 4,662,212 2,422,750
6.625%, 11/15/20 6.625%, 4/01/23(a) 7.875%, 9/01/18 Mobile Challenger Intermediate Group SA		6,311 1,168 3,000	6,831,657 1,255,600 3,303,750
8.75%, 3/15/19(a)(a)(b)(b)(b)(b)(b)(c)(b)(c)(c)(c)(c)(c)(c)(c)(c)(c)(c)(c)(c)(c)	CHF EUR	2,250 1,800	2,450,124 2,406,068
8.625%, 6/22/20 ^(a)	U.S.\$	4,400	5,533,000
PAETEC Holding Corp. 9.875%, 12/01/18		2,675	3,076,250
Portugal Telecom International Finance BV 5.625%, 2/08/16	EUR	6,700	9,441,250
SBA Communications Corp. 5.625%, 10/01/19 ^(a)	U.S.\$	3,846	4,047,915
SBA Telecommunications, Inc. 5.75%, 7/15/20(a)		2,174	2,315,310
Sprint Capital Corp. 6.875%, 11/15/28 Sprint Nextel Corp.		1,142	1,167,695
6.00%, 11/15/22		5,250	5,473,125

		Principal Amount (000)	U.S. \$ Value
Sunrise Communications Holdings SA			
8.50%, 12/31/18 ^(a)	EUR	2,500	\$ 3,572,227
7.00%, 12/31/17 ^(a)		800	1,132,577
tw telecom holdings, Inc. 5.375%, 10/01/22	U.S.\$	4,964	5,199,790
8.00%, 3/01/18		4,824	5,234,040
Escrow Corp.		E 000	E 222 E20
8.125%, 9/01/20 ^(a) Wind Acquisition Finance SA		5,008	5,333,520
7.25%, 2/15/18 ^(a)		2,931 9,800	3,077,550 10,510,500
Windstream Corp.		,	, ,
6.375%, 8/01/23		3,478 7,575	3,599,730 8,329,562
7.75%, 10/15/20-10/01/21		4,580	5,047,400
8.125%, 8/01/13-9/01/18		3,652	3,862,819
			175,104,689
Consumer Cyclical - Automotive - 1.79 Accuride Corp.	%		
9.50%, 8/01/18 ^(b)		6,051	6,270,349
Affinia Group, Inc. 7.75%, 5/01/21 ^(a)		8,952	9,209,370
9.00%, 11/30/14		4,100	4,110,291
7.125%, 5/15/19 ^(a)		10,299	11,187,289
American Axle & Manufacturing, Inc. 6.625%, 10/15/22 ^(b)		2,925	3,126,094
Banque PSA Finance SA 4.375%, 4/04/16 ^(a)		1,500	1,515,000
Commercial Vehicle Group, Inc.		1,500	1,515,000
7.875%, 4/15/19		4,600	4,692,000
8.00%, 12/15/19		3,000	3,461,250
Dana Holding Corp. 6.50%, 2/15/19		675	729,844
6.75%, 2/15/21		638	698,610
5.875%, 5/15/19		1,278	1,385,032
6.125%, 5/15/21 Exide Technologies		957	1,070,644
8.625%, 2/01/18 ^(b)		4,397	2,940,494
6.75%, 6/01/18		1,640	1,873,700
Goodyear Dunlop Tires Europe BV 6.75%, 4/15/19 ^(a)	EUR	2,100	2,997,490

		Principal Amount (000)	U.S. \$ Value
Goodyear Tire & Rubber Co. (The)			
7.00%, 5/15/22-3/15/28	U.S.\$	700	'
8.75%, 8/15/20		2,829	3,288,712
Meritor, Inc. 4.00%, 2/15/27 ⁽⁾		900	796,500
7.875%, 3/01/26 ^(a)		4,250	4,789,219
8.125%, 9/15/15		2,710	2,926,800
10.625%, 3/15/18		1,500	1,653,750
Navistar International Corp.		7.004	0.004.077
8.25%, 11/01/21 Schaeffler Finance BV		7,934	8,261,277
4.25%, 5/15/18 ^(a)	EUR	2,813	3,774,041
8.50%, 2/15/19 ^(a)		6,081	6,939,941
Tenneco, Inc.		•	, ,
6.875%, 12/15/20		3,700	4,083,875
7.75%, 8/15/18		1,143	1,255,871
Titan International, Inc. 7.875%, 10/01/17 ^(a)		1,979	2,127,425
UCI International, Inc.		1,979	2,121,425
8.625%, 2/15/19		5,127	5,389,759
,		•	101,273,002
Consumer Cyclical - Entertainment - 0	.5%		
AMC Entertainment, Inc.			
8.75%, 6/01/19		4,479	4,932,499
9.75%, 12/01/20		3,040	3,534,000
ClubCorp Club Operations, Inc.		2 500	2 022 125
10.00%, 12/01/18 Greektown Holdings LLC		3,500	3,933,125
10.75%, 12/01/13 ^{(h)@(k)}		715	-0-
Liberty Interactive LLC			
3.75%, 2/15/30		2,357	1,620,437
NAI Entertainment Holdings LLC		4.474	4.504.007
8.25%, 12/15/17 ^(a)		4,174	4,534,007
8.625%, 8/01/17		260	274,950
8.75%, 5/15/20		271	300,133
Regal Entertainment Group			,
5.75%, 2/01/25		2,240	2,256,800
9.125%, 8/15/18 ^(b)		5,805	6,501,600
			27,887,551
Consumer Cyclical - Other - 2.8%			
Boardriders SA	EUR	1 155	1 640 760
8.875%, 12/15/17 ^(a)	EUN	1,155	1,642,763
6.75%, 4/15/14 ^(b)	U.S.\$	418	418,523
9.125%, 12/01/18	3.Ο.Ψ	4,500	4,995,000
Caesars Entertainment Operating Co., Inc.		,	
10.00%, 12/15/18		1,935	1,190,025
11.25%, 6/01/17		1,350	1,427,625

		rincipal Amount (000)	U.S. \$ Value
Chapter Pourse 9 Marine 11 C			
Chester Downs & Marina LLC 9.25%, 2/01/20 ^(a)	1100	3,222 \$	3,105,203
Choice Hotels International, Inc.	υ.υ.φ	υ,ΖΖΖ ψ	3,100,200
5.75%, 7/01/22		517	579,040
CityCenter Holdings LLC/CityCenter		011	070,010
Finance Corp.			
7.625%, 1/15/16		9,907	10,637,641
DR Horton, Inc.			
4.75%, 5/15/17		2,000	2,145,000
6.50%, 4/15/16		1,000	1,120,000
Felcor Lodging LP			
5.625%, 3/01/23 ^(a)		7,213	7,474,471
GWR Operating Partnership LLP		0.500	0.055.000
10.875%, 4/01/17		3,500	3,955,000
Isle of Capri Casinos, Inc.		2.050	2 245 000
7.75%, 3/15/19 8.875%, 6/15/20		2,950 6,076	3,245,000 6,683,600
KB Home		0,070	0,000,000
7.25%, 6/15/18		1,000	1,122,500
7.50%, 9/15/22		266	303,240
9.10%, 9/15/17		2,300	2,748,500
Lennar Corp.			
6.95%, 6/01/18		2,780	3,186,575
Series B			
6.50%, 4/15/16		3,200	3,564,000
Levi Strauss & Co.			
6.875%, 5/01/22 ^(a)		1,092	1,218,945
M/I Homes, Inc.		5 225	5,910,750
8.625%, 11/15/18		5,325	5,910,750
9.50%, 10/15/15 ^(b)		2,700	2,876,310
9.875%, 8/15/18 ^(b)		5,220	5,552,775
Mattamy Group Corp.		0,220	0,002,
6.50%, 11/15/20 ^(a)		2,765	2,730,438
Meritage Homes Corp.			
7.00%, 4/01/22		2,749	3,099,498
7.15%, 4/15/20		2,500	2,818,750
MGM Resorts International		0.000	0.400.000
6.625%, 7/15/15		2,000	2,190,000
7.625%, 1/15/17		4,965	5,635,275
7.75%, 3/15/22 ^(b) NCL Corp., Ltd.		2,100	2,399,250
9.50%, 11/15/18		4,505	5,101,912
Penn National Gaming, Inc.		4,000	0,101,012
8.75%, 8/15/19		2,775	3,135,750
PulteGroup, Inc.		, -	.,,
7.875%, 6/15/32		2,600	2,889,250
PVH Corp.			
7.375%, 5/15/20		2,340	2,629,575
Royal Caribbean Cruises Ltd.			
5.25%, 11/15/22		3,744	3,875,040

		Principal Amount (000)	U.S. \$ Value
7.25%, 6/15/16-3/15/18	U.S.\$	3,850 3,000	\$ 4,388,500 3,420,000
6.625%, 5/01/20 Shea Homes LP/Shea Homes Funding Corp.		4,500	4,966,875
8.625%, 5/15/19 Six Flags Entertainment Corp.		6,386	7,256,092
5.25%, 1/15/21 ^(a)		8,000	8,280,000
8.375%, 5/15/18		3,250 1,667	3,867,500 2,079,583
8.625%, 4/15/16 ^(a)		1,814	1,940,980
7.75%, 4/15/20 ^(a)		4,004	4,494,490
5.15%, 5/15/15 Tropicana Entertainment LLC/Tropicana Finance Corp.		1,900	2,012,366
9.625%, 12/15/14 ^{(g)(h)}		750	-0-
6.125%, 10/15/20 ^(a)		1,999	2,176,411
7.75%, 8/15/20		10,400	11,908,000 168,398,021
Consumer Cyclical - Restaurants – 0.1% Burger King Corp.			
9.875%, 10/15/18 CKE Restaurants, Inc.		4,666	5,313,407
11.375%, 7/15/18 ^(b)		810	847,471 6,160,878
Consumer Cyclical - Retailers - 1.4% American Builders & Contractors Supply Co., Inc.			
5.625%, 4/15/21 ^(a)		1,151	1,195,601
Asbury Automotive Group, Inc. 8.375%, 11/15/20		1,555	1,757,150
AutoNation, Inc. 6.75%, 4/15/18		349	403,531
Burlington Coat Factory Warehouse Corp. 10.00%, 2/15/19		5,401	6,042,369
9.00%, 2/15/18 ^{(a)(a)}		1,190	1,234,625

		Principal Amount (000)	U.S. \$ Value
CST Brands, Inc.			
5.00%, 5/01/23 ^(a)	U.S.\$	1,008	\$ 1,034,460
Dufry Finance SCA 5.50%, 10/15/20 ^(a)		5,274	5,503,145
Gymboree Corp. 9.125%, 12/01/18 ^(b)		0.200	0.241.975
J Crew Group, Inc.		9,300	9,241,875
8.125%, 3/01/19		6,994	7,509,808
6.375%, 10/15/36		4,125	3,305,156
7.40%, 4/01/37		4,492	3,767,665
Limited Brands, Inc.		.,	3,. 3. ,333
5.25%, 11/01/14		3,194	3,373,663
5.625%, 2/15/22		1,967	2,121,901
6.625%, 4/01/21		1,000	1,148,750
6.90%, 7/15/17		2,401	2,761,150
Michaels Stores, Inc.		, -	, - ,
7.75%, 11/01/18		9,270	10,185,412
11.375%, 11/01/16		651	681,929
Phones4u Finance PLC			
9.50%, 4/01/18 ^(a)	GBP	4,000	6,493,003
Rite Aid Corp.			
8.00%, 8/15/20	U.S.\$	2,300	2,627,750
9.50%, 6/15/17		1,500	1,560,000
10.25%, 10/15/19		3,074	3,542,785
Sally Holdings LLC/Sally Capital, Inc.			
5.75%, 6/01/22		6,406	6,902,465
Toys R US – Delaware, Inc.		0.040	0.440.000
7.375%, 9/01/16 ^{(a)(b)}		3,312	3,448,620
			85,842,813
Consumer Non-Cyclical – 7.3%			
Air Medical Group Holdings, Inc.			
9.25%, 11/01/18		6,988	7,739,210
Alere, Inc.		0.040	0.000.005
7.25%, 7/01/18 ^(a)		3,046	3,282,065
8.625%, 10/01/18		9,935	10,655,287
ARAMARK Corp. 5.75%, 3/15/20 ^(a)		2 60 /	0 011 400
Bausch & Lomb, Inc.		2,684	2,811,490
9.875%, 11/01/15		2,952	3,051,630
Biomet, Inc.		2,002	0,001,000
6.50%, 8/01/20-10/01/20 ^(a)		14,667	15,537,030
Boparan Finance PLC		1 1,007	10,001,000
9.75%, 4/30/18 ^(a)	EUR	2,398	3,554,855
9.875%, 4/30/18 ^(a)	GBP	3,500	6,116,315
Capsugel FinanceCo SCA	5.51	3,000	3,110,010
9.875%, 8/01/19 ^{(a)(b)}	EUR	4,550	6,816,039
Care UK Health & Social Care PLC		.,	-,- : -,300
9.75%, 8/01/17	GBP	2,900	4,752,474

		Principal Amount (000)	U.S. \$ Value
9.75%, 8/01/17 ^(a)	GBP	7,600	\$ 12,513,787
7.875%, 10/15/18 ^(a) 9.50%, 4/15/15	U.S.\$	6,160 2,104	6,275,500 2,109,683
Cerba European Lab 7.00%, 2/01/20(a) CHS/Community Health Systems, Inc.	EUR	7,200	9,695,386
7.125%, 7/15/20 8.00%, 11/15/19	U.S.\$	2,159 2,362	2,412,683 2,677,918
Constellation Brands, Inc. 6.00%, 5/01/22 ConvaTec Healthcare E SA		3,899	4,498,471
10.50%, 12/15/18 ^(a)		8,448	9,504,000
9.50%, 3/14/18 ^a	BRL U.S.\$	13,070 1,390	6,773,488
8.375%, 11/15/17 Del Monte Corp.	υ.δ.φ	1,400	1,525,525 1,498,000
7.625%, 2/15/19 Dole Food Co., Inc.		12,970	13,829,262
8.00%, 10/01/16 ^(a) Elior Finance & Co. SCA 6.50%, 5/01/20	EUR	4,350 1,013	4,524,000 1,388,100
Elizabeth Arden, Inc. 7.375%, 3/15/21		4,400	4,928,000
Emergency Medical Services Corp. 8.125%, 6/01/19		9,169	10,154,667
Endo Health Solutions, Inc. 7.00%, 7/15/19-12/15/20 7.25%, 1/15/22 FAGE Dairy Industry SA/FAGE USA Dairy Industry, Inc.		1,800 9,055	1,972,600 9,926,544
9.875%, 2/01/20 ^(a)		4,282	4,731,610
9.375%, 4/15/18 ^(a)		1,174	1,689,113
8.25%, 2/01/18 HCA Holdings, Inc.	U.S.\$	3,575	3,923,563
7.75%, 5/15/21 ^(b) HCA, Inc. 5.875%, 3/15/22		4,500 2,450	5,101,875 2,719,500
6.50%, 2/15/16-2/15/20 HealthSouth Corp. 7.75%, 9/15/22		3,482	3,981,633 434,140
8.125%, 2/15/20 Hologic, Inc.		1,455	1,618,688
6.25%, 8/01/20IASIS Healthcare LLC/IASIS Capital Corp. 8.375%, 5/15/19		840 15,941	907,200 16,857,607
,		,-	, ,

		Principal Amount (000)	U.S. \$ Value
Jaguar Holding Co. I			
9.375%, 10/15/17 ^{(a)(e)}	U.S.\$	4,616	\$ 4,962,200
Jaguar Holding Co. II/Jaguar Merger Sub,			
Inc.		7.550	0.740.070
9.50%, 12/01/19 ^{(a)(b)}		7,556	8,746,070
7.50%, 1/15/20		3,984	4,377,420
JBS Finance II Ltd.		0,00	.,0,.20
8.25%, 1/29/18 ^(a)		4,750	5,130,000
JBS USA LLC/JBS USA Finance, Inc.		0.000	0.050.000
7.25%, 6/01/21 ^(a)		2,220 3,048	2,353,200 3,368,040
8.25%, 2/01/20 ^(a)		3,040	3,300,040
8.25%, 6/01/19 ^(b)		4,630	4,763,113
Kinetic Concepts, Inc./KCI USA, Inc.		•	
10.50%, 11/01/18		9,959	11,178,977
LifePoint Hospitals, Inc.		2.150	0 040 010
6.625%, 10/01/20 Mead Products LLC/ACCO Brands Corp.		2,150	2,340,813
6.75%, 4/30/20 ^(a)		5,322	5,654,625
Medi-Partenaires SAS			
7.00%, 5/15/20 ^(a)	EUR	3,250	4,280,087
Minerva Luxembourg SA 7.75%, 1/31/23 ^{(a)(b)}	ПСФ	10.470	11 170 010
New Albertsons, Inc.	U.S.\$	10,470	11,178,819
7.45%, 8/01/29		4,110	3,210,938
8.00%, 5/01/31 ^(b)		3,100	2,476,125
Party City Holdings, Inc.			
8.875%, 8/01/20 ^(a) Picard Bondco SA		8,041	9,086,330
9.00%, 10/01/18 ^(a)	EUR	2,300	3,362,173
Pilgrim's Pride Corp.	LOIT	2,000	0,002,170
7.875%, 12/15/18 ^(b)	U.S.\$	4,054	4,398,590
Pinnacle Foods Finance LLC/Pinnacle			
Foods Finance Corp.		0.500	0.710.500
8.25%, 9/01/17 Post Holdings, Inc.		2,500	2,712,500
7.375%, 2/15/22		9,115	10,117,650
Priory Group No 3 PLC		•	
7.00%, 2/15/18 ^(a)	GBP	6,727	11,128,595
R&R Ice Cream PLC 8.375%, 11/15/17 ^(a)	EUR	2.450	4 070 FFO
Rivers Pittsburgh Borrower LP/Rivers	EUR	3,450	4,878,559
Pittsburgh Finance Corp.			
9.50%, 6/15/19@	U.S.\$	2,439	2,695,095
Serta Simmons Holdings LLC			7.000 : -0
8.125%, 10/01/20 ^(a)		7,510	7,998,150
Sky Growth Acquisition Corp. 7.375%, 10/15/20 ^(a)		5,397	5,761,298
7.070/0, TU/TU/ZU~		5,597	0,101,230

		Principal Amount (000)	U.S. \$ Value
Craithfield Foods Inc			
Smithfield Foods, Inc. 6.625%, 8/15/22 7.75%, 7/01/17	U.S.\$	2,500 5,250	\$ 2,775,000 6,168,750
Spectrum Brands Escrow Corp. 6.375%, 11/15/20 ^(a)		2,286 2,624	2,497,455 2,892,960
Spectrum Brands, Inc. 6.75%, 3/15/20 Stater Bros Holdings, Inc.		3,475	3,787,750
7.375%, 11/15/18		4,060	4,354,350
8.00%, 3/15/18 ^(a)		930	1,018,350
7.75%, 3/15/21 ^(a) ´		6,748	6,967,310
6.25%, 11/01/18		2,291 1,001 2,000	2,583,103 935,935 2,250,000
7.375%, 5/15/20 ^(a) United Surgical Partners	EUR	2,650	3,463,743
International, Inc. 9.00%, 4/01/20 US Oncology, Inc.	U.S.\$	3,450	3,898,500
9.125%, 8/15/17 Valeant Pharmaceuticals International		2,000	77,500
6.375%, 10/15/20 ^(a) 6.75%, 8/15/21 ^(a) 7.00%, 10/01/20 ^(a) 7.25%, 7/15/22 ^(a) Vanguard Health Holding Co. II LLC/		2,520 2,100 10,450 3,500	2,790,900 2,320,500 11,547,250 3,963,750
Vanguard Holding Co. II, Inc. 7.75%, 2/01/19		4,482 8,063	4,868,573 8,728,197
10.50%, 1/28/18(a)(b)		1,300	1,313,000
10.00%, 10/01/17 Voyage Care Bondco PLC		2,798	2,714,060
6.50%, 8/01/18 ^(a)	GBP	4,750	7,636,657
Voyager Learning Exchange 8.375%, 12/01/14(h)@(k)	U.S.\$	1,283	-0-
WWR Funding, Inc. 7.25%, 9/15/17 ^(a) Warner Chilcott Co. LLC/Warner Chilcott Finance LLC		3,799	4,036,438
7.75%, 9/15/18		3,500	3,797,500 446,035,836

		Principal Amount (000)	U.S. \$ Value
Energy – 4.7%			
Antero Resources Finance Corp.			
7.25%, 8/01/19	U.S.\$	4,538 \$	4,923,730
9.375%, 12/01/17		4,838	5,261,325
Athlon Holdings LP/Athlon Finance Corp.		.,000	0,201,020
7.375%, 4/15/21 ^(a)		7,000	7,367,500
ATP Oil & Gas Corp./United States		.,000	.,00.,000
11.875%, 5/01/15 ^(g)		2,700	94,500
Atwood Oceanics, Inc.		2,700	01,000
6.50%, 2/01/20		1,420	1,547,800
Basic Energy Services, Inc.		1,420	1,047,000
7.75%, 2/15/19		4,460	4,660,700
Berry Petroleum Co.		4,400	4,000,700
6.375%, 9/15/22		8,580	9,169,875
Bill Barrett Corp.		0,000	9,109,070
		0.500	0.705.000
7.625%, 10/01/19		2,500	2,725,000
Bluewater Holding BV		4.400	4 070 000
3.278%, 7/17/14(a)(d)		4,400	4,279,000
Bonanza Creek Energy, Inc.		000	000 440
6.75%, 4/15/21 ^(a)		862	909,410
Bristow Group, Inc.		0.744	0.007.000
6.25%, 10/15/22		2,741	2,987,690
Chaparral Energy, Inc.		7.000	0.040.040
7.625%, 11/15/22		7,282	8,046,610
8.25%, 9/01/21		2,000	2,260,000
CHC Helicopter SA			=
9.25%, 10/15/20		13,661	14,566,041
Chesapeake Energy Corp.			
2.50%, 5/15/37 ^(b)		1,653	1,596,178
Cie Generale de Geophysique – Veritas			
6.50%, 6/01/21		3,225	3,418,500
9.50%, 5/15/16		2,307	2,428,118
Cimarex Energy Co.			
5.875%, 5/01/22		3,526	3,843,340
Continental Resources, Inc./OK			
7.125%, 4/01/21		1,567	1,805,968
Denbury Resources, Inc.			
6.375%, 8/15/21		3,001	3,346,115
8.25%, 2/15/20		1,536	1,743,360
Energy XXI Gulf Coast, Inc.			
7.75%, 6/15/19		3,500	3,797,500
9.25%, 12/15/17		3,600	4,068,000
EP Energy LLC/EP Energy Finance, Inc.			
9.375%, 5/01/20		6,884	8,019,860
EP Energy LLC/Everest Acquisition			
Finance, Inc.			
6.875%, 5/01/19		3,059	3,349,605
ERA Group, Inc.			
7.75%, 12/15/22 ^(a)		3,450	3,579,375
•		•	

		Principal Amount (000)	U.S. \$ Value
F			
Expro Finance Luxembourg SCA 8.50%, 12/15/16 ^(a)	1194	1,560 \$	1,665,300
Forest Oil Corp.	Ο.Ο.ψ	1,500 ψ	1,000,000
7.25%, 6/15/19		5,240	5,305,500
Helix Energy Solutions Group, Inc.			
9.50%, 1/15/16 ^(a)		1,711	1,760,191
Hercules Offshore, Inc.		1.070	1 100 000
10.50%, 10/15/17 ^(a) Hilcorp Energy I LP/Hilcorp Finance Co.		1,379	1,499,663
8.00%, 2/15/20 ^(a)		1,000	1,110,000
Hornbeck Offshore Services, Inc.		1,000	1,110,000
5.00%, 3/01/21 ^(a)		5,000	5,025,000
5.875%, 4/01/20		4,695	4,935,619
Key Energy Services, Inc.			
6.75%, 3/01/21		7,666	8,010,970
Kodiak Oil & Gas Corp.		0.404	0.404.000
8.125%, 12/01/19 Laredo Petroleum, Inc.		2,184	2,484,300
7.375%, 5/01/22		3,511	3,862,100
Linn Energy LLC/Linn Energy Finance Corp.		0,011	0,002,100
6.25%, 11/01/19 ^(a)		1,705	1,781,725
8.625%, 4/15/20		4,190	4,682,325
Milestone Aviation Group Ltd.			
8.625%, 12/15/17 ^(a)		6,867	7,124,512
Newfield Exploration Co.		4 000	0.000.500
7.125%, 5/15/18		1,989	2,068,560
Northern Oil and Gas, Inc. 8.00%, 6/01/20		3,330	3,479,850
Offshore Group Investment Ltd.		0,000	0,479,000
7.50%, 11/01/19 ^(a)		8,860	9,546,650
Oil States International, Inc.		-,	-,,
5.125%, 1/15/23 ^(a)		2,100	2,157,750
6.50%, 6/01/19		3,394	3,648,550
Pacific Rubiales Energy Corp.		0.040	0.450.050
5.125%, 3/28/23 ^(a)		8,316	8,459,853
PDC Energy, Inc. 7.75%, 10/15/22 ^(a)		3,931	4,294,617
Perpetual Energy, Inc.		3,931	4,294,017
8.75%, 3/15/18 ^(a)	CAD	4,250	4,018,189
Petroleum Geo-Services ASA		,,	.,,
7.375%, 12/15/18 ^(a)	U.S.\$	4,695	5,223,187
PHI, Inc.			
8.625%, 10/15/18		2,910	3,182,813
Pioneer Energy Services Corp.		4.001	E 0.44 00.4
9.875%, 3/15/18 Plains Exploration & Production Co.		4,861	5,341,024
6.125%, 6/15/19		2,000	2,217,500
6.50%, 11/15/20		5,180	5,775,700
		-,	-,,

		Principal Amount (000)	U.S. \$ Value
6.625%, 5/01/21 6.75%, 2/01/22 7.625%, 4/01/20 8.625%, 10/15/19 Precision Drilling Corp.	U.S.\$	1,000 2,412 1,000 2,300	\$ 1,115,000 2,725,560 1,125,000 2,604,750
6.50%, 12/15/21		1,870	2,024,275
6.875%, 3/01/21		1,453	1,674,583
7.125%, 4/01/16		3,000	2,850,000
8.50%, 5/01/20		3,993	4,292,475
7.50%, 3/15/21-2/15/23		4,238 7,900 3,673	4,372,138 8,413,500 3,948,475
9.50%, 4/15/19(a) SESI LLC		3,900	4,065,750
6.375%, 5/01/19		771 3,333	836,535 3,791,287
8.00%, 11/15/18 ^(a)		10,618 4,592	11,122,355 4,511,640
9.75%, 6/01/19 W&T Offshore, Inc.		3,518	3,957,750
8.50%, 6/15/19		3,500	3,815,000 285,702,621
Other Industrial – 1.6% A123 Systems, Inc.			
3.75%, 4/15/16 ^(g)		3,985	2,869,200
8.50%, 10/15/18(a)		7,547	8,150,760
6.875%, 12/15/20		737	836,495
Brightstar Corp. 9.50%, 12/01/16 ^(a)		6,166	6,682,402
Exova PLC 10.50%, 10/15/18 ^(a)	GBP	2,000	3,355,236
General Cable Corp. 5.75%, 10/01/22 ^(a)	U.S.\$	5,113	5,291,955
Interline Brands, Inc./NJ 7.50%, 11/15/18		6,399	6,910,920
Laureate Education, Inc. 9.25%, 9/01/19 ^(a)		17,560	19,886,700
Liberty Tire Recycling 11.00%, 10/01/16 ^(a)		4,400	4,510,000

		Principal Amount (000)	U.S. \$ Value
Mueller Water Products, Inc.			
7.375%, 6/01/17	U.S.\$	4,215	\$ 4,330,913
8.75%, 9/01/20		720	822,600
NANA Development Corp.			
9.50%, 3/15/19 ^(a)		3,619	3,686,856
Neenah Foundry Co.		FOF	E0E 041
15.00%, 7/29/15 ^(h)		585	585,241
11.00%, 9/01/18		8,201	5,433,163
13.00%, 3/15/18 ^{(a)(e)}		1,637	1,751,531
Pipe Holdings PLC		,,	.,,
9.50%, 11/01/15 ^(a)	GBP	3,659	6,053,148
Rexel SA			
5.125%, 6/15/20 ^(a)	EUR	2,271	3,194,167
5.25%, 6/15/20 ^(a)	U.S.\$	4,896	5,165,280
6.125%, 12/15/19 ^(a)		2,194	2,358,550
Wendel SA	ELID	1 750	0.400.470
4.375%, 8/09/17	EUR	1,750	2,420,472
7.50%, 2/01/20 ^(a)	U.S.\$	4,500	4,803,750
, 2, 0, 1, 20	σ.σ.φ	.,000	99,099,339
Services – 1.6%			00,000,000
Carlson Wagonlit BV			
6.875%, 6/15/19 ^(a)		3,275	3,471,500
Cerved Technologies SpA		-,	-, ,
6.375%, 1/15/20 ^(a)	EUR	547	731,177
8.00%, 1/15/21 ^(a)		690	920,054
Goodman Networks, Inc.		= 000	
13.125%, 7/01/18 ^(a)	U.S.\$	5,000	5,556,250
ISS A/S	EUR	2 000	2 670 002
8.875%, 5/15/16 ^(a) Live Nation Entertainment, Inc.	LUN	2,000	2,679,993
7.00%, 9/01/20 ^(a)	U.S.\$	1,558	1,696,273
8.125%, 5/15/18 ^(a)	Ο.Ο.φ	2,370	2,568,488
Lottomatica Group SpA		,-	,,
8.25%, 3/31/66 ^(a)	EUR	10,343	14,860,744
Mobile Mini, Inc.			
7.875%, 12/01/20	U.S.\$	2,320	2,592,600
Monitronics International, Inc.		0.007	0.450.005
9.125%, 4/01/20		2,267	2,459,695
Realogy Group LLC 7.625%, 1/15/20 ^(a)		108	123,930
9.00%, 1/15/20 ^{(a)(b)}		3,500	4,147,500
Sabre Holdings Corp.		0,000	1,111,000
8.35%, 3/15/16 ^(c)		2,939	3,258,616
Sabre, Inc.		•	
8.50%, 5/15/19 ^(a)		11,613	12,919,462
Service Corp. International/US		4 500	1 0 10 500
6.75%, 4/01/15		1,500	1,642,500

		Principal Amount (000)	U.S. \$ Value
0.770			.
6.75%, 4/01/16 ^(d)	U.S.\$	2,900 1,575	\$ 3,240,750 1,775,813
7.00%, 8/15/20 ^(a)		6,740	6,984,325
8.00%, 2/15/20		6,087	6,551,134
Travelport LLC			
10.875%, 9/01/16	EUR	3,821	4,226,935
11.875%, 9/01/16 Travelport LLC/Travelport Holdings, Inc.	U.S.\$	2,999	2,624,125
6.402%, 3/01/16 ^{(a)(d)}		464	422,590
13.875%, 3/01/16 ^{(a)(e)}		4,559	4,582,097
West Corp.		,	, ,
7.875%, 1/15/19		3,305	3,602,450
8.625%, 10/01/18		5,535	6,130,012
			99,769,013
Technology – 3.2%			
Advanced Micro Devices, Inc.		0.100	0.070.100
8.125%, 12/15/17 ^(b)		2,180	2,278,100
10.625%, 5/15/17		4,211	4,421,550
Avaya, Inc.		.,	1,121,000
7.00%, 4/01/19 ^(a)		6,070	5,842,375
10.50%, 3/01/21 ^(a)		16,255	14,995,237
CDW LLC/CDW Finance Corp.		2 200	2 670 042
8.00%, 12/15/18 8.50%, 4/01/19		3,282 11,125	3,679,943 12,473,906
12.535%, 10/12/17		1,188	1,277,100
Ceridian Corp.		.,	1,2,.00
8.875%, 7/15/19 ^(a)		4,536	5,324,130
11.00%, 3/15/21 ^(a)		10,500	11,865,000
11.25%, 11/15/15		1,849	1,916,026
CommScope, Inc. 8.25%, 1/15/19 ^(a)		10.500	11 471 050
CoreLogic, Inc./United States		10,500	11,471,250
7.25%, 6/01/21		889	986,790
CPI International, Inc.			
8.00%, 2/15/18		6,323	6,599,631
DCP LLC/DCP Corp.		0.005	0.504.000
10.75%, 8/15/15 ^(a) Epicor Software Corp.		2,385	2,534,063
8.625%, 5/01/19		5,997	6,536,730
First Data Corp.		0,001	0,000,700
6.75%, 11/01/20 ^(a)		1,630	1,740,025
7.375%, 6/15/19 ^(a)		7,620	8,286,750
8.25%, 1/15/21 ^(a)		7,500	7,968,750
11.25%, 3/31/16 ^(b)		5,545	5,642,038
Freescale Semiconductor, Inc.			4 077 500
8.05%, 2/01/20		1,000	1,077,500

		Principal Amount	
		(000)	U.S. \$ Value
8.875%, 12/15/14	U.S.\$	1,273 1,726 831	\$ 1,279,365 1,898,600 856,969
9.75%, 6/15/15		4,415	4,558,488
9.375%, 4/01/19 10.00%, 4/01/19	EUR	6,278 2,539	7,156,920 3,744,984
Interactive Data Corp. 10.25%, 8/01/18 Iron Mountain, Inc.	U.S.\$	4,700	5,346,250
5.75%, 8/15/24		3,155 3,000	3,249,650 3,352,500
3.027%, 10/15/13 ^(d) 5.75%, 2/15/21-3/15/23 ^(a)		75 8,374	74,906 8,866,865
Sanmina Corp. 7.00%, 5/15/19 ^{(a)(b)}		4,931	5,263,843
Seagate HDD Cayman 6.875%, 5/01/20		3,673	3,989,796
Sensata Technologies BV 6.50%, 5/15/19 ^(a)		5,000	5,450,000
Serena Software, Inc. 10.375%, 3/15/16		336	339,360
Sitel LLC/Sitel Finance Corp. 11.00%, 8/01/17 ^(a) Sophia LP/Sophia Finance, Inc.		3,400	3,646,500
9.75%, 1/15/19 ^(a) SunGard Data Systems, Inc.		1,550	1,736,000
6.625%, 11/01/19 ^(a)		6,515 6,170	6,930,331 6,817,850
9.125%, 1/15/19 Viasystems, Inc.		1,598	1,769,785
7.875%, 5/01/19 ^(a)		5,127	5,460,255 198,706,111
Transportation - Airlines - 0.2%			
Air Canada 12.00%, 2/01/16 ^(a) Northwest Airlines 2000-1 Class G Pass Through Trust		2,850	3,117,187
Series 00-1 7.15%, 10/01/19 ^(d)		900	980,483
TAM Capital 3, Inc. 8.375%, 6/03/21 ^(a)		6,304	6,997,440
Series 071A 6.636%, 7/02/22		1,991	2,180,572
			13,275,682

		Principal	
		Amount	
		(000)	U.S. \$ Value
Transportation - Services - 1.0%			
America West Airlines 1999-1 Pass			
Through Trust			
Series 991G			
7.93%, 1/02/19	U.S.\$	1,700	\$ 1,869,808
Avis Budget Car Rental LLC/Avis Budget			
Finance, Inc.			
5.50%, 4/01/23 ^(a)		3,248	3,349,500
8.25%, 1/15/19		4,000	4,445,000
Avis Budget Finance PLC	ELID	0.070	0.050.101
6.00%, 3/01/21 ^(a) EC Finance PLC	EUR	2,070	2,856,121
9.75%, 8/01/17 ^(a)		5,648	8,181,947
Hapag-Lloyd AG		0,040	0,101,041
9.75%, 10/15/17 ^{(a)(b)}	U.S.\$	2,250	2,362,500
HDTFS, Inc.		_,	_,-,-,,-
6.25%, 10/15/22		1,812	2,027,175
Hertz Corp. (The)			
5.875%, 10/15/20		3,548	3,876,190
6.75%, 4/15/19		8,288	9,178,960
7.50%, 10/15/18		1,900	2,101,875
Oshkosh Corp.		0.500	0.000.000
8.50%, 3/01/20Overseas Shipholding Group, Inc.		3,500	3,920,000
8.125%, 3/30/18		2,250	1,845,000
Stena AB		2,200	1,040,000
5.875%, 2/01/19 ^(a)	EUR	2,000	2,732,671
7.875%, 3/15/20 ^{(a)(b)}		1,000	1,468,399
Swift Services Holdings, Inc.			
10.00%, 11/15/18	U.S.\$	8,795	10,070,275
Western Express, Inc.		0.000	4 400 000
12.50%, 4/15/15 ^(a)		2,000	1,460,000
			61,745,421
			2,663,378,631
Financial Institutions – 4.9%			
Banking – 2.0%			
ABN AMRO Bank NV	ELID	5 000	0.007.050
4.31%, 3/10/16	EUR	5,396	6,697,652
Alfa Bank OJSC Via Alfa Bond Issuance PLC			
7.50%, 9/26/19 ^(a)	U.S.\$	7,585	8,155,862
Ally Financial, Inc.	υ.υ.ψ	7,000	0,100,002
4.625%, 6/26/15		4,725	4,978,969
7.50%, 9/15/20		4,000	4,940,000
8.00%, 11/01/31		7,668	10,012,657
Series 8			
6.75%, 12/01/14		2,590	2,781,012
Barclays Bank PLC		4.000	4.004.000
7.70%, 4/25/18 ^(a)		4,629	4,981,299

		Principal Amount (000)	U.S. \$ Value
BBVA International Preferred SAU	E	0.400	
4.952%, 9/20/16 Series F	EUR	3,100	\$ 3,266,036
9.10%, 10/21/14	GBP	1,000	1,592,184
Citigroup, Inc. 5.95%, 1/30/23 Countrywide Capital III Series B	U.S.\$	8,887	9,309,132
8.05%, 6/15/27		11,735	14,903,450
Dresdner Funding Trust I 8.151%, 6/30/31 ^(a)		11,000	11,550,000
HBOS Capital Funding No2 LP		11,000	11,000,000
6.071%, 6/30/14 ^(a)		1,840	1,685,900
HT1 Funding GmbH 6.352%, 6/30/17	EUR	2,700	3,235,746
LBG Capital No.1 PLC		•	
8.00%, 6/15/20 ^(a) Series 15	U.S.\$	7,550	8,065,001
6.439%, 5/23/20	EUR	1,500	2,049,503
LBG Capital No.2 PLC			
Series 21 15.00%, 12/21/19	GBP	1,330	3,005,965
Regions Bank/Birmingham AL	аы	1,000	0,000,900
6.45%, 6/26/37	U.S.\$	5,300	5,816,750
Regions Financing Trust II 6.625%, 5/15/47		5,920	5,979,200
Societe Generale SA		0,020	0,070,200
4.196%, 1/26/15	EUR	1,500	1,896,029
6.999%, 12/19/17 UT2 Funding PLC		2,650	3,592,155
5.321%, 6/30/16		1,293	2,055,470
			120,549,972
Brokerage – 0.2%			
E*TRADE Financial Corp. 6.375%, 11/15/19	U.S.\$	6,803	7,313,225
6.75%, 6/01/16	Ο.Ο.Φ	4,634	5,016,305
GFI Group, Inc.			
9.625%, 7/19/18 Lehman Brothers Holdings, Inc.		3,200	3,128,000
4.80%, 3/13/14 ^(k)		1,800	427,500
6.875%, 5/02/18 ^(k)		1,600	386,000
			16,271,030
Finance – 1.0%			
AerCap Aviation Solutions BV 6.375%, 5/30/17		4,215	4,552,200
Air Lease Corp.		1,210	1,002,200
6.125%, 4/01/17		2,770	3,033,150
Boyd Acquisition Sub LLC/Boyd Acquisition Finance Corp.			
8.375%, 2/15/18 ^(a)		3,759	4,059,720

	Principal Amount (000)	U.S. \$ Value
CIT Group, Inc.		
5.00%, 5/15/17-8/15/22 5.25%, 3/15/18	U.S.\$ 5,286 3,667	\$ 5,834,036 4,052,035
ILFC E-Capital Trust II 6.25%, 12/21/65 ^(a) International Lease Finance Corp.	1,500	1,425,000
5.875%, 4/01/19-8/15/22iStar Financial. Inc.	4,800	5,279,250
8.625%, 6/01/13 Series B	546	548,839
5.70%, 3/01/14 5.95%, 10/15/13 Oxford Finance LLC/Oxford	4,800 1,799	4,944,000 1,825,985
Finance Co-Issuer, Inc. 7.25%, 1/15/18 ^(a) Provident Funding Associates LP/PFG	3,183	3,373,980
Finance Corp. 10.125%, 2/15/19 ^(a)	1,703	1,873,300
Residential Capital LLC 9.625%, 5/15/15 ^(a) Sistema International Funding SA	3,750	4,106,250
6.95%, 5/17/19 ^(a) Speedy Group Holdings Corp.	8,461	9,240,751
12.00%, 11/15/17 ^(a)	7,561	7,863,440 62,011,936
Insurance – 0.7%		
A-S Co-Issuer Subsidiary, Inc./A-S Merger Sub LLC		
7.875%, 12/15/20 ^(a)	3,937	4,158,456
CNO Financial Group, Inc. 6.375%, 10/01/20 ^(a)	1,000	1,077,500
Genworth Holdings, Inc. 6.15%, 11/15/66	2,535	2,392,406
Hartford Financial Services Group, Inc. 8.125%, 6/15/38	1,856	2,206,784
8.125%, 10/15/18 ^(a)	2,650	2,852,063
7.80%, 3/15/37 ^(a)	4,548	5,343,900
7.75%, 1/15/21 ^(a) XL Group PLC Series E	11,334	11,674,020
6.50%, 4/15/17	14,000	13,755,000 43,460,129
Other Finance – 1.0%		
Aviation Capital Group Corp. 4.625%, 1/31/18 ^(a)	2,367 2,950	2,469,032 3,293,648

		Principal Amount (000)	U.S. \$ Value
-		(000)	0.0.0
7.125%, 10/15/20 ^(a)	U.S.\$	5,190	\$ 5,946,857
9.375%, 5/15/20 ^(a) FTI Consulting, Inc.		12,229	12,106,710
6.00%, 11/15/22 ^(a)		3,000	3,202,500
6.75%, 10/01/20 Harbinger Group, Inc.		3,150	3,429,562
7.875%, 7/15/19 ^(a)		5,454	5,835,780
8.00%, 1/15/18iPayment Holdings, Inc.		8,850	9,513,750
15.00%, 11/15/18 ^(e) iPayment, Inc.		3,303	2,493,513
10.25%, 5/15/18Speedy Cash Intermediate Holdings Corp.		5,082	4,650,030
10.75%, 5/15/18 ^(a)		6,062	6,516,650
		0,002	59,458,032
			301,751,099
Utility – 2.7%			
Electric - 1.6% AES Corp./VA 4.875%, 5/15/23		1,500 3,145 1,196 2,860	1,530,000 3,742,550 1,263,215 3,424,850
Calpine Corp. 7.25%, 10/15/17 ^(a) 7.875%, 7/31/20-1/15/23 ^(a) DPL, Inc.		2,969 9,060	3,143,429 10,315,212
7.25%, 10/15/21 EDP Finance BV		986	1,050,090
4.90%, 10/01/19 ^(a)	EUR U.S.\$	416 1,823 10,232	422,656 2,584,173 10,927,776
6.875%, 8/15/17 ^(a)		4,973 2,524 1,072 1,966	5,271,380 2,861,585 1,227,440 1,857,870
8.50%, 10/01/21GenOn Energy, Inc.		7,255	8,597,175
7.875%, 6/15/17		9,224 4,000	10,423,120 4,750,000
8.50%, 6/30/17 ^(a)	EUR	1,000	1,323,535

		Principal Amount (000)	U.S. \$ Value
NRG Energy, Inc. 6.625%, 3/15/23 ^(a)	U.S.\$	6,177 3,195 1,800	\$ 6,732,930 3,618,338 2,047,500
Series A 6.70%, 3/30/67 Techem Energy Metering Service GmbH & Co. KG		4,375	4,648,437
7.875%, 10/01/20 ^(a)	EUR	366	522,974
Techem GmbH 6.125%, 10/01/19 ^(a) Texas Competitive Electric Holdings Co. LLC/TCEH Finance, Inc.		1,450	2,077,620
11.50%, 10/01/20@	U.S.\$	2,679	2,109,713
10.25%, 11/01/15 ^(c)		3,680	404,800
Series B 10.25%, 11/01/15 ^(c)		1,082	116,315 96,994,683
Natural Gas – 1.1% Access Midstream Partners LP/ACMP Finance Corp.			
4.875%, 5/15/23 El Paso LLC		5,715	5,900,737
Series G 7.75%, 1/15/32Hiland Partners LP/Hiland Partners		5,548	6,322,906
Finance Corp. 7.25%, 10/01/20 ^(a) Holly Energy		4,048	4,503,400
Finance Corp. 6.50%, 3/01/20		3,948	4,263,840
Kinder Morgan Finance Co. LLC 5.70%, 1/05/16		745	814,154
4.50%, 7/15/23		5,928 4,000 4,529	6,179,940 4,390,000 4,993,223
6.50%, 11/01/20 ^(a)		2,949 4,900	3,162,803 5,537,000
Energy Finance Corp. 7.375%, 8/01/21 Targa Resources Partners LP/Targa		6,593	7,334,712
Resources Partners Finance Corp. 5.25%, 5/01/23 ^(a)		8,186	8,677,160

		Principal Amount (000)	U.S. \$ Value
6.875%, 2/01/21	U.S.\$	3,250	\$ 3,615,625 65,695,500 162,690,183
Total Corporates - Non-Investment Grades			
(cost \$2,916,045,172)			3,127,819,913
CORPORATES – INVESTMENT GRADES – 8.8%			
Financial Institutions – 5.4% Banking – 2.3% Akbank TAS			
5.00%, 10/24/22 ^(a)		3,974	4,232,310
6.80%, 9/01/66		4,555	4,982,031
6.40%, 12/15/66 ^(a)		1,801	1,665,925
5.375%, 2/19/23 ^(a)		5,213	5,446,491
Banco Santander Chile 6.50%, 9/22/20 ^(a)	CLP	2,367,500	5,115,390
Barclays Bank PLC 6.86%, 6/15/32 ^(a)	U.S.\$	1,905 10,656 4,553	2,012,156 10,869,120 4,683,899
BNP Paribas Fortis SA 4.625%, 10/27/14 ^(a)	EUR	1,000	1,296,923
BNP Paribas SA 5.186%, 6/29/15(a)(b) 7.195%, 6/25/37(a) Copperatieve Centrale Raiffeisen-	U.S.\$	3,333 6,900	3,274,673 7,357,125
Boerenleenbank BA/Netherlands 8.375%, 7/26/16 ^(a) 8.40%, 6/29/17 ^(a) Credit Suisse Group Guernsey I Ltd.		5,750 7,000	6,368,125 7,848,750
7.875%, 2/24/41 ^(a)		5,000	5,487,500
5.914%, 6/16/14 ^{(a)(b)}		2,185	2,211,220
5.15%, 5/01/23 Lloyds TSB Bank PLC		5,410	5,497,913
11.875%, 12/16/21 ^(a)	EUR	3,430	5,714,180
Macquarie Group Ltd. 7.30%, 8/01/14(a)	U.S.\$	3,350	3,577,130
Morgan Stanley 10.09%, 5/03/17 ^(a)	BRL	5,230	2,810,071
MUFG Capital Finance 5 Ltd. 6.299%, 1/25/17	GBP	1,225	2,093,139

		Principal Amount (000)	U.S. \$ Value
National Capital Trust II			
5.486%, 3/23/15 ^(a) PNC Financial Services Group, Inc.	U.S.\$	1,700	\$ 1,738,250
6.75%, 8/01/21 Royal Bank of Scotland PLC (The) Series 1		3,733	4,287,324
3.79%, 10/27/14 ^(d)	AUD	3,500	3,546,011
8.75%, 5/30/18	U.S.\$	3,800	4,596,594
UBS AG/Jersey 4.28%, 4/15/15	EUR	8,250	11,032,156
UBS AG/Stamford CT 7.625%, 8/17/22	U.S.\$	10,582	12,270,295
Unicredit Luxembourg Finance SA 6.00%, 10/31/17 ^(a)		1,870	1,936,189
Series K 7.98%, 3/15/18		4,700	5,446,125
Brokerage – 0.1%			137,397,015
Charles Schwab Corp. (The) 7.00%, 2/01/22 ^(b)		6,830	7,866,329
Finance – 0.6%			
GE Capital Trust II 5.50%, 9/15/67 ^(a) General Electric Capital Corp. Series A	EUR	4,000	5,512,752
7.125%, 6/15/22 Series B	U.S.\$	7,600	8,896,826
6.25%, 12/15/22 HSBC Finance Capital Trust IX		1,500	1,658,298
5.911%, 11/30/35		3,765	3,821,475
5.50%, 1/25/23		4,783 8,948 702	4,787,195 9,954,650 811,534
5.00%, 10/01/13		4,100	<u>4,161,500</u> 39,604,230
Insurance – 2.1% Allstate Corp. (The)			
6.125%, 5/15/37 American International Group, Inc.		3,060	3,282,156
6.82%, 11/15/37 8.175%, 5/15/58		1,938 7,301	2,569,555 9,874,602
AON Corp. 8.205%, 1/01/27		2,495	3,250,199

		Principal Amount (000)	U.S. \$ Value
A : DLO			
Aviva PLC 4.729%, 11/28/14	EUR	6,000	\$ 7,822,683
Coventry Health Care, Inc.		0,000	7,022,000
5.95%, 3/15/17	U.S.\$	1,415	1,640,366
Farmers Insurance Exchange 8.625%, 5/01/24 ^(a)		3,000	4,216,305
Genworth Holdings, Inc.			
7.625%, 9/24/21		4,725 1,302	5,925,920 1,590,049
Hannover Finance Luxembourg SA		1,302	1,090,049
5.00%, 6/01/15	EUR	1,000	1,346,375
Hartford Financial Services Group, Inc. 6.10%, 10/01/41	U.S.\$	863	1,087,703
Lincoln National Corp.	υ.σ.φ	003	1,007,703
6.05%, 4/20/67		5,966	6,040,575
7.00%, 5/17/66		5,134	5,275,185
8.75%, 7/01/19 MetLife Capital Trust IV		604	822,912
7.875%, 12/15/37 ^(a)		1,765	2,215,075
MetLife, Inc.		0.700	4 101 000
6.40%, 12/15/36 10.75%, 8/01/39		3,700 3,495	4,131,069 5,557,050
Mitsui Sumitomo Insurance Co., Ltd.		0, 100	0,007,000
7.00%, 3/15/72 ^{(a)(b)(c)}		3,554	4,147,883
Nationwide Mutual Insurance Co. 5.81%, 12/15/24 ^(a)		5,000	5,075,000
9.375%, 8/15/39(a)		4,546	6,847,740
Pacific Life Insurance Co.		0.000	4 404 744
9.25%, 6/15/39 ^(a) Prudential Financial, Inc.		3,000	4,491,744
5.625%, 6/15/43		13,000	13,650,000
QBE Capital Funding III Ltd.		0.005	0.004.500
7.25%, 5/24/41 ^(a)		3,095	3,284,569
6.854%, 5/25/16 ^(a)		6,435	6,885,450
Swiss Reinsurance Co. via ELM BV	EL ID	4 750	0.050.744
5.252%, 5/25/16 Transatlantic Holdings, Inc.	EUR	1,750	2,359,744
8.00%, 11/30/39	U.S.\$	2,836	4,089,220
Vero Insurance Ltd.	ALID	700	707 705
6.15%, 9/07/25 Series 3	AUD	700	737,765
6.75%, 9/23/24		800	840,813
Series 5		500	E00.000
6.75%, 10/06/26		500	528,396
5.60%, 5/15/15	U.S.\$	3,500	3,770,844
ZFS Finance USA Trust II		1.005	1 000 000
6.45%, 12/15/65 ^(a) ZFS Finance USA Trust V		1,695	1,830,600
6.50%, 5/09/37 ^(a)		3,010	3,220,700
			128,408,247

		Principal Amount (000)	U.S. \$ Value
Other Finance 0.00/			
Other Finance – 0.0% IIRSA Norte Finance Ltd.			
8.75%, 5/30/24(l)	U.S.\$	778	\$ 968,826
REITS – 0.3% DDR Corp.			
7.875%, 9/01/20		3,100	4,022,126
EPR Properties		3,100	4,022,120
5.75%, 8/15/22		3,445	3,836,056
7.75%, 7/15/20		3,544	4,299,017
Senior Housing Properties Trust		0,011	1,200,017
6.75%, 12/15/21		4,500	5,290,542
0.7 0 7 0, 127 107 2 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		1,000	17,447,741
			331,692,388
Industrial – 2.4%			
Basic - 0.8%			
Basell Finance Co. BV		F 400	7 400 050
8.10%, 3/15/27 ^(a)		5,420	7,466,050
Braskem America Finance Co.		0.070	0.004.500
7.125%, 7/22/41 ^(a)		3,672	3,901,500
Braskem Finance Ltd. 5.75%, 4/15/21 ^(a)		200	010.750
CF Industries, Inc.		200	213,750
6.875%, 5/01/18		1,100	1,324,181
7.125%, 5/01/20		1,100	1,375,311
Georgia-Pacific LLC		1,100	1,070,011
8.875%, 5/15/31		1,800	2,753,152
GTL Trade Finance, Inc.		.,000	2,100,102
7.25%, 10/20/17 ^(a)		1,747	2,022,153
LyondellBasell Industries NV		,	,- ,
6.00%, 11/15/21		2,070	2,511,543
Rhodia SA			
6.875%, 9/15/20 ^(a)		1,848	2,100,616
Southern Copper Corp.			
7.50%, 7/27/35		1,500	1,865,891
Teck Resources Ltd.			
6.125%, 10/01/35		5,000	5,371,185
Vale Overseas Ltd.			
5.625%, 9/15/19 ^(b)		2,285	2,630,474
6.875%, 11/21/36		3,495	4,150,057
Westvaco Corp.		0.040	0 701 010
8.20%, 1/15/30		2,940	3,731,319
Weyerhaeuser Co. 7.375%, 3/15/32		3,308	4,517,712
8.50%, 1/15/25		1,000	1,431,679
0.0070, 1710/20		1,000	
			47,366,573

		Principal Amount (000)	U.S. \$ Value
		(000)	0.0.0.0.0
Capital Goods – 0.3% Mondi Consumer Packaging International AG			
9.75%, 7/15/17 ^(a)	EUR	1,652	\$ 2,474,747
7.125%, 6/26/42(a) 8.25%, 4/25/18(a) Owens Corning		6,600 5,903	, ,
6.50%, 12/01/16 ^(d)	U.S.\$	355	401,506
7.00%, 12/01/36 ^(d)		4,450	
Communications - Media - 0.2%			18,631,133
Communications - Media - 0.2% Comcast Cable Communications Holdings, Inc.			
9.455%, 11/15/22 NBCUniversal Enterprise, Inc.		2,500	3,860,415
5.25%, 3/19/21 ^(a)		6,975	7,041,583
6.40%, 12/15/35		1,000	<u>1,270,833</u> 12,172,831
Communications - Telecommunications - 0.2%			12,172,001
Qwest Corp. 6.75%, 12/01/21 6.875%, 9/15/33 7.625%, 6/15/15 Telefonica Emisiones SAU Series G		1,000 5,000 1,590	5,037,500
3.661%, 9/18/17 ^(a)	EUR	1,550	2,178,172 10,170,829
Consumer Cyclical - Automotive - 0.0% Ford Motor Credit Co. LLC 7.00%, 10/01/13	U.S.\$	974	998,708
Consumer Cyclical - Entertainment – 0.1%			, , , , , , , , , , , , , , , , , , ,
10.625%, 5/01/19 ^{(a)(e)}		4,250	4,292,500
Consumer Cyclical - Other - 0.3% Host Hotels & Resorts I P			
5.25%, 3/15/22 9.00%, 5/15/17		4,000 1,000	
Series Q 6.75%, 6/01/16		1,759	1,787,584
Entertainment – 0.1% New Cotai LLC/New Cotai Capital Corp. 10.625%, 5/01/19 ^{(a)(e)} Consumer Cyclical - Other – 0.3% Host Hotels & Resorts LP 5.25%, 3/15/22		4,000 1,000	4,460,000 1,047,552

		Principal Amount (000)	U.S. \$ Value
Seminole Indian Tribe of Florida			
6.535%, 10/01/20 ^(a)	U.S.\$	3,990 2,835	\$ 4,468,800 3,061,800
7.375%, 11/15/15		2,035	2,338,728 17,164,464
Consumer Cyclical - Retailers - 0.1% Dollar General Corp.			
4.125%, 7/15/17		2,743	3,002,370
6.375%, 3/15/37		3,500	4,231,580 7,233,950
Consumer Non-Cyclical – 0.0% Bunge Ltd. Finance Corp.			
8.50%, 6/15/19 Mylan, Inc./PA		332	432,727
7.625%, 7/15/17 ^(a) 7.875%, 7/15/20 ^(a)		330 335	365,475 391,531
Whirlpool Corp. 8.60%, 5/01/14		190	204,827
			1,394,560
Energy - 0.3% Anadarko Petroleum Corp.			
5.95%, 9/15/16 8.70%, 3/15/19		2,683 2,000	3,085,139 2,700,202
Petrohawk Energy Corp. 7.25%, 8/15/18 Pioneer Natural Resources Co.		6,400	7,083,200
5.875%, 7/15/16 Pride International, Inc.		500	565,435
6.875%, 8/15/20 Transocean. Inc.		1,327	1,686,492
6.80%, 3/15/38		1,916 1,800	2,236,169 2,199,818
Other Industrial – 0.1%			19,556,455
URS Corp. 5.25%, 4/01/22 ^(a)		4,000	4,252,768
Services – 0.0%			
QVC, Inc. 7.50%, 10/01/19 ^(a)		2,400	2,646,168
Transportation - Airlines - 0.0% Delta Air Lines 2007-1 Class A Pass Through Trust			
Series 071A 6.821%, 8/10/22		1,013	1,176,113 147,057,052

		Principal Amount (000)	U.S. \$ Value
1111111 0 70/			
Utility – 0.7% Electric – 0.4%			
Consorcio Transmantaro SA			
4.375%, 5/07/23 ^(a)	U.S.\$	14,103	\$ 13,962,252
7.50%, 6/30/66 Empresas Publicas de Medellin ESP		4,100	4,556,125
7.625%, 7/29/19 ^(a)		1,277	1,583,480
FirstEnergy Corp.			
Series C 7.375%, 11/15/31 Southern California Edison Co.		2,000	2,392,612
Series E			
6.25%, 2/01/22		3,300	3,683,097
N			26,177,566
Natural Gas – 0.3% Empresa de Energia de Bogota SA			
6.125%, 11/10/21 ^{(a)(b)} Enterprise Products Operating LLC		1,904	2,122,612
Series A 8.375%, 8/01/66		1,609	1,848,339
Series H			
6.65%, 10/15/34 SourceGas LLC		1,500	1,937,773
5.90%, 4/01/17 ^(a)		3,000	3,276,069
7.60%, 2/01/24 TransCanada PipeLines Ltd.		3,200	4,179,824
6.35%, 5/15/67		2,500	2,669,000
			16,033,617
			42,211,183
Non Corporate Sectors – 0.3% Agencies - Not Government Guaranteed – 0.3%			
Gazprom OAO Via Gaz Capital SA		0.070	4 510 000
6.51%, 3/07/22 ^(a)		3,873 7,353	4,516,886 9,577,283
		,	14,094,169
Total Corporates – Investment Grades (cost \$467,388,687)			535,054,792
GOVERNMENTS - TREASURIES - 7.4% Brazil - 0.8%			
Brazil Notas do Tesouro Nacional Series F			
10.00%, 1/01/17	BRL	42,780	22,095,419

		Principal Amount (000)	U.S. \$ Value
Brazilian Government International Bond 8.50%, 1/05/24	BRL	17,600 2,649 25,811	\$ 9,790,729 1,641,764 17,609,404 51,137,316
Colombia – 0.2% Colombia Government International Bond 7.75%, 4/14/21	COP	12,390,000 1,391,000	8,491,337 1,182,714 9,674,051
Indonesia - 0.1% Indonesia - Recap Linked Note (JPMC) 10.00%, 7/18/17	IDR	63,808,000	7,847,613
Portugal – 0.1% Portugal Obrigacoes do Tesouro OT 3.85%, 4/15/21	EUR	4,348	5,146,413
Russia - 0.1% Russian Federal Bond - OFZ Series 6204 7.50%, 3/15/18	RUB	232,655	7,958,360
South Africa - 0.3% South Africa Government Bond Series R204			
8.00%, 12/21/18 Series R207	ZAR	16,800	2,069,320
7.25%, 1/15/20 Series R208		120,490	14,386,024
6.75%, 3/31/21		21,565	2,508,687
Turkey – 0.8% Turkey Government Bond			18,964,031
9.00%, 1/27/16 Series 5YR	TRY	56,046	34,029,259
9.00%, 3/08/17		17,819	11,092,458 45,121,717
United States – 5.0%			
U.S. Treasury Bonds 1.25%, 2/15/14 ^(m) 2.75%, 8/15/42. 3.125%, 2/15/42. 3.875%, 8/15/40. 4.50%, 2/15/36. 4.625%, 2/15/40. 4.75%, 2/15/37. 5.00%, 5/15/37.	U.S.\$	7,000 28,065 110,113 15,500 5,750 14,700 8,943 8,500	7,062,069 27,253,753 115,687,471 18,679,918 7,568,438 19,895,539 12,205,800 11,996,951

		Principal Amount (000)		U.S. \$ Value
6.125%, 11/15/27-8/15/29	U.S.\$	16,235 8,500 7,963 7,595	\$	24,429,926 12,189,527 12,276,708 12,244,568
1.75%, 5/15/22		12,500 11,203	_	12,723,637 12,351,307 306,565,612
Total Governments – Treasuries (cost \$438,171,929)				452,415,113
COLLATERALIZED MORTGAGE OBLIGATIONS – 6.0% Non-Agency Fixed Rate – 3.7% Bear Stearns ARM Trust Series 2007-3, Class 1A1				
2.991%, 5/25/47		2,734		2,277,027
Series 2007-4, Class 22A1 5.349%, 6/25/47 Chaseflex Trust Series 2007-1, Class 1A3		11,550		10,692,967
6.50%, 2/25/37		1,349		889,847
6.00%, 12/25/35 Series 2006-AR3, Class 1A2A		15,275		14,477,011
5.629%, 6/25/36 Series 2007-AR4, Class 1A1A		7,115		6,646,869
5.62%, 3/25/37		3,142		2,986,151
5.75%, 3/25/37 Countrywide Alternative Loan Trust Series 2006-24CB, Class A15		3,271		2,790,954
5.75%, 6/25/36 Series 2006-2CB, Class A11		7,682		6,608,789
6.00%, 3/25/36 Series 2006-41CB, Class 2A13		2,847		2,296,369
5.75%, 1/25/37 Series 2006-42, Class 1A6		6,527		5,614,021
6.00%, 1/25/47 Series 2006-HY12, Class A5		2,563		1,922,519
5.264%, 8/25/36 Series 2006-J1, Class 1A10		10,769		9,656,619
5.50%, 2/25/36 Series 2006-J5, Class 1A1		4,213		3,560,960
6.50%, 9/25/36		2,308		1,854,126
Series 2007-13, Class A2 6.00%, 6/25/47		8,598		7,778,297

	F	Principal Amount (000)	ı	U.S. \$ Value
Series 2007-16CB, Class 1A7				
6.00%, 8/25/37 Countrywide Home Loan Mortgage Pass- Through Trust	U.S.\$	1,943	\$	1,722,450
Series 2007-HY4, Class 1A1 3.082%, 9/25/47 CSMC Mortgage-Backed Trust Series 2006-7, Class 3A12		2,726		2,277,158
6.25%, 8/25/36		6,622		5,960,363
Series 2005-AA3, Class 3A1 2.389%, 5/25/35 Series 2005-AA7, Class 2A1		1,974		1,851,963
2.358%, 9/25/35 Series 2006-AA3, Class A1		1,313		1,166,562
2.401%, 6/25/36 Series 2006-AA5, Class A1		2,167		1,710,166
2.348%, 9/25/36 Series 2006-AA7, Class A1		5,944		4,874,691
2.491%, 1/25/37 Series 2006-FA1, Class 1A3		6,281		4,854,083
5.75%, 4/25/36		3,822		3,330,778
4.737%, 9/25/35 Series 2006-AR31		5,936		5,351,004
5.146%, 11/25/36 Series 2006-AR37, Class 2A1		902		845,002
5.09%, 2/25/37Series 2007-AR1, Class 2A1		2,426		2,147,505
2.705%, 4/25/37 Series 2007-AR3, Class 1A1		5,719		4,337,302
3.217%, 7/25/37 Morgan Stanley Mortgage Loan Trust Series 2005-10, Class 4A1		1,797		1,693,061
5.50%, 12/25/35 Series 2006-2, Class 6A		3,442		3,236,274
6.50%, 2/25/36 Series 2007-12, Class 3A22		3,435		2,808,879
6.00%, 8/25/37 New Century Alternative Mortgage Loan Trust		1,207		1,119,348
Series 2006-ALT1, Class AF4 6.31%, 7/25/36 Series 2006-ALT2, Class AF6A		4,418		3,262,786
5.887%, 10/25/36 Residential Accredit Loans, Inc.		12,333		9,129,089
Series 2005-QA10, Class A31 3.766%, 9/25/35		6,241		5,307,968

		Principal Amount (000)		U.S. \$ Value
Carias 200F OA7 Class A01				
Series 2005-QA7, Class A21 3.289%, 7/25/35 Series 2005-QS14, Class 3A1	U.S.\$	4,315	\$	3,870,802
6.00%, 9/25/35 Series 2005-QS14, Class 3A3		9,467		9,134,914
6.00%, 9/25/35 Series 2006-QA1, Class A21		3,131		2,752,810
3.853%, 1/25/36		16,581		12,717,227
6.00%, 8/25/36 Series 2007-A1, Class A8		1,500		1,284,848
6.00%, 3/25/37 Series 2007-A5, Class 2A3		2,005		1,565,287
6.00%, 5/25/37 Residential Funding Mortgage Securities I, Inc. Series 2007-S6, Class 1A16		869		809,442
6.00%, 6/25/37Structured Adjustable Rate Mortgage Loan Trust		2,696		2,498,783
Series 2005-18, Class 8A1 5.403%, 9/25/35 Series 2006-9, Class 4A1		5,254		5,125,914
5.647%, 10/25/36		3,196		2,965,783
5.218%, 9/25/36 Series 2006-7, Class A4		3,078		1,929,166
5.218%, 9/25/36 Series 2006-9, Class A4		2,951		1,849,454
5.986%, 10/25/36 Series 2006-9, Class A6		3,165		2,283,877
5.751%, 10/25/36 Series 2007-HY3, Class 4A1		3,264		2,354,597
2.654%, 3/25/37 Wells Fargo Alternative Loan Trust Series 2007-PA3, Class 3A1		6,818		6,386,234
6.25%, 7/25/37		3,332		2,899,616
2.891%, 12/28/37 Series 2007-AR8, Class A1		14,085		12,655,933
5.987%, 11/25/37		7,434	_	6,774,233 226,897,878
			_	-,,

		Principal	
		Amount	
		(000)	U.S. \$ Value
Non Assess Floating Bate 0.00/			
Non-Agency Floating Rate – 2.3% Citigroup Mortgage Loan Trust, Inc.			
Series 2006-AR1, Class 1A1			
2.55%, 10/25/35 ^(d)	IIS\$	1,274 \$	1,202,587
Countrywide Alternative Loan Trust	Ο.Ο.φ	1,21+ ψ	1,202,007
Series 2007-16CB, Class 4A6			
37.799%, 8/25/37 ^(d)		2,323	4,474,776
Series 2007-7T2, Class A3		_,	.,,
0.80%, 4/25/37 ^(d)		5,241	3,256,742
Countrywide Home Loan Mortgage Pass			
Through Trust			
Series 2007-13, Class A7			
0.80%, 8/25/37 ^(d)		2,160	1,740,510
Deutsche Alt-A Securities, Inc. Alternate			
Loan Trust			
Series 2007-OA3, Class A1			
0.34%, 7/25/47 ^(d)		10,459	8,837,302
Deutsche ALT-A Securities, Inc. Alternate			
Loan Trust			
Series 2007-OA4, Class 1A1A		0.407	4 770 747
0.39%, 8/25/47 ^(d)		2,197	1,776,717
Downey Savings & Loan Association			
Mortgage Loan Trust Series 2006-AR1, Class 1A1A			
1.097%, 3/19/46 ^(d)		6,500	4,458,777
Greenpoint Mortgage Funding Trust		0,000	4,400,777
Series 2007-AR3, Class A1			
0.42%, 6/25/37 ^(d)		3,517	2,639,017
HarborView Mortgage Loan Trust		0,017	2,000,011
0.36%, 5/25/38 ^(d)		736	523,873
Series 2006-10, Class 2A1A			,
0.379%, 11/19/36 ^(d)		6,360	5,400,827
Series 2006-SB1, Class A1A			
1.027%, 12/19/36 ^(d)		6,617	4,990,993
Series 2007-4, Class 2A1			
0.419%, 7/19/47 ^(d)		9,469	7,973,238
Series 2007-7, Class 2A1A			
1.20%, 11/25/47 ^(d)		3,292	2,916,185
Impac Secured Assets Trust			
Series 2006-3, Class A6		0.047	0.010.077
0.40%, 11/25/36 ^(d) Series 2007-1, Class A2		3,647	2,313,677
0.36%, 3/25/37 ^(d)		3,679	2 756 051
IndyMac Index Mortgage Loan Trust		3,079	2,756,051
Series 2006-FLX1, Class A1			
0.41%, 11/25/36 ^(d)		1,225	1,033,138
Series 2007-FLX3, Class A1		1,220	1,000,100
0.44%, 6/25/37 ^(d)		5,067	4,497,759
		•	

		Principal Amount (000)		U.S. \$ Value
Lehman Mortgage Trust Series 2005-2, Class 5A2				
27.139%, 12/25/35 ^(d)	U.S.\$	1,299	\$	2,000,890
Series 2007-1, Class 3A1	σ.σ.φ	.,200	Ψ	_,000,000
0.45%, 2/25/37 ^(d)		3,869		930,858
Series 2007-1, Class 3A2				
7.05%, 2/25/37 ^{(d)(n)}		3,869		1,486,362
Lehman XS Trust Series 2007-15N, Class 4A1				
1.10%, 8/25/47 ^(d)		1,272		898,393
Series 2007-16N, Class 2A2		1,212		000,000
1.05%, 9/25/47 ^(d)		1,626		1,233,786
Series 2007-4N, Class 3A2A				
0.927%, 3/25/47 ^(d)		5,996		4,827,646
Luminent Mortgage Trust				
Series 2006-4, Class A1A 0.39%, 5/25/46 ^(d)		955		652 212
0.59%, 5/25/46% Series 2006-6, Class A1		900		653,213
0.40%, 10/25/46 ^(d)		3,747		3,272,851
Merrill Lynch Alternative Note Asset		-,		-,,
Series 2007-OAR1, Class A1				
0.37%, 2/25/37 ^(d)		2,311		2,105,072
Morgan Stanley Mortgage Loan Trust				
Series 2006-9AR, Class A2 0.35%, 8/25/36 ^(d)		13,879		7,763,370
NovaStar Mortgage-Backed Notes		13,079		7,700,070
Series 2006-MTA1, Class 2A1A				
0.39%, 9/25/46 ^(d)		2,830		2,128,471
PHH Alternative Mortgage Trust Series				
Series 2007-1, Class 1A1				
0.36%, 2/25/37 ^(d)		1,885		1,632,348
Residential Accredit Loans, Inc. Series 2005-QO4, Class 2A1				
0.48%, 12/25/45 ^(d)		6,812		5,200,808
Series 2006-QA4, Class A		0,012		0,200,000
0.38%, 5/25/36 ^(d)		7,435		5,852,826
Series 2006-QO2, Class A1				
0.42%, 2/25/46 ^(d)		2,421		1,229,851
Structured Asset Mortgage Investments, Inc. Series 2007-AR6, Class A1				
1.675%, 8/25/47 ^(d)		4,261		3,459,145
Washington Mutual Alternative Mortgage		1,201		0,100,110
Pass-Through Certificates				
Series 2006-AR11, Class 3A1A				
1.098%, 9/25/46 ^(d)		4,761		3,250,926
Series 2006-AR3, Class A1A		1 000		1 555 000
1.178%, 2/25/46 ^(d)		1,663		1,555,668

		Principal Amount (000)	U.S. \$ Value
Series 2006-AR5, Class A1A			
1.167%, 6/25/46 ^(d)	U.S.\$	2,145	\$ 1,864,020
0.877%, 2/25/47 ^(d)		13,246	10,469,720
0.937%, 4/25/47 ^(d) Series 2007-OA4, Class A1A		2,251	1,996,137
0.938%, 4/25/47 ^(d)		6,089	4,181,866
Series 2007-OA5, Class 1A 0.927%, 6/25/47 ^(d)		13,590	11,827,869 140,614,265
Non-Agency ARMs - 0.0% Countrywide Home Loan Mortgage Pass Through Trust			
Series 2007-HYB2, Class 3A1 2.882%, 2/25/47		3,065	2,420,564
Total Collateralized Mortgage Obligations (cost \$339,313,374)			369,932,707
EMERGING MARKETS – CORPORATE BONDS – 3.5% Industrial – 3.1% Basic – 0.4% Braskem Finance Ltd.			
7.00%, 5/07/20 ^(a) Gold Fields Orogen Holding BVI Ltd.		2,300	2,645,000
4.875%, 10/07/20 ^(a)		5,969	5,741,707
5.90%, 10/17/22 ^(a) Vedanta Resources PLC		10,301	10,192,731
8.75%, 1/15/14 ^{(a)(b)}		4,299	4,449,465 23,028,903
Capital Goods - 0.2% Ferreycorp SAA			
4.875%, 4/26/20 ^(a)		4,418	4,450,955
8.125%, 2/08/20 ^(a) Rearden G Holdings EINS GmbH		830	881,875
7.875%, 3/30/20(a)		3,770	4,139,460
9.875%, 4/06/21 ^{(a)(b)}		3,525	3,066,750
Communications - Media - 0.5%			12,539,040
Central European Media Enterprises Ltd. 11.625%, 9/15/16 ^(a)	EUR	2,895	4,079,450
CET 21 Spol Sro 9.00%, 11/01/17 ^(a)		3,532	5,163,129

		Principal Amount (000)		U.S. \$ Value
Columbus International, Inc.				
11.50%, 11/20/14 ^(a)	U.S.\$	16,683	\$	18,559,837
10.00%, 2/01/15 [®]		537		520,567
				28,322,983
Communications - 0.4% Colombia Telecomunicaciones SA ESP				
5.375%, 9/27/22 ^(a) Empresa de Telecomunicaciones de Bogota		3,787		3,794,855
7.00%, 1/17/23 ^(a)	COP	5,840,000		3,393,442
9.125%, 4/30/18 ^{(a)(b)} VimpelCom Holdings BV	U.S.\$	3,250		3,902,925
7.504%, 3/01/22 ^(a)		3,720		4,203,600
9.00%, 2/13/18 ^(a)	RUB	340,000		11,425,520
O				26,720,342
Consumer Cyclical - Other - 0.2% Peermont Global Pty Ltd. 7.75%, 4/30/14 ^(a)	EUR	4,400		5,664,202
Studio City Finance Ltd. 8.50%, 12/01/20(a)	U.S.\$	6,910		7,739,200
8.30%, 12/01/20 ^{cd}	υ.σ.φ	0,910	_	13,403,402
Consumer Cyclical - Retailers - 0.1%			_	10,400,402
Edcon Holdings Pty Ltd.				
5.703%, 6/15/15(a)(d)	EUR	2,434		3,085,252
Edcon Pty Ltd. 9.50%, 3/01/18 ^(a)		2,675		3,637,333
				6,722,585
Consumer Non-Cyclical – 1.0%				
Agrokor DD 8.875%, 2/01/20 ^(a) 9.875%, 5/01/19 ^(a)	U.S.\$ EUR	1,796 3,747		2,001,011 5,600,784
Corp. Azucarera del Peru SA 6.375%, 8/02/22(a)(b)	U.S.\$	4,030		4,326,296
Foodcorp Pty Ltd. 8.75%, 3/01/18 ^(a)	EUR	2,826		4,093,871
Hypermarcas SA 6.50%, 4/20/21 ^(a)	U.S.\$	8,432		9,077,048
Marfrig Holding Europe BV 8.375%, 5/09/18(a)(b)		13,048		11,612,720
Marfrig Overseas Ltd. 9.50%, 5/04/20 ^(a)		4,569		4,157,790
9.25%, 1/24/20(a)(b)		6,355		6,593,128

		Principal Amount (000)	U.S. \$ Value
USJ Acucar e Alcool SA			
9.875%, 11/09/19 ^(a)	U.S.\$	1,670	\$ 1,878,750
11.75%, 2/09/22 ^{(a)(b)}		12,500	<u>12,812,500</u> 62,153,898
Energy – 0.1% Golden Close Maritime Corp., Ltd 11.00%, 12/09/15		3,200	3,415,865
Technology – 0.1% MagnaChip Semiconductor SA/MagnaChip Semiconductor Finance Co.			
10.50%, 4/15/18		2,800	3,136,000
8.00%, 3/01/17 ^(a)		5,998	6,080,472 9,216,472
Transportation - Services - 0.1%			
Inversiones Alsacia SA 8.00%, 8/18/18 ^{(a)(b)}		3,881	3,242,991 188,766,481
Financial Institutions – 0.3% Banking – 0.3% Banco de Reservas de LA Republica Dominicana			
7.00%, 2/01/23 ^(a)		8,137	8,328,220
6.00%, 11/01/22 ^(a)		12,500	13,203,125 21,531,345
Utility - 0.1% Electric - 0.1% AES El Salvador Trust II			21,001,010
6.75%, 3/28/23 ^(a)		3,050	3,191,817
Total Emerging Markets – Corporate Bonds (cost \$206,634,461)			213,489,643
BANK LOANS - 3.4% Industrial - 3.3% Basic - 0.2% FMG Resources (August 2006) Pty. Ltd. (FMG America Finance, Inc.)			
5.25%, 10/18/17 ^(d)		7,761	7,896,818
9.25%, 12/31/13 ^(d)		2,950	2,874,421
5.25%, 11/01/18 ^(d)	EUR	2,818	3,731,976 14,503,215

	Principal Amount (000)	U.S. \$ Value
0 110 1 040/		
Capital Goods - 0.1% Serta Simmons Holdings LLC		
5.00%, 10/01/19 ^(d)	5,736	\$ 5,810,016
Communications Madis 0.00/		
Communications - Media - 0.0% Clear Channel Communications, Inc.		
3.85%, 1/29/16 ^(d)	124	113,375
Univision Communications, Inc.	1 107	1 115 000
4.45%, 3/31/17 ^(d)	1,107	
Consumer Cyclical - Automotive - 0.5%		1,228,683
Affinia Group, Inc.		
4.75%, 4/25/20 ^(d)	9,000	9,101,250
Federal-Mogul Corporation	1.004	1 001 046
2.14%, 12/29/14-12/28/15 ^(d)	1,934	1,831,846
5.50%, 3/28/19 ^(d)	6,563	6,660,937
Veyance Technologies, Inc. 5.25%, 9/08/17 ^(d)	10.005	10,000,400
5.25%, 9/08/17 ^{ta}	12,825	12,886,432
Consumer Cyclical - Entertainment - 0.3%		30,480,465
ClubCorp Club Operations, Inc.		
5.00%, 11/30/16 ^(d)	2,354	2,395,072
Harrah's Las Vegas Propco LLC 3.69%, 2/13/14 ^(d)	8,675	7.064.770
Station Casinos LLC	0,075	7,964,778
5.00%, 3/02/20 ^(d)	7,500	7,585,575
		17,945,425
Consumer Cyclical - Other - 0.2%		
Global Cash Access, Inc. 7.00%, 3/01/16 ^(d)	383	386,848
Las Vegas Sands LLC	000	000,010
2.70%, 11/23/16 ^(d)	271	271,593
New HB Acquisition, LLC 6.75%, 4/09/20 ^(d)	10,800	11,043,000
Wolverine World Wide, Inc.	10,000	11,010,000
4.00%, 10/09/19 ^(d)	1,279	1,290,478
		12,991,919
Consumer Cyclical - Retailers - 0.2% Bass Pro Group LLC		
4.00%, 11/20/19 ^(d)	2,940	2,967,550
Burlington Coat Factory Warehouse	,	, ,
Corporation 5.50%, 2/23/17 ^(d)	GEO	660.050
Harbor Freight Tools USA, Inc./Central	653	660,858
Purchasing LLC		
5.50%, 11/14/17 ^(d)	2,382	2,412,370
Rite Aid Corporation 5.75%, 8/21/20 ^(d)	3,000	3,110,010
3 3 /0, 0/2 //20	3,000	9,150,788
		3,100,100

	Principal Amount (000)	U.S. \$ Value
Consumer Non-Cyclical – 0.7%		
Air Medical Group Holdings, Inc.		
6.50%, 6/30/18 ^(d)	U.S.\$ 5,486	\$ 5,606,289
9.75%, 3/26/20 ^(d)	6,360	6,586,607
Catalent Pharma Solutions, Inc.		
(fka Cardinal Health 409, Inc.) 12/31/17 ^(o)	11,500	11,615,000
ConvaTec Inc	11,000	
5.00%, 12/22/16 ^(d)	1,210	1,230,876
H.J. Heinz Company 3/27/20 ^(c)	3,800	3,833,250
Harlan Laboratories, Inc.	0,000	0,000,200
(fka Harlan Sprague Dawley, Inc.)	4 000	4 705 450
3.70%, 7/11/14 ⁽ⁱ⁾	1,928	1,725,452
(fka IVD Acquisition Corporation)		
5.00%, 8/19/18 ^(d)	4,925	4,990,998
Kinetic Concepts, Inc. 5.50%, 5/04/18 ^(d)	2,814	2,860,670
Par Pharmaceutical Companies, Inc.	2,014	2,000,070
(Par Pharmaceutical, Inc.)		
4.25%, 9/30/19 ^(d)	3,144	3,173,052
(aka U.S. Foodservice, Inc.)		
5.75%, 3/31/17 ^(a)	628	635,511
		42,257,705
Energy – 0.0%		
Citgo Petroleum Corporation 9.00%, 6/24/17 ^(d)	1 617	1,649,376
	1,017	1,040,010
Other Industrial – 0.2%		
Accudyne Industries Borrower S.C.A./Accudyne Industries, LLC		
(fka Silver II US Holdings, LLC)		
4.00%, 12/13/19 ^(d)	4,988	5,021,166
Asurion LLC (fka Asurion Corporation)		
4.50%, 5/24/19 ^(d)	4,825	4,878,267
Gavilon Group LLC, The		
6.00%, 12/06/16 ^(d)	309	308,409
5.75%, 8/17/17 ^(d)	3,605	3,670,359
		13,878,201
Services – 0.5%		
Supervalu, Inc.	0.750	0.005.000
6.25%, 3/21/19 ^(d) Travelport LLC	9,750	9,895,080
(fka Travelport Inc.)		
9.50%, 1/31/16 ^(d)	18,579	19,043,196
		28,938,276

		Principal Amount (000)	U.S. \$ Value
Technology – 0.4%			
Alcatel-Lucent USA Inc. 7.25%, 1/30/19 ^(d)	U.S.\$	6,703	\$ 6,866,959
Avaya, Inc. 4.79%, 10/26/17 ^(d)		385	358,438
Blackboard, Inc. 11.50%, 4/04/19 ^(d)		8,250	8,324,250
Smart Modular Technologies (Global), Inc. 8.25%, 8/26/17 ^(d)		4,875	4,338,750
5.00%, 4/23/19 ^(d)		993	1,000,361 20,888,758 199,722,827
Non Corporate Sectors – 0.1% Foreign Local Government - Municipal – 0.1% Education Management LLC 4.31%, 6/01/16 ^(d)		5,560	4,613,366
Utility – 0.0% Other Utility – 0.0% Willbros United States Holdings, Inc. 9.50%, 6/30/14(d)		861	855,974
Financial Institutions – 0.0% REITS – 0.0%			
iStar Financial, Inc. 5.25%, 3/19/16 ^(d)		525	529,290
Total Bank Loans (cost \$202,014,716)			205,721,457
EMERGING MARKETS – SOVEREIGNS – 3.1% Argentina – 0.7%			
Argentina Boden Bonds 7.00%, 10/03/15 Argentina Bonar Bonds		21,871	18,987,847
Series X 7.00%, 4/17/17 ^(b) Argentine Republic Government		18,150	14,717,634
International Bond 7.82%, 12/31/33 Series NY	EUR	7,070	5,353,549
2.50%, 12/31/38 ⁰	U.S.\$	14,680 1,885	4,881,100 1,114,547 45,054,677

	Principal Amount (000)	U.S. \$ Value
Cote D'Ivoire - 0.6% Ivory Coast Government International Bond 5.75%, 12/31/32 ^(a)	U.S.\$ 39,199	\$ 37,435,045
Croatia – 0.2% Croatia Government International Bond 6.625%, 7/14/20(a)	5,350 3,280	6,096,325 3,750,155 9,846,480
Dominican Republic - 0.3% Dominican Republic International Bond 8.625%, 4/20/27(a)	14,203	17,824,765
El Salvador – 0.3% El Salvador Government International Bond 7.375%, 12/01/19 ^(a)	1,495 872 6,400 5,145 700	1,775,313 1,050,760 7,440,000 5,981,062 850,500 17,097,635
Gabon - 0.1% Gabonese Republic 8.20%, 12/12/17 ^(a)	3,208	3,897,720
Ghana – 0.1% Republic of Ghana 8.50%, 10/04/17 ^(a)	130 4,394	149,500 5,053,100 5,202,600
Serbia - 0.1% Republic of Serbia 6.75%, 11/01/24(a)	1,505 6,418	1,525,491 7,493,015 9,018,506
Turkey – 0.0% Turkey Government International Bond 7.375%, 2/05/25	1,649	2,201,415
United Arab Emirates - 0.2% Emirate of Dubai Government International Bonds 7.75%, 10/05/20 ^(a)	7,645	9,594,475
Venezuela – 0.5% Venezuela Government International Bond 7.65%, 4/21/25 ^(b)	38,000	32,927,000
Total Emerging Markets – Sovereigns (cost \$145,560,101)		190,100,318

		Principal Amount	
		(000)	U.S. \$ Value
COMMERCIAL MORTGAGE-BACKED			
SECURITIES - 2.5%			
Non-Agency Fixed Rate CMBS - 2.2%			
Banc of America Commercial Mortgage, Inc.			
Series 2007-5, Class AM			
5.772%, 2/10/51	U.S.\$	6,665 \$	7,514,482
Banc of America Re-REMICs Trust			
Series 2009-UB1, Class A4B			
5.687%, 6/24/50 ^(a)		3,500	3,573,675
Bear Stearns Commercial Mortgage			
Securities Trust			
Series 2006-PW13, Class AJ		0.400	0.405.005
5.611%, 9/11/41		2,409	2,435,265
Commercial Mortgage Pass-Through			
Certificates			
Series 2006-C3, Class AJ 5.989%, 6/15/38		1,840	1 961 605
Credit Suisse Mortgage Capital		1,040	1,861,695
Certificates			
Series 2006-C4, Class A3			
5.467%, 9/15/39		5,184	5,821,765
Series 2006-C4, Class AM		0,.0.	0,02.,.00
5.509%, 9/15/39		5,600	6,256,046
DB-UBS Mortgage Trust		•	, ,
Series 2011-LC2A, Class D			
5.626%, 7/10/44 ^(a)		2,500	2,699,612
GE Capital Commercial Mortgage Corp.			
Series 2005-C4, Class AJ			
5.471%, 11/10/45		5,000	4,929,755
Greenwich Capital Commercial			
Funding Corp.			
Series 2007-GG9, Class AM		10 501	11 000 071
5.475%, 3/10/39		10,561	11,889,971
GS Mortgage Securities Corp. II Series 2011-GC5, Class C			
5.475%, 8/10/44 ^(a)		7,937	9,153,089
GS Mortgage Securities Trust		1,301	3,100,003
Series 2006-GG6, Class AJ			
5.826%, 4/10/38		11,756	11,965,116
JP Morgan Chase Commercial Mortgage		11,700	11,000,110
Securities Corp.			
Series 2007-CB19, Class AM			
5.91%, 2/12/49		10,321	11,638,362
Series 2007-LD11, Class AM			
6.002%, 6/15/49		10,744	11,436,724
Series 2007-LD12, Class AM			
6.198%, 2/15/51		1,856	2,153,838
Series 2007-LDPX, Class AM		0.700	7 000 000
5.464%, 1/15/49		6,789	7,326,293

	Principal Amount (000)	U.S. \$ Value
Series 2012-CBX, Class D		
5.362%, 6/15/45 ^(a) Series 2012-CBX, Class E	U.S.\$ 5,000	\$ 5,372,258
5.362%, 6/15/45 ^(a) LB-UBS Commercial Mortgage Trust	6,521	6,407,291
Series 2007-C2, Class AM 5.493%, 2/15/40 Series 2008-C1, Class AJ	7,127	7,622,564
6.325%, 4/15/41 LSTAR Commercial Mortgage Trust	762	801,019
Series 2011-1, Class C	0.000	0.150.104
5.542%, 6/25/43 ^(a)	2,000	2,159,104
5.137%, 7/12/38UBS-Barclays Commercial Mortgage Trust	2,700	2,867,592
Series 2012-C2, Class D 5.05%, 5/10/63 ^(a)	2,300	2,379,909
Mortgage Trust Series 2006-C29, Class AJ		
5.368%, 11/15/48 WFDB Commercial Mortgage Trust Series 2011-BXR, Class E	2,500	2,351,317
6.403%, 7/05/24 ^(a) WFRBS Commercial Mortgage Trust	2,480	2,553,646
Series 2012-C6, Class D 5.749%, 4/15/45 ^(a)	1,300	1,407,947 134,578,335
Non-Agency Floating Rate		134,376,333
CMBS - 0.3%		
Commercial Mortgage Pass Through Certificates Series 2007-FL14, Class C		
0.499%, 6/15/22(a)(d)	1,006	937,471
Series 2007-WHL8, Class D	4 475	4 170 000
0.499%, 6/15/20 ^{a/d} Series 2007-WHL8, Class E	4,475	4,170,302
0.599%, 6/15/20(a)dd WFRBS Commercial Mortgage Trust	12,800	11,736,461
Series 2011-C4, Class D 5.417%, 6/15/44(a)(c)	2,576	2,852,052
,	,	19,696,286
Total Commercial Mortgage-Backed Securities		
(cost \$130,896,707)		154,274,621

Company	Shares	U.S. \$ Value
PREFERRED STOCKS – 1.4% Financial Institutions – 1.3% Banking – 0.7%		
Citigroup Capital XIII 7.875% ^(c)	144,000 \$	4,066,560
CoBank ACB 6.25% ^(a) Goldman Sachs Group, Inc. (The)	35,289	3,775,923
Series J 5.50% Royal Bank of Scotland Group PLC	367,725	9,454,210
Series M 6.40% Santander Finance Preferred SAU	360,000	8,359,200
6.80%US Bancorp Series F	67,000	1,700,460
6.50%Zions Bancorporation Series C	270,000	8,089,200
9.50%Zions Bancorporation Series G	196,500	5,093,280
6.30%	75,000	2,036,250 42,575,083
Finance – 0.0% Brandywine Realty Trust		
Series E 6.90%	97,325	2,559,647
Insurance – 0.1% Hartford Financial Services Group, Inc.		
7.875% XLIT Ltd.	170,000	5,264,900
0.00% ^(d)	1,750	1,418,594 6,683,494
Other Finance – 0.2% RBS Capital Funding Trust V		
Series E 5.90%	427,925	9,388,674
REITS - 0.3% CapLease, Inc. Series C		
7.25%Cedar Realty Trust, Inc.	81,000	2,190,969
7.25%Health Care REIT, Inc. Series J	104,195	2,730,951
6.50%	116,925	3,206,083

Company	Shares	U.S. \$ Value
Hersha Hospitality Trust Series C		
6.875%	127,275	\$ 3,290,059
7.125%	194,150	4,975,094
12.00% ^(a)	501	659,250 17,052,406
		78,259,304
Industrial – 0.1% Basic – 0.0% ArcelorMittal		
6.00%	31,675	655,673
Communications - Telecommunications - 0.1% Centaur Funding Corp.		
9.08% ^(a)	6,280	7,944,200
Non Corporate Sectors – 0.0% Agencies - Government Sponsored – 0.0% Federal Home Loan Mortgage Corp.		8,599,873
Series Z 8.375% Federal National Mortgage Association	11,250	53,325
Series S 8.25%	51,350	235,183 288,508
Total Preferred Stocks (cost \$78,036,431)		87,147,685
	Principal Amount (000)	
QUASI-SOVEREIGNS – 1.3% Quasi-Sovereign Bonds – 1.3% Hungary – 0.1%		
Magyar Export-Import Bank RT 5.50%, 2/12/18 ^(a)	U.S.\$ 3,291	3,315,134
Indonesia – 0.3% Majapahit Holding BV 7.875%, 6/29/37 ^(a)	5,600	7,420,000
Pertamina Persero PT 6.00%, 5/03/42 ^(a)	720	773,151
Perusahaan Listrik Negara PT 5.25%, 10/24/42 ^(a)	11,216	11,131,880
,	,= . 0	19,325,031

		Principal Amount (000)		U.S. \$ Value
		(000)		O.O. Q Value
Kazakhstan - 0.1% KazMunayGas National Co. JSC 7.00%, 5/05/20 ^(a)	U.S.\$	3,746	\$	4,513,930
Russia – 0.5% Russian Agricultural Bank OJSC Via RSHB Capital SA				
6.299%, 5/15/17 ^(a)		17,519 11,479		19,292,799 13,459,127
Tripidad 9 Tabaga 0 10/				32,751,926
Trinidad & Tobago – 0.1% Petroleum Co. of Trinidad & Tobago Ltd. 9.75%, 8/14/19 ^(a)		3,650		4,672,000
Ukraine – 0.1%				
National JSC Naftogaz of Ukraine 9.50%, 9/30/14 Ukreximbank Via Biz Finance PLC		5,978		6,199,784
8.375%, 4/27/15 ^(a)		1,620		1,613,844
				7,813,628
United States – 0.1% Citgo Petroleum Corp. 11.50%, 7/01/17 ^(a)		4,527		5,206,050
Total Quasi-Sovereigns (cost \$66,812,262)				77,597,699
EMERGING MARKETS – TREASURIES – 1.0% Costa Rica – 0.2% Republic of Costa Rica				
10.58%, 6/22/16 ^(a)	CRC	4,150,000		9,113,597
11.13%, 3/28/18 ^(a)		2,620,500		5,987,215
D D . I I' . 0.00/				15,100,812
Dominican Republic – 0.3% Dominican Republic 15.95%, 6/04/21 ^(a)	DOP	52,700		1,611,947
Dominican Republic International Bond		===		.=
16.00%, 7/10/20 ^(a)		563,400	_	
Indonesia 0.20/				18,715,100
Indonesia - 0.2% Indonesia - Recap Linked Note (JPMC) 9.50%, 5/17/41	IDR	68,280,000		9,640,315
Nigeria - 0.2% Nigeria Government Bond Series 10YR				
16.39%, 1/27/22	NGN	652,500		5,148,555

		Principal Amount (000)	U.S. \$ Value	e
		(555)		_
Series 7	NIONI	0.40.405	Φ 0000.50	_
16.00%, 6/29/19	NGN	812,485		
			11,149,11	7
Philippines – 0.1%				
Philippine Government International Bond	PHP	200 000	0 006 61	0
6.25%, 1/14/36	PHP	280,000	8,886,61	9
Total Emerging Markets – Treasuries (cost \$57,928,567)			63,491,96	3
LOCAL GOVERNMENTS – MUNICIPAL BONDS – 1.0%				
United States - 1.0%				
Buckeye OH Tobacco Settlement Fin Auth				
Series 2007A-2				
5.875%, 6/01/47	U.S.\$	15,625	13,847,03	1
California GO		4 000	4 000 70	_
7.60%, 11/01/40		1,200	1,820,73	
7.625%, 3/01/40 7.95%, 3/01/36		1,250 2,235	1,871,40 2,847,59	
Golden St Tobacco Securitization CA		2,200	2,047,00	'
Series 2007A-1				
5.125%, 6/01/47		11,930	10,406,18	1
Illinois GO				
7.35%, 7/01/35		4,120	5,056,51	7
Tobacco Settlement Auth IA				
Series 2005C 5.625%, 6/01/46		9,585	9,408,06	1
Tobacco Settlement Fin Corp. MI		9,000	9,400,00	1
Series 2007A				
6.00%, 6/01/48		6,825	6,381,92	1
Tobacco Settlement Fin Corp. NJ				
Series 2007 1A				
5.00%, 6/01/41		3,855	3,415,29	9
Tobacco Settlement Fin Corp. VA				
Series 2007B1 5.00%, 6/01/47		4,520	2 201 25	0
5.00%, 0/01/47		4,520	3,804,25	0
Total Local Governments – Municipal Bonds				
(cost \$53,668,805)			58,858,99	5
GOVERNMENTS – SOVEREIGN AGENCIES – 0.7%				
Norway – 0.1%				
Eksportfinans ASA				
2.00%, 9/15/15		356	344,78	6
2.375%, 5/25/16		4,218	4,049,28	0
			4,394,06	6
				_

		Principal Amount (000)	U.S. \$ Value	е
Russia – 0.3%				
Sberbank of Russia Via SB Capital SA				
5.125%, 10/29/22 ^{(a)(b)}	U.S.\$	11,313	\$ 11,461,200	C
6.875%, 5/29/18 ^(a)		3,433	3,850,110	C
			15,311,310	
Spain – 0.0% Instituto de Credito Oficial 4.53%, 3/17/16	CAD	2,700	2,672,047	7
Ukraine – 0.0% Financing of Infrastrucural Projects State				
Enterprise 7.40%, 4/20/18 ^(a)	U.S.\$	2,500	2,374,629	9
United Arab Emirates – 0.3% Dubai Holding Commercial Operations MTN Ltd.				
6.00%, 2/01/17	GBP	10,900	17,291,310	<u>)</u>
Total Governments – Sovereign Agencies (cost \$38,862,281)			42,043,362	2
ASSET-BACKED SECURITIES – 0.3% Home Equity Loans - Fixed Rate – 0.2% Countrywide Asset-Backed Certificates Series 2005-7, Class AF5W				
5.054%, 10/25/35 CSAB Mortgage Backed Trust Series 2006-2, Class A6A	U.S.\$	2,108	1,893,100	Э
5.72%, 9/25/36		1,651	1,407,032	2
5.659%, 9/25/35 Series 2006-10, Class AF3		2,300	2,073,648	3
5.985%, 6/25/36 Lehman XS Trust Series 2006-17, Class WF32		2,184	1,436,406	3
5.55%, 11/25/36 Series 2007-6, Class 3A5		2,910	2,513,275	5
5.72%, 5/25/37		1,105	970,47	1
5.988%, 11/25/36 Series 2007-8XS, Class A2		2,070	1,329,873	3
6.00%, 4/25/37		1,924	1,414,986	3
			13,038,79	1

		Principal Amount (000)	U.S. \$ Value
Home Equity Loans - Floating Rate - 0.1% GSAA Home Equity Trust			
Series 2006-6, Class AF4 5.169%, 3/25/36 ^(d) Series 2006-6, Class AF5	U.S.\$	5,531	\$ 3,511,555
5.169%, 3/25/36 ^(d)		4,476	2,841,109 6,352,664
Total Asset-Backed Securities (cost \$17,667,784)			19,391,455
GOVERNMENTS – SOVEREIGN BONDS – 0.2% Indonesia – 0.1% Indonesia Government International Bond 8.50%, 10/12/35 ^(a)		1,645	2,555,919
Nigeria – 0.1%		,,	
Nigeria - Recap Linked (Citi) 7.55%, 5/01/17 ^(a)	NGN	378,300 357,900	
15.10%, 5/02/17 ^(a)		377,000	
Total Covernments - Coversion Bonda			7,754,786
Total Governments - Sovereign Bonds (cost \$9,790,460)			10,310,705
LOCAL GOVERNMENTS – REGIONAL BONDS – 0.1% Local Governments - Regional Bonds – 0.1% Bogota Distrito Capital			
9.75%, 7/26/28 ^(a) Provincia de Cordoba	COP	6,665,000	5,537,353
12.375%, 8/17/17 ^(a)	U.S.\$	4,226	3,317,410
Total Local Governments - Regional Bonds (cost \$7,033,496)			8,854,763
INFLATION-LINKED SECURITIES – 0.1% Uruguay – 0.1% Uruguay Government International Bond 3.70%, 6/26/37 (cost \$2,775,114)	UYU	63,654	4,109,849

Company	Shares	U.S. \$ Value
COMMON STOCKS - 0.1% American Media Operations, Inc. (h)0	15,926 43 202 541 56,116 41,929 999 49,578 13 10,181 1,001,000 27,473	\$ 47,778 156,024 262,600 42,198 1,346,784 418,452 89,943 322,257 401,375 488,688 1 -0-0-
Total Common Stocks (cost \$5,358,094)		3,576,100
	Principal Amount (000)	
SUPRANATIONALS – 0.0% Eurasian Development Bank 7.375%, 9/29/14 ^(a) (cost \$1,775,440)		1,891,120
OPTIONS PURCHASED - PUTS - 0.0% Options on Funds and Investment Trusts - 0.0% SPDR S&P 500 ETF Trust Expiration: Sep 13, Exercise Price: \$ 149.00 ^{(k)(q)}	0.000	4 000 040
(cost \$3,206,512)	6,903 Shares	1,839,649
WARRANTS - 0.0% Alion Science and Technology Corp., expiring 11/01/14 ^{((k)())}	1,050	-0-
Fairpoint Communications, Inc.,	,	-0-
expiring 1/24/18 ^{(h)(h)(k)} iPayment Holdings, Inc. , expiring 11/15/18 ^{(h)(k)}	6,740 2,952	- 0 - - 0 -
Magnachip Semiconductor , expiring 12/31/49 ^{(h)(i)(k)}	12,000	2,640
Talon Equity Co. NV , expiring 11/24/15 ^{(h)(l)(k)}	877	
Total Warrants (cost \$6)		2,640

\$ 6,109,459,958

 Company
 Shares
 U.S. \$ Value

 SHORT-TERM INVESTMENTS – 10.5%

 Investment Companies – 10.5%

 AllianceBernstein Fixed-Income Shares, Inc.
 - Government STIF Portfolio, 0.09%(r)

 (cost \$641,098,486)
 641,098,486

 **Total Investments – 102.6%
 6,269,023,035

 (cost \$5,830,038,885)
 6,269,023,035

 Other assets less liabilities – (2,6)%
 (159,563,077)

Net Assets – 100.0%......FUTURES CONTRACTS (see Note D)

Туре	Number of Contracts	Expiration Month	Original Value			alue at April 30, 2013	Αp	Inrealized opreciation/epreciation)
Purchased Cont	racts							
U.S. 2 Yr Note								
Futures (CBT)	3,517	June 2013	\$	775,321,526	\$	775,938,125	\$	616,599
U.S. 5 Yr Note								
Futures (CBT)	5,478	June 2013		678,491,510		682,781,371		4,289,861
							\$	4,906,460

FORWARD CURRENCY EXCHANGE CONTRACTS (see Note D)

Counterparty	Contracts to Deliver (000)			xchange For (000)	Settlement Date	Unrealized Appreciation/ (Depreciation)
Barclays Bank PLC	GBP	118,461	USD	181,246	5/16/13	\$(2,747,752)
Barclays Bank PLC	USD	160	GBP	105	5/16/13	3,039
Barclays Bank PLC	IDR	234,647,570	USD	23,958	5/24/13	(122,724)
BNP Paribas SA	EUR	301,003	USD	392,801	5/16/13	(3,639,491)
BNP Paribas SA	PEN	73,845	USD	28,508	5/16/13	598,495
Brown Brothers Harriman & Co.	EUR	2,243	USD	2,917	5/16/13	(36,306)
Brown Brothers Harriman & Co.	USD	1,188	EUR	905	5/16/13	3,287
Brown Brothers Harriman & Co.	CHF	2,239	USD	2,368	5/23/13	(40, 193)
Canadian Imperial Bank of						
Commerce	EUR	1,780	USD	2,316	5/16/13	(28,356)
Citibank	USD	122,968	MXN	1,494,409	5/23/13	(113,929)
Citibank	USD	37,539	RUB	1,191,541	5/28/13	560,321
Citibank	ZAR	160,104	USD	17,327	6/07/13	(425,904)
Credit Suisse International	COP	14,654,708	USD	8,023	5/16/13	2,288
Deutsche Bank	EUR	12,123	USD	15,775	5/16/13	(191,095)
Deutsche Bank	USD	42,136	INR		5/24/13	900,347
Deutsche Bank	AUD	4,578	USD	4,680	6/14/13	(50,236)
Goldman Sachs	BRL	72,435	USD	35,993	5/03/13	(206,727)
Goldman Sachs	USD	36,187	BRL	72,435	5/03/13	12,532
Goldman Sachs	USD	13,580	TRY	24,491	6/07/13	27,864
Goldman Sachs	USD	9,446	HUF	2,202,158	6/13/13	198,689
HSBC Bank USA	GBP	61,683	USD	93,941	5/16/13	(1,864,705)
JPMorgan Chase Bank	USD	3,167	HUF	726,983	6/13/13	17,368
Royal Bank of Scotland	JPY	6,152,818	USD	62,101	5/31/13	(1,023,220)
Royal Bank of Scotland	CAD	129,473	USD	125,947	6/07/13	(2,455,629)
Royal Bank of Scotland	HUF	2,222,504	USD	9,551	6/13/13	(183,728)
Standard Chartered Bank	JPY	11,409,557	USD	114,399	5/31/13	(2,657,177)
UBS Securities LLC	BRL	72,435	USD	36,187	5/03/13	(12,532)

Counterparty	De	Contracts to Deliver (000)		change For 000)	Settlement Date	Unrealized Appreciation/ (Depreciation)	
UBS Securities LLC UBS Securities LLC	USD BRL	35,779 72,435	BRL USD	72,435 35,665	5/03/13 6/04/13	420,069 (395,490)	
						\$ (13,450,895)	

CREDIT DEFAULT SWAPTIONS WRITTEN (see Note D)

Description		Buy/Sell Protection		Expiration Date	 lotional Amount (000)	Premiums Received	Market Value
Put-CDX NAHY-20	JPMorgan Chase	ı					
5 Year Index Put-CDX	Bank, NA JPMorgan		100.00	% 9/18/13	\$ 70,500 \$	1,410,000 \$	(371,462)
NAHY-20 5 Year Index	Chase Bank, NA	Sell	100.00	9/18/13	70,500	1,353,600 2,763,600 \$	(371,462)

CENTRALLY CLEARED SWAP CONTRACTS (see Note D)

				Rate			
Broker/ (Exchange)	An	tional nount 000)	Termination Date	Payments made by the Fund	Payments received by the Fund	App	realized reciation/ preciation)
Morgan Stanley &							
Co. LLC (CME)	\$	49,410	5/1/18	0.83%	3 Month LIBOR	\$	37,759
Morgan Stanley &							
Co. LLC (CME)		25,600	4/24/23	1.86%	3 Month LIBOR		(48,493)
Morgan Stanley &							
Co. LLC (CME)	GBP	20,950	4/30/23	1.80 %	6 Month LIBOR		(1,079)
Morgan Stanley &							
Co. LLC (CME)		5,610	4/30/43	6 Month LIBOR	2.89 %		549
						\$	(11,264)

INTEREST RATE SWAP CONTRACTS (see Note D)

			Rate Type				
Swap Counterparty	Notional Amount (000)	Termination Date	Payments made by the Fund	Payments received by the Fund	Market Value	Upfront Premiums Paid (Received)	Unrealized Appreciation/ (Depreciation)
Bank of							
America, NA	\$ 23,380	7/05/22	1.74%	3 Month LIBOR \$	(157,562)	\$ -0-	\$ (157,562)
Bank of							
America, NA	GBP 7,030	12/06/22	1.86%	6 Month LIBOR	(141,936)	-0-	(141,936)
Bank of			6 Month				
America, NA	3,150	12/06/42	LIBOR	2.97%	95,481	-0-	95,481
Citibank, NA	111,140	6/11/22	1.83%	3 Month LIBOR	(1,922,171)	-0-	(1,922,171)
Citibank, NA	17,670	11/23/22	1.72%	3 Month LIBOR	(23,195)	-0-	(23,195)
Credit Suisse							
International	650,000	10/29/14	0.41%	3 Month LIBOR	(959,268)	-0-	(959,268)
Credit Suisse							
International	61,630	12/07/14	0.36%	3 Month LIBOR	(100,455)	-0-	(100,455)
Credit Suisse							
International	99,800	1/31/15	0.44%	3 Month LIBOR	(297,479)	-0-	(297,479)

				Rate	Туре			
Swap Counterparty	Aı	otional mount (000)	Termination Date	Payments made by the Fund	Payments received by the Fund	Market Value		Unrealized Appreciation/ (Depreciation)
Credit Suisse International	\$	600,000	4/08/18	0.93%	3 Month LIBOR 6 Month	(3,002,765)	- 0 -	- (3,002,765)
Deutsche Bank AG	GBP	117,670	10/04/22	1.86% 6 Month	LIBOR	(2,131,830)	- 0 -	- (2,131,830)
Deutsche Bank AG Goldman Sachs	\$	49,575	10/04/42	LIBOR	2.97% 3 Month	922,616	- 0 -	922,616
International Goldman Sachs		88,500	11/05/14	0.38%	LIBOR 3 Month	367,214	- 0 -	367,214
International Goldman Sachs		62,150	9/17/22	1.80%	LIBOR 3 Month	(369,243)	- 0 -	(369,243)
International JPMorgan Chase		26,730	1/24/23	1.89%	LIBOR 3 Month	(337,389)	- 0 -	- (337,389)
Bank, NA JPMorgan Chase		109,340	2/19/15	0.42%	LIBOR 3 Month	(203,085)	- 0 -	- (203,085)
Bank, NA JPMorgan Chase		17,500	1/03/23	1.79%	LIBOR 6 Month	(79,630)	- 0 -	- (79,630)
Bank, NA JPMorgan Chase	GBP	10,830	1/22/23	2.05% 6 Month	LIBOR	(465,954)	- 0 -	- (465,954)
Bank, NA Morgan Stanley Capital Services		9,330	1/22/43	LIBOR	3.11% 3 Month	670,435	-0-	- 670,435
LLC	\$	8,500	2/17/22	2.01%	LIBOR	\$ (284,423) (8,420,639)	(86,540) \$ (86,540)	(197,883) \$ (8,334,099)

CREDIT DEFAULT SWAP CONTRACTS (see Note D)

Swap Counterparty & Referenced Obligation	Fixed Rate S	Implied Credit Spread at April 30, 2013	Notional Amount (000)	Market		Unrealized Appreciation/ (Depreciation)
Buy Contracts Barclays Bank PLC: Alcatel-Lucent USA, Inc.,						
6.50%, 1/15/28, 3/20/17* Liz Claibone, Inc., 5.00% 7/08/13,	(5.00)%	5.46%	\$ 2,240 \$	\$ 30,583	\$ 168,512	\$ (137,929)
12/20/13* Nokia Oyj, 6.75% 2/04/19.	(5.00)	0.01	1,090	(40,737)	8,936	(49,673)
9/20/14* The McClatchy Co., 5.75% 9/01/17.	(5.00)	1.21	15,000	(825,593)	837,760	(1,663,353)
12/20/13* Citibank, NA: Venezuela Government International Bond, 9.25% 9/15/27,	(5.00)	0.02	1,090	(38,102)	16,756	(54,858)
3/20/16* Deutsche Bank: Ally Financial, Inc., 7.50% 9/15/20.	(5.00)%	7.26%	24,500	1,239,366	3,712,381	(2,473,015)
6/20/17*	(5.00)	1.65	4,500	(627,317)	(189,075)	(438,242)

Swap Counterparty & Referenced Obligation	Fixed Rate (Pay) Receive	Implied Credit Spread a April 30, 2013	it Not	ional ount 00)	Market Value	Upfront Premiums Paid (Received)	Unrealized Appreciation/ (Depreciation)
Goldman Sachs Bank USA: CDX NAHY Series 11							
5 Year Index, 12/20/13* JPMorgan Chase Bank, NA: MBIA, Inc.,	_	28.74%	6\$	2,791 \$	472,598 \$	\$ 643,467	\$ (170,869)
6.625% 10/01/28, 12/20/13* Morgan Stanley Capital Services LLC: Fiat SpA,	(5.00)%	0.33		2,180	25,815	93,540	(67,725)
6.625% 2/15/13, 12/20/17* Fiat SpA, 6.625% 2/15/13,	(5.00)	4.32	EUR	2,655	(110,584)	180,072	(290,656)
12/20/17*	(5.00)	4.32	\$	3,795	(158,067)	262,308	(420,375)
Sale Contracts Bank of America, NA: Amkor Technology, Inc., 7.375%, 5/01/18,							
6/20/17* Boyd Gaming Corp., 6.75% 4/15/14,	5.00	4.00		4,250	187,060	(129,872	316,932
3/20/16* CDX NAHY Series 17 5 Year Index,	5.00	2.92		4,500	258,827	(213,647)	472,474
12/20/16* CDX NAHY Series 17 5 Year Index,	5.00	2.57	;	30,240	2,671,200	(2,506,390)	5,177,590
12/20/16* CDX-NAIG Series 19	5.00	2.57	;	33,600	2,968,000	(1,689,593)	4,657,593
5 Year Index, 12/20/17* CDX-NAIG Series 19	1.00	3.11		925	(86,220)	(151,873) 65,653
5 Year Index, 12/20/17* HCA, Inc.,	1.00	3.11		463	(43,111)	(75,854	32,743
6.375% 1/15/15, 6/20/17* iTraxx Europe-9	5.00	1.86		6,000	788,894	46,384	742,510
10 Year Index, 6/20/18* iTraxx Europe-9 10 Year Index,	3.00	4.44	EUR	14,486	(1,257,217)	(2,022,747)	765,530
6/20/18*	3.00	4.44	\$	2,897	(251,443)	(380,709)	129,266

Swap Counterparty & Referenced Obligation	Fixed Rate (Pay) Receive	Implied Credit Spread at N April 30, 1 2013		Market	Upfront Premiums Paid (Received)	Unrealized Appreciation/ (Depreciation)
iTraxx Europe-9						
10 Year Index,						
6/20/18*	3.00%	4.44% \$	2,897\$	(251,444)\$	(370,382)	\$ 118,938
iTraxx Europe-9						
10 Year Index,						
6/20/18*	3.00	4.44	2,897	(251,443)	(369,037)	117,594
Sanmina -SCI Corp.,			_,	(== :, : :=)	(===,==:)	,
8.125% 3/01/16,						
6/20/17*	5.00	3.26	5,990	438,894	(281,642)	720,536
Barclays Bank PLC:	3.00	3.20	5,990	430,094	(201,042)	720,000
,						
Advanced Micro Devices,						
Inc.,						
7.750% 8/01/20,						
3/20/16*	5.00	4.41	9,500	171,839	(769,892)	941,731
Advanced Micro Devices,						
Inc.,						
7.750% 8/01/20,						
3/20/16*	5.00	4.41	8,390	151,761	(559,932)	711,693
AK Steel Corp.,					, , ,	
7.625% 5/15/20,						
6/20/17*	5.00	10.22	5,150	(815,849)	(535,529)	(280,320)
Alcatel-Lucent USA Inc.,	0.00		0,100	(0.0,0.0)	(000,020)	(200,020)
6.50% 1/15/28,						
6/20/16*	5.00	4.52	5,000	100,114	196,276	(06.162)
		4.02	3,000	100,114	190,270	(96,162)
Cablevision Systems Corp.,						
8.00% 4/15/12,	F 00	0.00	0.000	050 005	040.044	10.051
3/20/16*	5.00	2.03	3,000	258,695	210,044	48,651
CDX-NAHY						
Series 17						
5 Year Index,						
12/20/16*	5.00	2.57	31,680	2,798,400	(2,065,523)	4,863,923
CDX-NAIG						
Series 15						
5 Year Index,						
12/20/15*	1.00	1.07	3,000	(1,766)	(231,981)	230,215
Clear Channel				,	, , ,	
Communications, Inc.,						
6.875% 6/15/18,						
12/20/14*	5.00	6.45	5,820	(154,249)	(469,391)	315,142
Clear Channel	0.00	0.10	0,020	(101,210)	(100,001)	010,112
Communications, Inc.,						
6.875% 6/15/18,						
,	E 00	11.00	0.000	(E00.004)	(700 EOE)	010 511
3/20/16*	5.00	11.80	3,000	(520,084)	(733,595)	213,511
Community Health						
Systems, Inc.,						
8.875% 7/15/15,						
6/20/16*	5.00	1.39	4,650	547,224	(107,525)	654,749
Community Health						
Systems, Inc.,						
8.875%, 7/15/15,						
6/20/17*	5.00	2.06	4,150	510,191	(219,607)	729,798
Freescale Semiconductor						
Inc.,						
8.05% 2/01/20,						
6/20/17*	5.00	3.88	3,990	195,082	(278,379)	473,461
			-,	,	, -,0)	-,

Swap Counterparty & Referenced Obligation	Fixed Rate (Pay) Receive	Implied Credit Spread at April 30, 2013	An	tional nount 000)	Market Value	Upfront Premiums Paid (Received)	Unrealized Appreciation/ (Depreciation)
Freescale Semiconductor, Inc., 8.875% 12/15/14,		0.570/	Φ	E 000 f	200 501	D (06.406	ΛΦ 405.017
6/20/16* Health Management Associates, Inc., 6.125%, 4/15/16,	5.00%	2.57%	Ф	5,000 \$	398,521	\$ (96,496) \$ 495,017
6/20/17* Levi Strauss & Co., 8.875% 4/01/16,	5.00	2.27		5,950	678,355	(29,534)	707,889
3/20/16* Nokia Oyj, 6.75% 2/04/19, 9/20/17*	5.00	0.93		1,500	181,772	37,164	
9/20/17 NXP BV/NXP Funding LLC, 2.961%, 10/15/13,	5.00	4.83		9,390	96,214	(1,494,988)) 1,591,202
3/20/18* NXP BV/NXP Funding LLC,	5.00	2.65	EUR	1,750	256,708	117,560	139,148
2.961%, 10/15/13, 3/20/16* Virgin Media Finance PLC,	5.00	1.45	\$	3,010	316,892	124,895	191,997
9.50% 8/15/16, 6/20/17* Virgin Media Finance PLC,	5.00	2.79		4,000	368,417	47,424	320,993
9.50%, 8/15/16, 6/20/17* Citibank, NA:	5.00	2.79		4,500	414,470	107,897	306,573
Amkor Technology, Inc., 7.375%, 5/01/18, 6/20/17* CDX NAHY	5.00	4.00		4,150	182,658	(278,733) 461,391
Series 18 5 Year Index, 6/20/17* CDX NAHY	5.00	2.86		10,608	917,137	(141,895) 1,059,032
Series 18 5 Year Index, 6/20/17* CDX NAHY Series 18	5.00	2.86		7,071	611,310	(105,749) 717,059
5 Year Index, 6/20/17* CDX-NAHY Series 17	5.00	2.86		7,072	611,396	(90,809)	702,205
5 Year Index, 12/20/16* CDX-NAIG Series 9	5.00	2.57		36,770	3,248,010	(3,110,678)) 6,358,688
10 Year Index, 12/20/17*	5.00	5.91		5,700	(189,915)	(782,758) 592,843

Swap Counterparty & Referenced Obligation	Fixed Rate (Pay) Receive	Implied Credit Spread at N April 30, A 2013	otional mount (000)	Market Value	Upfront Premiums Paid (Received)	Unrealized Appreciation/ (Depreciation)
New Albertsons, Inc., 8.00% 5/01/31, 9/20/14*	5.00%	1.63% \$	5,800 \$	273,034 \$	(765,004)	\$ 1,038,038
Credit Suisse International: American Axle & Manufacturing, Inc., 7.875%, 3/1/17,						
6/20/18* CDX-NAHY Series 15	5.00	4.05	9,120	454,609	185,497	269,112
5 Year Index, 12/20/15* CDX-NAHY Series 15	5.00	1.48	15,675	1,548,965	(1,109,949)	2,658,914
5 Year Index, 12/20/15* Chesapeake Energy Corp.,	5.00	1.48	13,925	1,374,099	(992,933)	2,367,032
6.625% 8/15/20, 12/20/17* Goodyear Tire & Rubber Co.,	5.00	2.65	5,000	524,628	11,210	513,418
7.00% 3/15/28, 6/20/18* Goodyear Tire & Rubber Co.,	5.00	4.29	4,100	132,723	(36,768)	169,491
7.00%, 3/15/28, 12/20/17* Health Management Associates, Inc.,	5.00	4.75	12	179,617	112,067	67,550
6.125% 4/15/16, 12/20/17* Levi Strauss & Co.,	5.00	2.57	2,570	281,315	150,451	130,864
7.625% 5/15/20, 12/20/17* Mediacom LLC, 9.125% 8/15/19,	5.00	1.91	5,120	722,813	(45,915)	768,728
12/20/17* MGM Resorts International,	5.00	3.23	2,500	199,304	47,849	151,455
5.875% 2/27/14, 3/20/16* MGM Resorts International,	5.00	1.54	3,000	300,306	(68,780)	369,086
7.625% 1/15/17, 6/20/13* United States Steel Corp.,	5.00	0.22	4,600	58,576	36,270	22,306
6.65% 6/01/37, 12/20/17* Wind Acquisition Finance S.A.,	5.00	6.06	3,010	(119,749)	(243,709)	123,960
11.00% 12/01/15, 6/20/16*	5.00	3.48	7,500	380,978	252,523	128,455

Swap Counterparty & Referenced Obligation	Fixed Rate (Pay) Receive	Implied Credit Spread at April 30, 2013	Notional Amount (000)	Market		Unrealized Appreciation/ (Depreciation)
Deutsche Bank AG:						
CDX-NAIG Series 19						
5 Year Index, 12/20/17*	1.00%	0.110/	Φ 700EΦ	(700 007\f	(1 114 700)	Φ 204 606
CDX-NAIG Series 19	1.00%	3.11%	\$ 7,835 \$	(730,097)\$	(1,114,703)	\$ 384,606
5 Year Index.						
12/20/17*	1.00	3.11	461	(42,936)	(81,843)	38,907
Goldman Sachs				, , ,	, , ,	
Bank USA:						
CDX NAHY Series17						
5 Year Index,	F 00	0.57	04 400	0.704.440	(0.004.070)	E 470 040
12/20/16* CDX NAHY Series17	5.00	2.57	31,488	2,781,440	(2,691,876)	5,473,316
5 Year Index.						
12/20/16*	5.00	2.57	33,600	2,968,000	(1,978,623)	4,946,623
CDX-NAHY Series			,	_,,	(1,010,000)	.,,
15 3 Year Index,						
12/20/13*	5.00	3.15	26,785	474,373	(1,626,692)	2,101,065
CDX-NAIG Series 15						
5 Year Index,	4.00	4.07	F 000	(0.140)	(400,004)	400 704
12/20/15* CDX-NAIG Series 19	1.00	1.07	5,600	(3,140)	(493,934)	490,794
5 Year Index,						
12/20/17*	1.00	3.11	925	(86,174)	(165,056)	78,882
Chesapeake Energy				(, ,	(,,	-,
Corp.,						
6.625% 8/15/20,						
6/20/17*	5.00	2.36	5,250	573,134	(306,897)	880,031
ConvaTec Healthcare E S.A.,						
E S.A., 10.875%						
12/15/18, 6/20/17*	5.00	4.45	EUR 3,870	135,498	(644,453)	779,951
J.C. Penney Co. Inc.,				,	(= : :, :==)	,
6.375%						
10/15/36,						
12/20/17*	5.00	7.29	\$ 4,050	(328,690)	(350,954)	22,264
KB Home,						
6.25% 6/15/15, 6/20/17*	5.00	2.10	6,000	727,413	(529,612)	1,257,025
Mediacom LLC,	5.00	2.10	0,000	727,410	(020,012)	1,201,020
9.125% 8/15/19,						
3/20/16*	5.00	1.51	6,000	608,111	(179,152)	787,263
United States Steel						
Corp.,						
6.65% 6/01/37,	F 00	E 04	1 000	(00.000)	(00.000)	57.004
9/20/17* United States Steel	5.00	5.81	1,300	(36,326)	(93,690)	57,364
Corp.,						
6.65% 6/01/37,						
9/20/17*	5.00	5.81	1,310	(36,605)	(93,031)	56,426
			,	. , ,	. , ,	

Swap Counterparty & Referenced Obligation	Fixed Rate (Pay) Receive	Implied Credit Spread at April 30, 2013	An	tional nount 000)	Market Value	Upfront Premiums Paid (Received)	Unrealized Appreciation/ (Depreciation)
Goldman Sachs International: American Axle & Manufacturing, Inc.,							
7.875%, 3/1/17, 6/20/18* CDX-NAIG Series 19	5.00%	4.05%	\$	6,582 \$	328,096 \$	96,946	\$ 231,150
5 Year Index, 12/20/17* CDX-NAIG Series 9	1.00	3.11		463	(43,110)	(77,006) 33,896
10 Year Index, 12/20/17* Owens-Illinois, Inc., 7.80% 5/15/18,	5.00	5.91		5,700	(189,915)	(804,650) 614,735
12/20/17* JPMorgan Chase Bank, NA:	5.00	1.92		3,000	423,275	244,231	179,044
CDX NAHY Series 17 5 Year Index, 12/20/16* CDX-NAIG Series 9	5.00	2.57		33,600	2,968,000	(1,324,331) 4,292,331
10 Year Index, 12/20/17* CDX-NAIG Series 9	5.00	5.91		5,676	(189,104)	(845,030) 655,926
10 Year Index, 12/20/17* CDX-NAIG Series 9	5.00	5.91		6,504	(216,718)	(782,912) 566,194
10 Year Index, 12/20/17* CDX-NAIG Series 9	5.00	5.91		4,613	(153,682)	(702,208) 548,526
10 Year Index, 12/20/17* CDX-NAIG Series 9	5.00	5.91		4,613	(153,682)	(652,735) 499,053
10 Year Index, 12/20/17* iTraxx Europe 9	5.00	5.91		4,613	(153,682)	(644,039) 490,357
10 Year Index, 6/20/18* Sabre Holdings Corp.,	3.00	4.44	EUR	3,285	(285,137)	(319,285) 34,148
8.35% 3/15/16, 6/20/16*	5.00	2.67	\$	1,985	152,053	(135,405) 287,458
Morgan Stanley Capital Services LLC: AK Steel Holding Corp.,	ı						
7.625% 5/15/20, 3/20/16* Boyd Gaming Corp.,	5.00	8.77		3,000	(264,354)	34,368	(298,722)
6.75% 4/15/14, 6/20/13*	5.00	0.63		3,100	37,648	21,999	15,649

Swap Counterparty & Referenced Obligation	Fixed Rate (Pay) Receive	Implied Credit Spread a April 30, 2013	An	tional nount 000)	Market Value	Upfront Premiums Paid (Received)	Unrealized Appreciation/ (Depreciation)
CDX NAHY Series 18 5 Year Index, 6/20/17*	5.00%	\$2.86	\$	44.550 \$	3,851,719\$	(1,417,396) \$ 5,269,115
CDX NAHY Series 18 5 Year Index,		•	·	,	.,,		
6/20/17* CDX-NAHY Series 17	5.00	2.86		39,600	3,423,750	(1,258,372)	4,682,122
5 Year Index, 12/20/16* CDX-NAIG Series 19	5.00	2.57		32,064	2,832,320	(2,712,565)	5,544,885
5 Year Index, 12/20/17* CDX-NAIG Series 9	1.00	3.11		463	(43,110)	(77,413	34,303
10 Year Index, 12/20/17* Chesapeake Energy	5.00	5.91		5,470	(182,265)	(665,208) 482,943
Corp., 6.625%, 8/15/20, 6/20/18* NXP BV, 8.625%	5.00%	2.98		5,500	554,993	408,787	146,206
10/15/13, 9/20/17* UBS AG: Goodyear Tire &	5.00	2.36	EUR	3,720	558,682	(222,438	781,120
Rubber Co., 7.00% 3/15/28, 6/20/17* Levi Strauss & Co., 8.875% 4/01/16.	5.00	3.87	\$	2,000	98,026	(140,353) 238,379
6/20/17* SLM Corp. 6.25% 1/25/16,	5.00	1.66		6,690	937,705	(333,397)	1,271,102
6/20/17*	5.00	2.54		2,000	204,520 44,284,509 \$	(42,313	246,833

REVERSE REPURCHASE AGREEMENTS (see Note D)

Broker	Principal Amount (000's)	Currency	Interest Rate	Maturity	U.S. \$ Value at April 30, 2013
Barclays Capital Inc.†	581	USD	(5.25)%*	_	\$ 580,259
Barclays Capital Inc.†	1,901	USD	(5.25)%*	_	1,899,032
Barclays Capital Inc.†	4,165	USD	(2.50)%*	_	4,162,686
Barclays Capital Inc.†	4,100	USD	(2.38)%*	_	4,089,056
Barclays Capital Inc.†	2,176	USD	(2.00)%*	_	2,175,150
Barclays Capital Inc.†	1,263	USD	(2.00)%*	_	1,262,579
Barclays Capital Inc.†	2,846	USD	(2.00)%*	_	2,845,301
Barclays Capital Inc.†	871	USD	(1.75)%*	_	870,954
Barclays Capital Inc.†	3,461	USD	(1.75)%*	_	3,459,866
Barclays Capital Inc.†	4,926	USD	(1.63)%*	_	4,925,041
Barclays Capital Inc.†	1,514	USD	(1.63)%*	_	1,513,743
Barclays Capital Inc.†	568	EUR	(1.50)%*	_	743,880
Barclays Capital Inc.†	1,759	USD	(1.25)%*	_	1,758,261
Barclays Capital Inc.†	3,988	USD	(1.25)%*	_	3,986,392

Broker	Principal Amount (000's)	Currency	Interest Rate	Maturity	U.S. \$ Value at April 30, 2013
Barclays Capital Inc.†	1,381	USD	(1.00)%*	_	\$ 1,381,020
Barclays Capital Inc.†	3,355	USD	(1.00)%*	_	3,354,191
Barclays Capital Inc.†	2,160	USD	(1.00)%*	_	2,160,075
Barclays Capital Inc.†	4,719	USD	(1.00)%*	_	4,717,951
Barclays Capital Inc.†	14,797	USD	(1.00)%*	_	14,793,051
Barclays Capital Inc.†	557	USD	(0.75)%*	_	557,087
Barclays Capital Inc.†	2,668	USD	(0.75)%*	_	2,667,555
Barclays Capital Inc.†	2,972	USD	(0.63)%*	_	2,971,448
Barclays Capital Inc.†	2,763	USD	(0.50)%*	_	2,762,193
Barclays Capital Inc.†	1,776	USD	(0.25)%*	_	1,775,901
Barclays Capital Inc.†	3,267	USD	(0.25)%*	_	3,266,818
Barclays Capital Inc.†	8,493	USD	(0.15)%*	_	8,492,288
Barclays Capital Inc.†	1,706	USD	(0.10)%*	_	1,706,222
Barclays Capital Inc.†	3,978	USD	(0.10)%*	_	3,977,934
Barclays Capital Inc.†	1,634	USD	(0.05)%*	_	1,633,986
Barclays Capital Inc.†	4,897	USD	0.00%	_	4,896,938
Credit Suisse Securities†	400	USD	(1.75)%*	_	399,767
Credit Suisse Securities†	2,200	USD	(1.50)%*	_	2,197,983
Credit Suisse Securities†	3,110	USD	(1.00)%*	_	3,108,349
Credit Suisse Securities†	4,452	USD	(1.00)%*	_	4,451,258
Credit Suisse Securities†	4,091	USD	(0.75)%*	_	4,090,114
Credit Suisse Securities†	832	USD	(0.70)%*	_	831,978
Credit Suisse Securities†	1,790	USD	(0.50)%*	_	1,789,975
Credit Suisse Securities†	786	USD	(0.50)%*	_	785,668
Credit Suisse Securities†	7,452	USD	(0.50)%*	_	7,451,068
Credit Suisse Securities†	8,447	EUR	(0.50)%*	_	11,122,536
Credit Suisse Securities†	1,550	USD	(0.38)%*	_	1,549,903
Credit Suisse Securities†	680	USD	(0.25)%*	_	679,705
Credit Suisse Securities†	1,140	USD	(0.25)%*	_	1,139,826
Credit Suisse Securities†	1,412	USD	(0.25)%*	_	1,411,991
Credit Suisse Securities†	11,102	USD	(0.15)%*	_	11,101,584
Credit Suisse Securities†	2,295	USD	(0.15)%*	_	2,294,943
Credit Suisse Securities†	332	USD	(0.13)%*	_	331,475
Credit Suisse Securities†	1,314	USD	0.00%	_	1,314,063
Credit Suisse Securities†	493	USD	0.00%	_	493,495
Credit Suisse Securities†	1,163	USD	0.00%	_	1,162,500
Credit Suisse Securities†	1,584	USD	0.00%	_	1,583,640
Credit Suisse Securities†	3,930	USD	0.00%	_	3,930,225
Deutsche Bank AG†	2,219	USD	(1.00)%*	_	2,217,181
Deutsche Bank AG†	2,612	USD	(0.15)%*	_	2,611,358
Deutsche Bank AG†	4,709	USD	(0.05)%*	_	4,709,243
Euroclear Banks S.A.†	4,947	USD	(0.50)%*	_	4,946,269
ING Bank Amsterdam†	844	USD	(5.88)%*	_	843,036
ING Bank Amsterdam†	2,110	USD	(5.88)%*	_	2,107,590
ING Bank Amsterdam†	1,250	USD	(1.38)%*	_	1,248,880
ING Bank Amsterdam†	1,680	USD	(1.38)%*	_	1,679,166
ING Bank Amsterdam†	1,026	USD	(1.00)%*	_	1,025,252
ING Bank Amsterdam†	1,481	USD	(1.00)%*	_	1,479,932
ING Bank Amsterdam†	590	USD	(1.00)%*	_	589,928
ING Bank Amsterdam†	1,576	USD	(1.00)%*	_	1,575,599
ING Bank Amsterdam†	4,315	USD	(0.50)%*	_	4,314,221
ING Bank Amsterdam†	189	USD	(0.50)%*	_	188,890
ING Bank Amsterdam†	2,837	USD	(0.38)%*	_	2,836,866
ING Bank Amsterdam†	5,163	USD	(0.25)%*	_	5,161,926
ING Bank Amsterdam†	1,339	USD	(0.25)%*	_	1,338,861

	Principal Amount				J.S. \$ Value at April 30,
Broker	(000's)	Currency	Interest Rate	Maturity	2013
ING Bank Amsterdam†	852	USD	(0.25)%*	_	\$ 851,523
ING Bank Amsterdam†	1,383	USD	(0.25)%*	_	1,382,289
ING Bank Amsterdam†	7,022	USD	(0.25)%*	_	7,021,938
ING Bank Amsterdam†	2,861	USD	0.00%	_	2,861,300
ING Bank Amsterdam†	1,291	USD	0.50%	_	1,290,858
JPMorgan Chase Bank, NA	566	USD	(0.15)%*	5/02/13	566,233
JPMorgan Chase Bank, NA	5,649	USD	0.00%	5/01/13	5,649,375
JPMorgan Chase Bank, NA†	2,393	EUR	(0.75)%*	_	3,150,342
JPMorgan Chase Bank, NA†	5,275	USD	(0.75)%*	_	5,274,231
JPMorgan Chase Bank, NA†	938	USD	(0.66)%*	_	938,000
JPMorgan Chase Bank, NA†	3,273	USD	(0.25)%*	_	3,272,136
JPMorgan Chase Bank, NA†	2,455	USD	(0.15)%*	_	2,454,622
JPMorgan Chase Bank, NA†	1,163	USD	0.00%	_	1,162,500
JPMorgan Chase Bank, NA†	2,355	USD	0.00%	_	2,355,000
JPMorgan Chase Bank, NA†	2,588	USD	0.00%	_	2,587,500
JPMorgan Chase Bank, NA†	4,967	USD	0.00%	_	 4,966,500
					\$ 243,267,449

- + The reverse repurchase agreement matures on demand. Interest rate resets daily and the rate shown is the rate in effect on April 30, 2013
- * Interest payment due from counterparty.
- (a) Security is exempt from registration under Rule 144A of the Securities Act of 1933. These securities are considered liquid and may be resold in transactions exempt from registration, normally to qualified institutional buyers. At April 30, 2013, the aggregate market value of these securities amounted to \$2,175,990,516 or 35.6% of net assets.
- (b) Position, or a portion thereof, has been segregated to collateralize reverse repurchase agreements. The market value of the collateral amounted to \$245,323,362.
- (c) Variable rate coupon, rate shown as of April 30, 2013.
- (d) Floating Rate Security. Stated interest rate was in effect at April 30, 2013.
- (e) Pay-In-Kind Payments (PIK).
- (f) Defaulted.
- (g) Security is in default and is non-income producing.
- (b) Illiquid security.
- Coupon rate adjusts periodically based upon a predetermined schedule. Stated interest rate in effect at April 30, 2013.
- (j) Fair valued by the Adviser.
- (k) Non-income producing security.
- (1) Security is exempt from registration under Rule 144A of the Securities Act of 1933. These securities, which represent 0.03% of net assets as of April 30, 2013, are considered illiquid and restricted.

Restricted Securities	Acquisition Date Cost		Cost	Market Value	Percentage of Net Assets	
Alion Science and Technology Corp., expiring 11/01/14	6/20/10	\$	6	\$ -0-	0.00%	
European Media Capital SA 10.00%, 2/01/15	8/18/10		536,667	520,567	0.01%	
IIRSA Norte Finance Ltd. 8.75%, 5/30/24	5/30/24		793,417	968,826	0.02%	

- (m) Position, or a portion thereof, has been segregated to collateralize OTC derivatives outstanding. The aggregate market value of these securities amounted to \$4,307,698.
- (n) IO Interest Only

- (o) This position or a portion of this position represents an unsettled loan purchase. At April 30, 2013, the market value and unrealized gain of these unsettled loan purchases amounted to \$15,448,250 and \$186,414, respectively. The coupon rate will be determined at the time of settlement and will be based upon the London-Interbank Offered Rate ("LIBOR") plus a premium which was determined at the time of purchase.
- (p) Restricted and illiquid security.
- (q) One contract relates to 100 shares.
- (r) Investment in affiliated money market mutual fund. The rate shown represents the 7-day yield as of period end.

The fund currently owns investments collateralized by subprime mortgage loans. Subprime loans are offered to homeowners who do not have a history of debt or who have had problems meeting their debt obligations. Because repayment is less certain, subprime borrowers pay a higher rate of interest than prime borrowers. As of April 30, 2013, the fund's total exposure to subprime investments was 6.00% of net assets. These investments are valued in accordance with the fund's Valuation Policies (see Note A for additional details).

Currency Abbreviations:

AUD – Australian Dollar

BRL - Brazilian Real

CAD – Canadian Dollar

CHF – Swiss Franc

CLP – Chilean Peso COP – Colombian Peso

CRC - Costa Rican Colon

DOP – Dominican Peso

EUR - Euro

GBP - Great British Pound

HUF - Hungarian Forint

IDR – Indonesian Rupiah

INR - Indian Rupee

JPY – Japanese Yen

MXN – Mexican Peso

NGN - Nigerian Naira

PEN - Peruvian Nuevo Sol

PHP - Philippine Peso

RUB – Russian Ruble

TRY – Turkish Lira

USD - United States Dollar

UYU - Uruguayan Peso

ZAR - South African Rand

Glossary:

ARMs - Adjustable Rate Mortgages

CBT - Chicago Board of Trade

CDX-NAHY - North American High Yield Credit Default Swap Index

CDX-NAIG - North American Investment Grade Credit Default Swap Index

CMBS - Commercial Mortgage-Backed

GO - General Obligation

LIBOR - London Interbank Offered Rates

OJSC - Open Joint Stock Company

REIT – Real Estate Investment Trust

REMICs - Real Estate Mortgage Investment Conduits

STATEMENT OF ASSETS & LIABILITIES

April 30, 2013 (unaudited)

Asset	s
-------	---

ASSETS	
Investments in securities, at value	
Unaffiliated issuers (cost \$5,188,940,399)	\$ 5,627,924,549
Affiliated issuers (cost \$641,098,486)	641,098,486
Cash	11,500,838
Cash held at broker	5,399,749 ^(a)
Foreign currencies, at value (cost \$434,719)	437,824
Dividends and interest receivable	92,226,045
Unrealized appreciation of credit default swap contracts	89,567,279
Receivable for investment securities sold	37,068,167
Receivable for capital stock sold	31,589,980
Upfront premiums paid on credit default swap contracts	8,413,574
Unrealized appreciation of forward currency exchange contracts	2,744,299
Unrealized appreciation of interest rate swap contracts	2,055,746
Receivable for terminated swap contracts	 148,510
Total assets	6,550,175,046
Liabilities	
Payable for reverse repurchase agreements	243,267,449
Payable for investment securities purchased and foreign	
currency transactions	81,196,422
Upfront premiums received on credit default swap contracts	47,254,445
Unrealized depreciation of forward currency exchange contracts	16,195,194
Payable for capital stock redeemed	14,278,424
Unrealized depreciation of interest rate swap contracts	10,389,845
Cash collateral received from broker	9,383,000
Dividends payable	6,880,138
Unrealized depreciation of credit default swap contracts	6,441,899
Advisory fee payable	2,270,668
Distribution fee payable	1,868,856
Options written, at value (premiums received \$2,763,600)	742,924
Payable for variation margin on centrally cleared swap contracts	168,763
Transfer Agent fee payable	108,185
Upfront premiums received on interest rate swap contracts	86,540
Payable for variation margin on futures contracts	42,783
Administrative fee payable	13,253
Accrued expenses and other liabilities	 126,300
Total liabilities	440,715,088
Net Assets	\$ 6,109,459,958
Composition of Net Assets	
Capital stock, at par	\$ 621,441
Additional paid-in capital	5,593,265,841
Distributions in excess of net investment income	(31,715,428)
Accumulated net realized gain on investment	, , ,
and foreign currency transactions	40,140,883
Net unrealized appreciation of investments	
and foreign currency denominated assets and liabilities	507,147,221
	\$ 6,109,459,958

(a) Amount represents margin requirements for centrally cleared swap contracts and open futures contracts outstanding at April 30, 2013.

Net Asset Value Per Share—21 billion shares of capital stock authorized, \$.001 par value

Class	Net Assets	Shares Outstanding	Net Asset Value
A	\$ 2,836,106,380	289,327,124	\$ 9.80*
В	\$ 16,412,770	1,660,310	\$ 9.89
С	\$ 1,414,184,210	142,683,486	\$ 9.91
Advisor	\$ 1,655,208,214	168,649,883	\$ 9.81
R	\$ 58,991,639	6,019,623	\$ 9.80
K	\$ 41,202,377	4,202,514	\$ 9.80
I	\$ 87,354,368	8,897,970	\$ 9.82

^{*} The maximum offering price per share for Class A shares was \$10.23 which reflects a sales charge of 4.25%.

STATEMENT OF OPERATIONS

Six Months Ended April 30, 2013 (unaudited)

lance at the control of the control				
Investment Income Interest	Φ	191,256,932		
Dividends	Φ	191,200,932		
Unaffiliated issuers		2,154,864		
Affiliated issuers		360,670		
Other fee income		509,711	\$	194,282,177
Expenses				
Advisory fee (see Note B)		12,976,792		
Distribution fee—Class A		3,921,967		
Distribution fee—Class B		89,532		
Distribution fee—Class C		6,509,106		
Distribution fee—Class R		130,108		
Distribution fee—Class K		37,236		
Transfer agency—Class ATransfer agency—Class B		1,007,421 8,292		
Transfer agency—Class C		502,737		
Transfer agency—Advisor Class		564,865		
Transfer agency—Class R		67,656		
Transfer agency—Class K		19,395		
Transfer agency—Class I		7,449		
Registration fees		177,363		
Custodian		173,193		
Printing		163,848		
Audit		42,570		
Directors' fees		28,494		
Administrative		28,017		
Legal		20,365 62,950		
Miscellaneous	_			
Total expenses before interest expense		26,539,356 173,748		
Interest expense	_	173,740		00 710 104
Total expenses				26,713,104
Net investment income			_	167,569,073
Realized and Unrealized Gain (Loss) on				
Investment and				
Foreign Currency Transactions Net realized gain on:				
Investment transactions				1,264,736
Swap contracts				27,514,697
Futures contracts				2,662,192
Options written				8,734,155
Unfunded loan commitments				660,000
Foreign currency transactions				38,899,422
Net change in unrealized appreciation/				
depreciation of:				170 051 050
Investments				179,251,252
Swap contracts				34,365,504
Futures contracts				4,593,279 385,554
Unfunded loan commitments				(500,000)
Foreign currency denominated assets and				(555,550)
liabilities				(19,742,639)
Net gain on investment and foreign currency				, , , , , , , , , , , , ,
transactions				278,088,152
Net Increase in Net Assets from Operations			\$	445,657,225
			~	,,

STATEMENT OF CHANGES IN NET ASSETS

	Er	Six Months ided April 30, 13 (unaudited)	_	Year Ended October 31, 2012
Increase (Decrease) in Net Assets				
from Operations Net investment income	\$	167,569,073	\$	248,559,399
Net realized gain on investment and	Ψ	101,000,010	Ψ	240,000,000
foreign currency transactions		79,735,202		36,233,219
Net change in unrealized appreciation/				
depreciation of investments and foreign currency denominated assets and				
liabilities		198,352,950		295,368,624
Net increase in net assets from				
operations		445,657,225		580,161,242
Dividends to Shareholders from Net investment income				
Class A		(94,434,579)		(138,317,514)
Class B		(585,429)		(1,399,655)
Class C		(41,880,598)		(58,058,929)
Advisor Class		(54,959,803)		(70,246,379)
Class R Class K		(1,779,844) (1,053,027)		(2,223,639) (518,188)
Class I		(2,794,790)		(3,877,986)
Capital Stock Transactions		(=,: 0 :,: 00)		(=,=::,===)
Net increase		684,218,467		1,668,950,524
Total increase		932,387,622		1,974,469,476
Net Assets		E 177 070 000		0.000.600.060
Beginning of period		5,177,072,336	_	3,202,602,860
End of period (including distributions in excess of net investment income of				
\$(31,715,428) and \$(1,796,431),				
respectively)	\$	6,109,459,958	\$	5,177,072,336

STATEMENT OF CASH FLOWS

Six Months Ended April 30, 2013

Increase (Decrease) in Cash from		
Operating Activities:	Φ 170.007.000	
Interest and dividends received		
Interest expense paid	(173,748)	
Operating expenses paid	(26,646,831)	
Purchases of long-term investments	(1,520,899,572)	
Proceeds from disposition of long-term	000 000 550	
investments.	863,089,558	
Purchases of short-term investments, net	(11,232,625)	
Proceeds from swap contracts, net	29,086,452	
Proceeds from written options, net	11,497,755 8,586,316	
Variation margin received on futures contracts Variation margin received on centrally cleared	0,000,010	
swap contracts	157 400	
Commitment fee proceeds	157,499 509,711	
Commitment fee proceeds		(400 047 500)
Net decrease in cash from operating activities	\$	(468,017,592)
Financing Activities:		
Cash dividends paid (net of dividend	(00,000,005)	
reinvestments)	(69,239,025)	
Subscriptions of capital stock, net	555,321,486	
Decrease in reverse repurchase agreements	(57,951,787)	100 100 071
Net increase in cash from financing activities		428,130,674
Effect of exchange rate on cash	_	40,738,635
Net increase in cash		851,717
Cash at beginning of period		16,486,694
Cash at end of period	\$	17,338,411
Reconciliation of Net Decrease in Net		
Reconciliation of Net Decrease in Net		
Assets from Operations to Net Increase in		
Assets from Operations to Net Increase in Cash from Operating Activities: Net increase in net assets from operations	\$	445,657,225
Assets from Operations to Net Increase in Cash from Operating Activities: Net increase in net assets from operations Adjustments:		445,657,225
Assets from Operations to Net Increase in Cash from Operating Activities: Net increase in net assets from operations Adjustments: Increase in interest and dividends receivable		445,657,225
Assets from Operations to Net Increase in Cash from Operating Activities: Net increase in net assets from operations Adjustments: Increase in interest and dividends receivable Net accretion of bond discount and amortization	\$ (9,677,522)	445,657,225
Assets from Operations to Net Increase in Cash from Operating Activities: Net increase in net assets from operations Adjustments: Increase in interest and dividends receivable Net accretion of bond discount and amortization of bond premium	\$ (9,677,522) (5,945,605)	445,657,225
Assets from Operations to Net Increase in Cash from Operating Activities: Net increase in net assets from operations Adjustments: Increase in interest and dividends receivable Net accretion of bond discount and amortization of bond premium Inflation index adjustment	\$ (9,677,522) (5,945,605) (141,446)	445,657,225
Assets from Operations to Net Increase in Cash from Operating Activities: Net increase in net assets from operations	\$ (9,677,522) (5,945,605) (141,446) (107,475)	445,657,225
Assets from Operations to Net Increase in Cash from Operating Activities: Net increase in net assets from operations	\$ (9,677,522) (5,945,605) (141,446)	445,657,225
Assets from Operations to Net Increase in Cash from Operating Activities: Net increase in net assets from operations	\$ (9,677,522) (5,945,605) (141,446) (107,475) (1,520,899,572)	445,657,225
Assets from Operations to Net Increase in Cash from Operating Activities: Net increase in net assets from operations	\$ (9,677,522) (5,945,605) (141,446) (107,475) (1,520,899,572) 863,089,558	445,657,225
Assets from Operations to Net Increase in Cash from Operating Activities: Net increase in net assets from operations	\$ (9,677,522) (5,945,605) (141,446) (107,475) (1,520,899,572) 863,089,558 (11,232,625)	445,657,225
Assets from Operations to Net Increase in Cash from Operating Activities: Net increase in net assets from operations	\$ (9,677,522) (5,945,605) (141,446) (107,475) (1,520,899,572) 863,089,558 (11,232,625) 29,086,452	445,657,225
Assets from Operations to Net Increase in Cash from Operating Activities: Net increase in net assets from operations	\$ (9,677,522) (5,945,605) (141,446) (107,475) (1,520,899,572) 863,089,558 (11,232,625) 29,086,452 11,497,755	445,657,225
Assets from Operations to Net Increase in Cash from Operating Activities: Net increase in net assets from operations	\$ (9,677,522) (5,945,605) (141,446) (107,475) (1,520,899,572) 863,089,558 (11,232,625) 29,086,452	445,657,225
Assets from Operations to Net Increase in Cash from Operating Activities: Net increase in net assets from operations	\$ (9,677,522) (5,945,605) (141,446) (107,475) (1,520,899,572) 863,089,558 (11,232,625) 29,086,452 11,497,755 8,586,316	445,657,225
Assets from Operations to Net Increase in Cash from Operating Activities: Net increase in net assets from operations	\$ (9,677,522) (5,945,605) (141,446) (107,475) (1,520,899,572) 863,089,558 (11,232,625) 29,086,452 11,497,755	445,657,225
Assets from Operations to Net Increase in Cash from Operating Activities: Net increase in net assets from operations	\$ (9,677,522) (5,945,605) (141,446) (107,475) (1,520,899,572) 863,089,558 (11,232,625) 29,086,452 11,497,755 8,586,316 157,499	445,657,225
Assets from Operations to Net Increase in Cash from Operating Activities: Net increase in net assets from operations	\$ (9,677,522) (5,945,605) (141,446) (107,475) (1,520,899,572) 863,089,558 (11,232,625) 29,086,452 11,497,755 8,586,316	445,657,225
Assets from Operations to Net Increase in Cash from Operating Activities: Net increase in net assets from operations	\$ (9,677,522) (5,945,605) (141,446) (107,475) (1,520,899,572) 863,089,558 (11,232,625) 29,086,452 11,497,755 8,586,316 157,499	445,657,225
Assets from Operations to Net Increase in Cash from Operating Activities: Net increase in net assets from operations	\$ (9,677,522) (5,945,605) (141,446) (107,475) (1,520,899,572) 863,089,558 (11,232,625) 29,086,452 11,497,755 8,586,316 157,499 (79,735,729)	445,657,225
Assets from Operations to Net Increase in Cash from Operating Activities: Net increase in net assets from operations	\$ (9,677,522) (5,945,605) (141,446) (107,475) (1,520,899,572) 863,089,558 (11,232,625) 29,086,452 11,497,755 8,586,316 157,499 (79,735,729)	
Assets from Operations to Net Increase in Cash from Operating Activities: Net increase in net assets from operations	\$ (9,677,522) (5,945,605) (141,446) (107,475) (1,520,899,572) 863,089,558 (11,232,625) 29,086,452 11,497,755 8,586,316 157,499 (79,735,729)	445,657,225 (913,674,817)
Assets from Operations to Net Increase in Cash from Operating Activities: Net increase in net assets from operations	\$ (9,677,522) (5,945,605) (141,446) (107,475) (1,520,899,572) 863,089,558 (11,232,625) 29,086,452 11,497,755 8,586,316 157,499 (79,735,729)	

In accordance with U.S. GAAP, the Fund has included a Statement of Cash Flows as a result of its substantial investments in Level 3 securities throughout the period.

NOTES TO FINANCIAL STATEMENTS

April 30, 2013 (unaudited)

NOTE A

Significant Accounting Policies

AllianceBernstein High Income Fund, Inc. (the "Fund"), was incorporated in the State of Maryland on December 2, 1993, and is registered under the Investment Company Act of 1940 as a diversified, open-end management investment company. The Fund offers Class A, Class B, Class C, Advisor Class, Class R, Class K and Class I shares. Class A shares are sold with a front-end sales charge of up to 4.25% for purchases not exceeding \$1,000,000. With respect to purchases of \$1,000,000 or more, Class A shares redeemed within one year of purchase may be subject to a contingent deferred sales charge of 1%. Class B shares are currently sold with a contingent deferred sales charge which declines from 3% to zero depending on the period of time the shares are held. Effective January 31, 2009, sales of Class B shares of the Fund to new investors were suspended. Class B shares will only be issued (i) upon the exchange of Class B shares from another AllianceBernstein Mutual Fund, (ii) for purposes of dividend reinvestment, (iii) through the Fund's Automatic Investment Program (the "Program") for accounts that established the Program prior to January 31, 2009, and (iv) for purchases of additional shares by Class B shareholders as of January 31, 2009. The ability to establish a new Program for accounts containing Class B shares was suspended as of January 31, 2009. Class B shares will automatically convert to Class A shares six years after the end of the calendar month of purchase. Class C shares are subject to a contingent deferred sales charge of 1% on redemptions made within the first year after purchase. Class R and Class K shares are sold without an initial or contingent deferred sales charge. Advisor Class and Class I shares are sold without an initial or contingent deferred sales charge and are not subject to ongoing distribution expenses. All seven classes of shares have identical voting, dividend, liquidation and other rights, except that the classes bear different distribution and transfer agency expenses. Each class has exclusive voting rights with respect to its distribution plan. The financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"), which require management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and amounts of income and expenses during the reporting period. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund.

1. Security Valuation

Portfolio securities are valued at their current market value determined on the basis of market quotations or, if market quotations are not readily available or are deemed unreliable, at "fair value" as determined in accordance with procedures established by and under the general supervision of the Fund's Board of Directors ("the Board").

In general, the market value of securities which are readily available and deemed reliable are determined as follows: securities listed on a national securities exchange (other than securities listed on the NASDAQ Stock Market, Inc. ("NASDAQ"))

or on a foreign securities exchange are valued at the last sale price at the close of the exchange or foreign securities exchange. If there has been no sale on such day, the securities are valued at the last traded price from the previous day. Securities listed on more than one exchange are valued by reference to the principal exchange on which the securities are traded; securities listed only on NASDAQ are valued in accordance with the NASDAQ Official Closing Price; listed or over the counter ("OTC") market put or call options are valued at the mid level between the current bid and ask prices. If either a current bid or current ask price is unavailable, AllianceBernstein L.P. (the "Adviser") will have discretion to determine the best valuation (e.g. last trade price in the case of listed options); open futures contracts are valued using the closing settlement price or, in the absence of such a price, the most recent quoted bid price. If there are no quotations available for the day of valuation, the last available closing settlement price is used; U.S. government securities and other debt instruments having 60 days or less remaining until maturity are valued at amortized cost if their original maturity was 60 days or less; or by amortizing their fair value as of the 61st day prior to maturity if their original term to maturity exceeded 60 days; fixed-income securities, including mortgage backed and asset backed securities, may be valued on the basis of prices provided by a pricing service or at a price obtained from one or more of the major broker/dealers. In cases where broker/dealer quotes are obtained, the Adviser may establish procedures whereby changes in market yields or spreads are used to adjust, on a daily basis, a recently obtained quoted price on a security. Swaps and other derivatives are valued daily, primarily using independent pricing services, independent pricing models using market inputs, as well as third party broker-dealers or counterparties. Investments in money market funds are valued at their net asset value each day.

Securities for which market quotations are not readily available (including restricted securities) or are deemed unreliable are valued at fair value. Factors considered in making this determination may include, but are not limited to, information obtained by contacting the issuer, analysts, analysis of the issuer's financial statements or other available documents. In addition, the Fund may use fair value pricing for securities primarily traded in non-U.S. markets because most foreign markets close well before the Fund values its securities at 4:00 p.m., Eastern Time. The earlier close of these foreign markets gives rise to the possibility that significant events, including broad market moves, may have occurred in the interim and may materially affect the value of those securities.

2. Fair Value Measurements

In accordance with U.S. GAAP regarding fair value measurements, fair value is defined as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a framework for measuring fair value, and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability (including those valued based on their market values as described in Note 1 above). Inputs may be observable or

unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's own assumptions about the assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. Each investment is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three-tier hierarchy of inputs is summarized below.

- Level 1—quoted prices in active markets for identical investments
- Level 2—other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3—significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The fair value of debt instruments, such as bonds, and over-the-counter derivatives is generally based on market price quotations, recently executed market transactions (where observable) or industry recognized modeling techniques and are generally classified as Level 2. Pricing vendor inputs to Level 2 valuations may include quoted prices for similar investments in active markets, interest rate curves, coupon rates, currency rates, yield curves, option adjusted spreads, default rates, credit spreads and other unique security features in order to estimate the relevant cash flows which is then discounted to calculate fair values. If these inputs are unobservable and significant to the fair value, these investments will be classified as Level 3. In addition, non-agency rated investments are classified as Level 3.

Where readily available market prices or relevant bid prices are not available for certain equity investments, such investments may be valued based on similar publicly traded investments, movements in relevant indices since last available prices or based upon underlying company fundamentals and comparable company data (such as multiples to earnings or other multiples to equity). Where an investment is valued using an observable input, by pricing vendors, such as another publicly traded security, the investment will be classified as Level 2. If management determines that an adjustment is appropriate based on restrictions on resale, illiquidity or uncertainty, and such adjustment is a significant component of the valuation, the investment will be classified as Level 3. An investment will also be classified as Level 3 where management uses company fundamentals and other significant inputs to determine the valuation.

Valuations of mortgage-backed or other asset backed securities, by pricing vendors, are based on both proprietary and industry recognized models and discounted cash flow techniques. Significant inputs to the valuation of these instruments are value of the collateral, the rates and timing of delinquencies, the rates and timing of prepayments, and default and loss expectations, which are driven in part by housing prices for residential mortgages. Significant inputs are

determined based on relative value analyses, which incorporate comparisons to instruments with similar collateral and risk profiles, including relevant indices. Mortgage and asset backed securities for which management has collected current observable data through pricing services are generally categorized within Level 2. Those investments for which current observable data has not been provided are classified as Level 3.

Other fixed income investments, including non-U.S. government and corporate debt, are generally valued using quoted market prices, if available, which are typically impacted by current interest rates, maturity dates and any perceived credit risk of the issuer. Additionally, in the absence of quoted market prices, these inputs are used by pricing vendors to derive a valuation based upon industry or proprietary models which incorporate issuer specific data with relevant yield/spread comparisons with more widely quoted bonds with similar key characteristics. Those investments for which there are observable inputs are classified as Level 2. Where the inputs are not observable, the investments are classified as Level 3.

Options and warrants are valued using market-based inputs to models, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency, where such inputs and models are available. Alternatively the values may be obtained through unobservable management determined inputs and/or management's proprietary models. Where models are used, the selection of a particular model to value an option or a warrant depends upon the contractual terms of, and specific risks inherent in, the option or warrant as well as the availability of pricing information in the market. Valuation models require a variety of inputs, including contractual terms, market prices, measures of volatility and correlations of such inputs. Exchange traded options will be classified as Level 2. For options or warrants that do not trade on exchange but trade in liquid markets, inputs can generally be verified and model selection does not involve significant management judgment. Options and warrants are classified within Level 2 on the fair value hierarchy when all of the significant inputs can be corroborated to market evidence. Otherwise such instruments are classified as Level 3.

The following table summarizes the valuation of the Fund's investments by the above fair value hierarchy levels as of April 30, 2013:

Investments in Securities	Level 1	evel 1 Level 2 Level 3			Total	
Assets:				 _		
Corporates - Non-Investment						
Grades	\$ -0-	\$	3,104,729,954	\$ 23,089,959	\$	3,127,819,913
Corporates – Investment						
Grades	-0-		530,762,292	4,292,500		535,054,792
Governments - Treasuries	-0-		452,415,113	-0	_	452,415,113
Collateralized Mortgage						
Obligations	-0-		4,827,646	365,105,061		369,932,707
Emerging Markets –						
Corporate Bonds	-0-		209,553,211	3,936,432		213,489,643

Investments in Securities	Level 1	Level 2	Level 3	Total
Bank Loans Emerging Markets –	\$ -0-\$	-0-	\$ 205,721,457	\$ 205,721,457
Sovereigns	- 0 -	190,100,318	-0-	190,100,318
Backed Securities Preferred Stocks		34,704,009 14,086,475	119,570,612 - 0 -	154,274,621 87,147,685
Quasi-Sovereigns Emerging Markets –	-0-	77,597,699	-0-	,,
Treasuries	-0-	20,035,736	43,456,227	63,491,963
Municipal Bonds	-0-	58,858,995	-0-	58,858,995
Agencies Asset-Backed Securities		42,043,362 - 0 -	– 0 – 19,391,455	42,043,362 19,391,455
Governments – Sovereign Bonds		_	, ,	, ,
Local Governments -		2,555,919	7,754,786	10,310,705
Regional Bonds Inflation-Linked Securities		8,854,763 4,109,849	- 0 - - 0 -	4,109,849
Common Stocks	- 0 - - 0 -	418,452 1,891,120	3,157,648 - 0 -	3,576,100 - 1,891,120
Options Purchased – Puts Warrants	- 0 - - 0 -	1,839,649 - 0 -	- 0 - - 2,640	- 1,839,649 2,640
Short-Term Investments		<u> </u>		641,098,486
Total Investments in Securities	714,159,696	4,759,384,562	795,478,777	6,269,023,035
Other Financial Instruments*:				
Assets				
Credit Default Swap Contracts Interest Rate Swap	-0-	89,567,279	-0-	89,567,279
Contracts	-0-	2,055,746	-0-	2,055,746
Centrally Cleared Swaps	-0-	38,308	-0-	,
Futures Contracts Forward Currency	4,906,460	- 0 -	- 0 -	4,906,460†
Exchange Contracts Liabilities	-0-	2,744,299	-0-	2,744,299
Credit Default Swap				
Contracts	-0-	(6,441,899)	-0-	(6,441,899)
Contracts	-0-	(10,389,845)	-0-	(10,389,845)
Centrally Cleared Swaps Forward Currency	-0-	(49,572)	-0-	(49,572)†
Exchange Contracts Written Options		(16,195,194) (742,924)	- 0 - - 0 -	(, , ,
Total^	\$ 719,066,156	4,819,970,760	\$ 795,478,777	\$ 6,334,515,693

- * Other financial instruments are derivative instruments, such as futures, forwards and swap contracts which are valued at the unrealized appreciation/depreciation on the instrument. Other financial instruments may also include options written which are valued at market value.
- † Only variation margin receivable/payable at period end is reported within the statements of assets and liabilities. Cumulative appreciation/depreciation is reported in the portfolio of investments.
- ^ There were no transfers between Level 1 and Level 2 during the reporting period.

 The Fund recognizes all transfers between levels of the fair value hierarchy assuming the financial instrument was transferred at the beginning of the reporting period.

Following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value.

		orporates - Non- nvestment Grades		Corporates - Investment Grades	G	overnments - Treasuries		Collateralized Mortgage Obligations
Balance as of 10/31/12	\$	17,693,002	\$	-0-	-\$	7,878,843	\$	213,219,647
Accrued discounts/ (premiums) Realized gain (loss) Change in unrealized		315,120 (2,169,462)		919 -0-	-	- 0 - - 0 -		1,885,844 2,757,468
appreciation/ depreciation Purchases		5,606,169 7,569,394 (3,158,744) - 0	_	422,956 3,868,625 - 0 - - 0 -		- 0 - - 0 - - 0 - - 0 -	-	20,141,318 156,278,810 (26,224,052) 1,416,389
level 3		1,389,500		- 0 -	-	-0-	-	-0-
level 3	_	(4,155,020)	_	<u> </u>		(7,878,843)	_	(4,370,363)
Balance as of 4/30/13	\$	23,089,959	\$	4,292,500	\$	<u> </u>	- \$	365,105,061
Net change in unrealized appreciation/ depreciation from investments held as of 4/30/13	\$	3,086,098	\$	422,956	\$	- 0 -	-\$	23,854,554
		Emerging Markets - Corporate Bonds		Bank Loans	•	Commercial Mortgage- Backed Securities		Emerging Markets - Treasuries
Balance as of 10/31/12	\$	3,432,307	\$	128,440,221	\$	123,987,744	\$	34,268,410
Accrued discounts/ (premiums)		(10,842)		724,640		636,630		(97,421)
Realized gain (loss) Change in unrealized appreciation/		-0-	-	615,714		3,893,639		428,157
depreciation		13,190 - 0 - - 0 - - 0 -	-	3,595,519 143,951,919 (71,606,556) - 0 -		4,381,187 16,912,037 (18,505,680) (1,416,389)		1,010,805 15,950,084 (8,103,808) - 0 -
level 3		501,777		-0-	-	11,345,430		-0-
Transfers out of level 3		<u> </u>		<u> </u>		(21,663,986)	_	<u> </u>
Balance as of 4/30/13	\$	3,936,432	\$	205,721,457	\$	119,570,612	\$	43,456,227
Net change in unrealized appreciation/ depreciation from investments held as of 4/30/13	\$	13,190	\$	4,274,730	\$	7,132,868	\$	940,048

		sset-Backed Securities		vernments - Sovereign Bonds		Common Stocks	Sı	upranationals
Balance as of 10/31/12	\$	30,596,312	\$	4,965,811	\$	1,408,267	\$	8,381,298
Accrued discounts/ (premiums)		250,754 1,837,098		102,048 - 0 -		- 0 - (230,000)	-	202,243 (650,920)
appreciation/ depreciation		293,546 - 0 · (13,586,255) - 0 · - 0 ·	_	165,956 - 0 - - 0 - - 0 - 2,520,971		(564,844) 3,026,099 (2,205) - 0 -	_	579,774 - 0 - (8,512,395) - 0 - - 0 -
level 3 Balance as of	_	<u> </u>		<u> </u>	_	(479,669)		<u> </u>
4/30/13	\$	19,391,455	\$	7,754,786	\$	3,157,648	\$	-0-
Net change in unrealized appreciation/ depreciation from investments held as of 4/30/13	\$	931,367		165,956 short-Term		(793,674) Unfunded Loan	\$	-0-
Balance as of	-	Warrants	In	vestments	Со	mmitments	-	Total
10/31/12	\$	- 0 -	- \$	6,785,829	\$	(160,000)	\$	580,897,691
Accrued discounts/ (premiums)		- 0 - - 0 -		(2,536) (801,824)		- 0 - 660,000		4,007,399 6,339,870
depreciation		2,640 - 0 - - 0 - - 0 -	- - -	853,055 - 0 - (6,834,524) - 0 - - 0 -		(500,000) - 0 - - 0 - - 0 -	-	36,001,271 347,556,968 (156,534,219) -0- 15,757,678
level 3	_	<u> </u>		<u> </u>	_	<u> </u>		(38,547,881)
Balance as of 4/30/13+	\$	2,640	\$	-0-	\$	<u> </u>	-\$	795,478,777**
Net change in unrealized appreciation/ depreciation from investments held as of 4/30/13	\$	2,640	\$	-0-	\$	-0-	-\$	40,030,733

^{**} The unrealized appreciation/depreciation is included in net change in unrealized appreciation/depreciation of investments and other financial instruments in the accompanying statement of operations.

⁺ There were de minimis transfers under 1% of net assets during the reporting period.

The following presents information about significant unobservable inputs related to the Fund's material categories of Level 3 investments at April 30, 2013:

Quantitative Information about Level 3 Fair Value Measurements

	F	air Value at 4/30/2013	Valuation Technique	Unobservable Input	Range/ Weighted Average
Asset-Backed	\$	19,391,455	Third Party	Evaluated	\$63.48-\$90.16/
Securities Bank Loans	\$	205,721,457	Vendor Third Party Vendor	Quotes Evaluated Quotes	\$75.62 \$82.97-\$132.44/ \$100.83
Collateralized Mortgage Obligations Commercial	\$	365,105,061	Third Party Vendor	Evaluated Quotes	\$24.06-\$192.67/ \$85.37
Mortgage- Backed Securities Common Stocks		119,570,612	Third Party Vendor	Evaluated Quotes	\$91.69-\$115.33/ \$105.68
Continue Cooks	\$	1	Qualitative Assessment		\$0.00/ N/A
	\$	2,600,248	lindicative Market Quotations	Broker Quote	\$3.00-\$1,300/ \$157.98
0	\$	557,399	Modeling Tool		\$3,628.47-\$30,875/ \$23,248.30
Corporates - Investment Grades Corporates - Non-	\$	4,292,500	Third Party Vendor	Evaluated Quotes	\$101.00/ N/A
Investment Grades	\$	23,089,959	Third Party Vendor	Evaluated Quotes	\$3.05-\$109.50/ \$93.04
Emerging		-0-	-Qualitative Assessment		\$0.00/ N/A
Markets - Corporate Bonds	\$	3,415,865	Third Party Vendor	Evaluated Quotes	\$106.75/ N/A
	\$	520,567	Third Party Vendor	Evaluated Quotes	\$97.00/ N/A
Emerging Markets - Treasuries Governments -	\$	43,456,227	Indicative Market Quotations	Broker Quote	\$0.01-\$3.06/ \$1.39
Sovereign	\$	7,754,786	Indicative Market		\$0.70/
Bonds Warrants	\$	2,640	Quotations Qualitative Assessment	Quote	N/A \$0.00-\$0.22/ \$0.22

The Adviser has established a Valuation Committee (the "Committee") which is responsible for overseeing the pricing and valuation of all securities held in the Portfolios. The Committee operates under pricing and valuation policies and procedures established by the Adviser and approved by the Board, including Pricing Policies which set forth the mechanisms and processes to be employed

on a daily basis to implement these policies and procedures. In particular, the Pricing Policies describe how to determine market quotations for securities and other instruments. The Committee's responsibilities include: 1) fair value and liquidity determinations (and oversight of any third parties to whom any responsibility for fair value and liquidity determinations is delegated), and 2) regular monitoring of the Adviser's pricing and valuation policies and procedures and modification or enhancement of these policies and procedures (or recommendation of the modification of these policies and procedures) as the Committee believes appropriate.

The Committee is also responsible for monitoring the implementation of the Pricing Policies by the Adviser's Pricing Group (the "Pricing Group") and a third party which performs certain pricing functions in accordance with the Pricing Policies. The Pricing Group is responsible for the oversight of the third party on a day-to-day basis. The Committee and the Pricing Group perform a series of activities to provide reasonable assurance of the accuracy of prices including: 1) periodic vendor due diligence meetings, review of methodologies, new developments, process at vendors, 2) daily and monthly multi-source pricing compares, reviewed and submitted to the Committee, and 3) daily review of unpriced, stale, and variance reports with exceptions reviewed by senior management and the Committee.

In addition, several processes outside of the pricing process are used to monitor valuation issues including: 1) performance and performance attribution reports are monitored for anomalous impacts based upon benchmark performance, and 2) portfolio managers review all portfolios for performance and analytics (which are generated using the Adviser's prices).

3. Currency Translation

Assets and liabilities denominated in foreign currencies and commitments under forward currency exchange contracts are translated into U.S. dollars at the mean of the quoted bid and ask prices of such currencies against the U.S. dollar. Purchases and sales of portfolio securities are translated into U.S. dollars at the rates of exchange prevailing when such securities were acquired or sold. Income and expenses are translated into U.S. dollars at the rates of exchange prevailing when accrued.

Net realized gain or loss on foreign currency transactions represents foreign exchange gains and losses from sales and maturities of foreign fixed income investments, foreign currency exchange contracts, holding of foreign currencies, currency gains or losses realized between the trade and settlement dates on foreign investment transactions, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent amounts actually received or paid. Net unrealized currency gains and losses from valuing foreign currency denominated assets and liabilities at period end exchange rates are reflected as a component of net unrealized appreciation and depreciation of foreign currency denominated assets and liabilities.

4. Taxes

It is the Fund's policy to meet the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its investment company taxable income and net realized gains, if any, to shareholders. Therefore, no provisions for federal income or excise taxes are required. The Fund may be subject to taxes imposed by countries in which it invests. Such taxes are generally based on income and/or capital gains earned or repatriated. Taxes are accrued and applied to net investment income, net realized gains and net unrealized appreciation/depreciation as such income and/or gains are earned.

In accordance with U.S. GAAP requirements regarding accounting for uncertainties in income taxes, management has analyzed the Fund's tax positions taken or expected to be taken on federal and state income tax returns for all open tax years (the current and the prior three tax years) and has concluded that no provision for income tax is required in the Fund's financial statements.

5. Investment Income and Investment Transactions

Dividend income is recorded on the ex-dividend date or as soon as the Fund is informed of the dividend. Interest income is accrued daily. Investment transactions are accounted for on the date securities are purchased or sold. Investment gains or losses are determined on the identified cost basis. The Fund amortizes premiums and accretes discounts as adjustments to interest income.

6. Class Allocations

All income earned and expenses incurred by the Fund are borne on a pro-rata basis by each settled class of shares, based on the proportionate interest in the Fund represented by the net assets of such class, except for class specific expenses which are allocated to the respective class. Realized and unrealized gains and losses are allocated among the various share classes based on their respective net assets.

7. Dividends and Distributions

Dividends and distributions to shareholders, if any, are recorded on the exdividend date. Income dividends and capital gains distributions are determined in accordance with federal tax regulations and may differ from those determined in accordance with U.S. GAAP. To the extent these differences are permanent, such amounts are reclassified within the capital accounts based on their federal tax basis treatment; temporary differences do not require such reclassification.

NOTE B

Advisory Fee and Other Transactions with Affiliates

Under the terms of the investment advisory agreement, the Fund pays the Adviser an advisory fee at an annual rate of .50% of the first \$2.5 billion, .45% of the next \$2.5 billion and .40% in excess of \$5 billion, of the Fund's average daily net assets. The fee is accrued daily and paid monthly.

The Adviser had agreed to waive its fees and bear certain expenses to the extent necessary to limit total operating expenses on an annual basis to .95%, 1.65%, 1.65%, .65%, 1.15%, .90% and .65% of the daily average net assets for Class A,

Class B, Class C, Advisor Class, Class R, Class K and Class I shares, respectively (the "Expense Caps"). The Expense Caps expired on January 31, 2012.

Pursuant to the investment advisory agreement, the Fund may reimburse the Adviser for certain legal and accounting services provided to the Fund by the Adviser. For the six months ended April 30, 2013, such fee amounted to \$28,017.

The Fund compensates AllianceBernstein Investor Services, Inc. ("ABIS"), a wholly-owned subsidiary of the Adviser, under a Transfer Agency Agreement for providing personnel and facilities to perform transfer agency services for the Fund. ABIS may make payments to intermediaries that provide omnibus account services, sub-accounting services and/or networking services. The compensation retained by ABIS amounted to \$715,090 for the six months ended April 30, 2013.

For the six months ended April 30, 2013, there was no reduction for the expenses of Class A, Class B, Class C and Advisor Class shares under an expense offset arrangement with ABIS.

AllianceBernstein Investments, Inc. (the "Distributor"), a wholly-owned subsidiary of the Adviser, serves as the distributor of the Fund's shares. The Distributor has advised the Fund that it has retained front-end sales charges of \$260,952 from the sale of Class A shares and received \$37,941, \$648 and \$108,424 in contingent deferred sales charges imposed upon redemptions by shareholders of Class A, Class B and Class C shares, respectively, for the six months ended April 30, 2013.

The Fund may invest in the AllianceBernstein Fixed-Income Shares, Inc.—Government STIF Portfolio ("Government STIF Portfolio"), an open-end management investment company managed by the Adviser. The Government STIF Portfolio is offered as a cash management option to mutual funds and other institutional accounts of the Adviser, and is not available for direct purchase by members of the public. The Government STIF Portfolio pays no investment management fees but does bear its own expenses. A summary of the Fund's transactions in shares of the Government STIF Portfolio for the six months ended April 30, 2013 is as follows:

	rket Value ber 31, 2012 (000)	 urchases at Cost (000)	Р	Sales roceeds (000)	 rket Value il 30, 2013 (000)	Inc	idend come 000)
\$	623,031	\$ 819,794	\$	801,727	\$ 641,098	\$	361

NOTE C

Distribution Services Agreement

The Fund has adopted a Distribution Services Agreement (the "Agreement") pursuant to Rule 12b-1 under the Investment Company Act of 1940. Under the

Agreement the Fund pays distribution and servicing fees to the Distributor at an annual rate of up to .30% of the Fund's average daily net assets attributable to Class A shares, 1% of the Fund's average daily net assets attributable to both Class B and Class C shares, .50% of the Fund's average daily net assets attributable to Class R shares and .25% of the Fund's average daily net assets attributable to Class K shares. There are no distribution and servicing fees on Advisor Class and Class I shares. The fees are accrued daily and paid monthly. The Agreement provides that the Distributor will use such payments in their entirety for distribution assistance and promotional activities. Since the commencement of the Fund's operations, the Distributor has incurred expenses in excess of the distribution costs reimbursed by the Fund in the amounts of \$5,878,307, \$9,306,852, \$216,448 and \$83,766 for Class B, Class C, Class R, and Class K shares, respectively. While such costs may be recovered from the Fund in future periods so long as the Agreement is in effect, the rate of the distribution and servicing fees payable under the Agreement may not be increased without a shareholder vote. In accordance with the Agreement, there is no provision for recovery of unreimbursed distribution costs incurred by the Distributor beyond the current fiscal year for Class A shares. The Agreement also provides that the Adviser may use its own resources to finance the distribution of the Fund's shares.

NOTE D

Investment Transactions

Purchases and sales of investment securities (excluding short-term investments) for the six months ended April 30, 2013, were as follows:

	Purchases	Sales
Investment securities (excluding U.S.		
government securities)	\$ 1,493,069,916	\$ 842,625,877
U.S. government securities	53,712,536	61,159,623

The cost of investments for federal income tax purposes was substantially the same as cost for financial reporting purposes. Accordingly, gross unrealized appreciation and unrealized depreciation (excluding foreign currency, written options, futures and swap contracts) are as follows:

Gross unrealized appreciation	\$ 474,476,983
Gross unrealized depreciation	(35,492,833)
Net unrealized appreciation	\$ 438,984,150

1. Derivative Financial Instruments

The Fund may use derivatives in an effort to earn income and enhance returns, to replace more traditional direct investments, to obtain exposure to otherwise inaccessible markets (collectively, "investment purposes"), or to hedge or adjust the risk profile of its portfolio.

The principal types of derivatives utilized by the Fund, as well as the methods in which they may be used are:

• Forward Currency Exchange Contracts

The Fund may enter into forward currency exchange contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign portfolio holdings, to hedge certain firm purchase and sales commitments denominated in foreign currencies and for non-hedging purposes as a means of making direct investments in foreign currencies, as described below under "Currency Transactions".

A forward currency exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contract and the closing of such contract would be included in net realized gain or loss on foreign currency transactions. Fluctuations in the value of open forward currency exchange contracts are recorded for financial reporting purposes as unrealized appreciation and/or depreciation by the Fund. Risks may arise from the potential inability of a counterparty to meet the terms of a contract and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar.

During the six months ended April 30, 2013, the Fund held foreign-currency exchange contracts for hedging and non-hedging purposes.

Futures Contracts

The Fund may buy or sell futures contracts for investment purposes or for the purpose of hedging its portfolio against adverse effects of potential movements in the market. The Fund bears the market risk that arises from changes in the value of these instruments and the imperfect correlation between movements in the price of the futures contracts and movements in the price of the assets, reference rates or indices which they are designed to track. Among other things, the Fund may purchase or sell futures contracts for foreign currencies or options thereon for non-hedging purposes as a means of making direct investment in foreign currencies, as described below under "Currency Transactions".

At the time the Fund enters into a futures contract, the Fund deposits and maintains as collateral an initial margin with the broker, as required by the exchange on which the transaction is effected. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized gains or losses. Risks may arise from the potential inability of a counter party to meet the terms of the contract. The credit/counterparty risk for exchange-traded futures contracts is generally less than privately negotiated futures contracts, since the clearinghouse, which is the issuer or

counterparty to each exchange-traded future, provides a guarantee of performance. The guarantee is supported by a daily payment system (i.e., margin requirements). When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the time it was closed.

Use of long futures contracts subjects the Fund to risk of loss in excess of the amounts shown on the statement of assets and liabilities, up to the notional value of the futures contracts. Use of short futures contracts subjects the Fund to unlimited risk of loss. Under some circumstances, futures exchanges may establish daily limits on the amount that the price of a futures contract can vary from the previous day's settlement price, which could effectively prevent liquidation of unfavorable positions.

During the six months ended April 30, 2013, the Fund held futures contracts for hedging purposes.

• Option Transactions

For hedging and investment purposes, the Fund may purchase and write (sell) put and call options on U.S. and foreign securities, including government securities, and foreign currencies that are traded on U.S. and foreign securities exchanges and over-the-counter markets. Among other things, the Fund may use options transactions for non-hedging purposes as a means of making direct investments in foreign currencies, as described below under "Currency Transactions" and may use options strategies involving the purchase and/or writing of various combinations of call and/or put options, for hedging and investment purposes.

The risk associated with purchasing an option is that the Fund pays a premium whether or not the option is exercised. Additionally, the Fund bears the risk of loss of the premium and change in market value should the counterparty not perform under the contract. Put and call options purchased are accounted for in the same manner as portfolio securities. The cost of securities acquired through the exercise of call options is increased by premiums paid. The proceeds from securities sold through the exercise of put options are decreased by the premiums paid.

When the Fund writes an option, the premium received by the Fund is recorded as a liability and is subsequently adjusted to the current market value of the option written. Premiums received from written options which expire unexercised are recorded by the Fund on the expiration date as realized gains from options written. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if the premium received is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium received is added to the proceeds from the sale of the underlying security or currency in determining whether the Fund has

realized a gain or loss. If a put option is exercised, the premium received reduces the cost basis of the security or currency purchased by the Fund. In writing an option, the Fund bears the market risk of an unfavorable change in the price of the security or currency underlying the written option. Exercise of an option written by the Fund could result in the Fund selling or buying a security or currency at a price different from the current market value.

The Fund may also invest in options on swap agreements, also called "swaptions". A swaption is an option that gives the buyer the right, but not the obligation, to enter into a swap on a future date in exchange for paying a market-based "premium". A receiver swaption gives the owner the right to receive the total return of a specified asset, reference rate, or index. A payer swaption gives the owner the right to pay the total return on a specified asset, reference rate, or index. Swaptions also include options that allow an existing swap to be terminated or extended by one of the counterparties.

During the six months ended April 30, 2013, the Fund held purchased options for hedging purposes.

During the six months ended April 30, 2013, the Fund held written options for hedging purposes.

During the six months ended April 30, 2013, the Fund held written swaptions for hedging purposes.

For the six months ended April 30, 2013, the Fund had the following transactions in written options:

	Contracts	Premiums Received
Options written outstanding as of 10/31/12	4,636,151,000 (94,170,000) (4,541,981,000) 0-	\$ -0- 827,860 (418,061) (409,799) -0- \$ -0-

For the six months ended April 30, 2013, the Fund had the following transactions in written swaptions:

Swaptions written outstanding as of 10/31/12. \$ 300,300,000 \$ 4,503,560 Swaptions written. 534,460,000 8,863,853 Swaptions expired. (693,760,000) (10,603,813) Swaptions bought back. - 0 - - 0 -		Notional Amount	Premiums Received
Swaptions exercised -0 - 0 - 0 - 0 - 0 - 0 - 0 - 0 - 0 - 0	Swaptions written	534,460,000 (693,760,000) - 0 - _ 0 -	8,863,853 (10,603,813) - 0 - - 0 -

Swap Agreements

The Fund may enter into swaps to hedge its exposure to interest rates, credit risk, or currencies. The Fund may also enter into swaps for non-hedging purposes as a means of gaining market exposures including by making direct investments in foreign currencies, as described below under "Currency Transactions". A swap is an agreement that obligates two parties to exchange a series of cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of an underlying asset. The payment flows are usually netted against each other, with the difference being paid by one party to the other. In addition, collateral may be pledged or received by the Fund in accordance with the terms of the respective swap agreements to provide value and recourse to the Fund or its counterparties in the event of default, bankruptcy or insolvency by one of the parties to the swap agreement.

Risks may arise as a result of the failure of the counterparty to the swap contract to comply with the terms of the swap contract. The loss incurred by the failure of a counterparty is generally limited to the net interim payment to be received by the Fund, and/or the termination value at the end of the contract. Therefore, the Fund considers the creditworthiness of each counterparty to a swap contract in evaluating potential counterparty risk. This risk is mitigated by having a netting arrangement between the Fund and the counterparty and by the posting of collateral by the counterparty to the Fund to cover the Fund's exposure to the counterparty. Additionally, risks may arise from unanticipated movements in interest rates or in the value of the underlying securities. The Fund accrues for the interim payments on swap contracts on a daily basis, with the net amount recorded within unrealized appreciation/depreciation of swap contracts on the statement of assets and liabilities, where applicable. Once the interim payments are settled in cash, the net amount is recorded as realized gain/(loss) on swaps on the statement of operations, in addition to any realized gain/(loss) recorded upon the termination of swap contracts. Upfront premiums paid or received are recognized as cost or proceeds on the statement of assets and liabilities and are amortized on a straight line basis over the life of the contract. Amortized upfront premiums are included in net realized gain/(loss) from swaps on the statement of operations. Fluctuations in the value of swap contracts are recorded as a component of net change in unrealized appreciation/ depreciation of swap contracts on the statement of operations.

Interest Rate Swaps:

The Fund is subject to interest rate risk exposure in the normal course of pursuing its investment objectives. Because the Fund holds fixed rate bonds, the value of these bonds may decrease if interest rates rise. To help hedge against this risk and to maintain its ability to generate income at prevailing market rates, the Fund may enter into interest rate swap contracts. Interest rate

swaps are agreements between two parties to exchange cash flows based on a notional amount. The Fund may elect to pay a fixed rate and receive a floating rate, or, receive a fixed rate and pay a floating rate on a notional amount.

In addition, the Fund may also enter into interest rate swap transactions to preserve a return or spread on a particular investment or portion of its portfolio, or protecting against an increase in the price of securities the Fund anticipates purchasing at a later date. Interest rate swaps involve the exchange by a Fund with another party of their respective commitments to pay or receive interest (e.g., an exchange of floating rate payments for fixed rate payments) computed based on a contractually-based principal (or "notional") amount. Interest rate swaps are entered into on a net basis (i.e., the two payment streams are netted out, with the Fund receiving or paying, as the case may be, only the net amount of the two payments).

During the six months ended April 30, 2013, the Fund held interest rate swap contracts for hedging purposes.

Credit Default Swaps:

The Fund may enter into credit default swaps, including to manage its exposure to the market or certain sectors of the market, to reduce its risk exposure to defaults by corporate and sovereign issuers held by the Fund, or to create exposure to corporate or sovereign issuers to which it is not otherwise exposed. The Fund may purchase credit protection ("Buy Contract") or provide credit protection ("Sale Contract") on the referenced obligation of the credit default swap. During the term of the swap agreement, the Fund receives/(pays) fixed payments from/(to) the respective counterparty, calculated at the agreed upon interest rate applied to the notional amount. If the Fund is a buyer/(seller) of protection and a credit event occurs, as defined under the terms of the swap agreement, the Fund will either (i) receive from the seller/(pay to the buyer) of protection an amount equal to the notional amount of the swap contract (the "Maximum Payout Amount") and deliver/(take delivery of) the referenced obligation or (ii) receive/(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.

During the six months ended April 30, 2013, the Fund held credit default swaps contracts for hedging and non-hedging purposes.

Credit default swaps may involve greater risks than if the Fund had invested in the referenced obligation directly. Credit default swaps are subject to general market risk, liquidity risk, counterparty risk and credit risk. If the Fund is a buyer of protection and no credit event occurs, it will lose its investment. If the Fund is a seller of protection and a credit event occurs, the value of the referenced obligation received by the Fund coupled with

the periodic payments previously received may be less than the Maximum Payout Amount it pays to the buyer, resulting in a net loss to the Fund.

Implied credit spreads over Treasuries of comparable maturity utilized in determining the market value of credit default swaps on issuers as of period end are disclosed in the portfolio of investments. The implied spreads serve as an indicator of the current status of the payment/performance risk and typically reflect the market's assessment of the likelihood of default by the issuer of the referenced obligation. The implied credit spread of a particular reference entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Widening credit spreads typically represent a deterioration of the referenced entity's credit soundness and greater likelihood 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 or obligation.

At April 30, 2013 the Fund had Sale Contracts outstanding with Maximum Payout Amounts aggregating \$771,057,599 with net unrealized appreciation of \$88,892,075 and terms ranging from 3 months to 5 years, as reflected in the portfolio of investments.

In certain circumstances Maximum Payout Amounts may be partially offset by recovery values of the respective referenced obligations, upfront premium received upon entering into the agreement, or net amounts received from settlement of buy protection credit default swap agreements entered into by the Fund for the same reference obligation with the same counterparty.

Documentation governing the Fund's OTC derivatives may contain provisions for early termination of such transaction in the event the net assets of the Fund decline below specific levels set forth in the documentation ("net asset contingent features"). If these levels are triggered, the Fund's counterparty has the right to terminate such transaction and require the Fund to pay or receive a settlement amount in connection with the terminated transaction. As of April 30, 2013 the Fund had OTC derivatives with contingent features in liability positions in the amount of \$10,518,826. The fair value of assets pledged as collateral by the Fund for such derivatives was \$2,535,422 at April 30, 2013. If a trigger event had occurred at April 30, 2013, for those derivatives in a net liability position, \$8,568,278 would be required to be posted by the Fund.

Centrally Cleared Swaps:

At the time the Fund enters into a centrally cleared swap contract, the Fund deposits and maintains as collateral an initial margin with the broker, as required by the exchange on which the transaction is effected. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract.

Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized gains or losses. Risks may arise from the potential inability of a counterparty to meet the terms of the contract. The credit/counterparty risk for exchange-traded swap contracts is generally less than privately negotiated swap contracts, since the clearinghouse, which is the issuer or counterparty to each exchange-traded swap contract, provides a guarantee of performance. The guarantee is supported by a daily payment system (i.e., margin requirements). When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the time it was closed.

During the six months ended April 30, 2013, the Fund held centrally cleared swaps for hedging purposes.

At April 30, 2013 the Fund had entered into the following derivatives:

1	Asset Deri	vatives	Liability Derivatives		
Derivative Type	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value	
Interest rate contracts	Unrealized appreciation of interest rate swap contracts	\$ 2,055,74	6 Unrealized depreciation of interest rate swap contracts	\$ 10,389,845	
	Receivable for variation margin on futures contracts	4,906,46	0*Payable for variation margin on futures contracts	-0-	
Interest rate contracts Foreign exchange	Receivable for variation margin on centrally cleared swap contracts	38,30	8*Payable for variation margin on centrally cleared swap contracts	49,572*	
contracts	Unrealized appreciation of forward currency exchange contracts		9 Unrealized depreciation of forward currency exchange contracts	16,195,194	
Credit contracts	Unrealized appreciation of credit default swap contracts	89,567,27	9 Unrealized depreciation of credit default swap contracts	6,441,899	
Credit contracts			Options written, at value	742,924	
Equity contracts	Investment in securities, at value	1,839,64	9		
Total		\$ 101,151,74	1	\$ 33,819,434	

The effect of derivative instruments on the statement of operations for the six months ended April 30, 2013:

Derivative Type	Location of Gain or (Loss) on Derivatives	Realized Gain or (Loss) on Derivatives	Change in Unrealized Appreciation or (Depreciation)
Interest rate contracts	Net realized gain/(loss) on swap contracts; Net change in unrealized appreciation/ depreciation of swap contracts	\$ (4,761,415)	\$ (4,074,107)
Interest rate contracts	Net realized gain/(loss) on centrally cleared swap contracts; Net change in unrealized appreciation/ depreciation of centrally cleared swap contracts	-0	- (11,264)
Interest rate contracts	Net realized gain/(loss) on futures contracts; Net change in unrealized appreciation/ depreciation of futures contracts	2,662,192	4,593,279
Foreign exchange contracts	Net realized gain/(loss) on foreign currency transactions; Net change in unrealized appreciation/ depreciation of foreign currency denominated assets and liabilities	42,602,201	(19,394,743)
Foreign exchange contracts	Net realized gain/(loss) on investment transactions; Net change in unrealized appreciation/ depreciation of investment transactions	(1,611,069)	641,436
Foreign exchange contracts	Net realized gain/(loss) on options written; Net change in unrealized appreciation/ depreciation of options written	(1,869,658)	-0-
Credit contracts	Net realized gain/(loss) on swap contracts; Net change in unrealized appreciation/ depreciation of swap contracts	32,276,639	38,450,875

Derivative Type	Location of Gain or (Loss) on Derivatives	Realized Gain or (Loss) on Derivatives	Change in Unrealized Appreciation or (Depreciation)
Credit Contracts	Net realized gain/(loss) on options written; Net change in unrealized appreciation/ depreciation of options written	\$ 10,603,813	\$ 385,554
Equity contracts	Net realized gain/(loss) on investment transactions; Net change in unrealized appreciation/ depreciation of investment transactions	(9,015,984)	(1,695,557)
Total		\$ 70,886,719	\$ 18,895,473

^{*} Only variation margin receivable/payable at period end is reported within the statement of assets and liabilities. This amount reflects cumulative appreciation/(depreciation) of exchange-traded derivative contracts as reported in the portfolio of investments.

The following table represents the volume of the Fund's derivative transactions during six month period ended April 30, 2013:

Centrally Cleared Swap Contracts: Average monthly notional amount	\$ 116,266,975 ^(a)
Credit Default Swap Contracts: Average notional amount of buy contracts. Average notional amount of sale contracts.	\$ 61,488,478 740,702,140
Forward Currency Exchange Contracts: Average principal amount of buy contracts	\$ 245,295,686 899,985,443
Futures Contracts: Average original value of buy contracts	\$ 1,529,194,491
Interest Rate Swap Contracts: Average monthly notional amount	\$ 2,187,254,399
Purchased Options Contracts: Average monthly cost.	\$ 5,261,496
(a) Positions were open one month during the year	

2. Currency Transactions

The Fund may invest in non-U.S. Dollar securities on a currency hedged or unhedged basis. The Fund may seek investment opportunities by taking long or short positions in currencies through the use of currency-related derivatives, including forward currency exchange contracts, futures and options on futures, swaps, and other options. The Fund may enter into transactions for investment opportunities when it anticipates that a foreign currency will appreciate or depreciate in value but securities denominated in that currency are not held by

the Fund and do not present attractive investment opportunities. Such transactions may also be used when the Adviser believes that it may be more efficient than a direct investment in a foreign currency-denominated security. The Fund may also conduct currency exchange contracts on a spot basis (i.e., for cash at the spot rate prevailing in the currency exchange market for buying or selling currencies).

3. Reverse Repurchase Agreements

Under a reverse repurchase agreement, the Fund sells securities and agrees to repurchase them at a mutually agreed upon date and price. At the time the Fund enters into a reverse repurchase agreement, it will establish a segregated account with the custodian containing liquid assets having a value at least equal to the repurchase price. For the six months ended April 30, 2013, the average amount of reverse repurchase agreements outstanding was \$249,757,223 and the daily weighted average interest rate was (0.87)%. During the period, the Fund received net interest payments from counterparties.

4. Loan Participations and Assignments

The Fund may invest in direct debt instruments which are interests in amounts owed to lenders or lending syndicates by corporate, governmental, or other borrowers, either in the form of participations at the time the loan is originated ("Participations") or by buying an interest in the loan in the secondary market from a financial institution or institutional investor ("Assignments"). A loan is often administered by a bank or other financial institution (the "Lender") that acts as agent for all holders. The agent administers the terms of the loan as specified in the loan agreement. When investing in Participations, the Fund generally has no right to enforce compliance with the terms of the loan agreement with the borrower. In addition, when investing in Participations, the Fund has the right to receive payments of principal, interest and any fees to which it is entitled only from the Lender and only upon receipt of payments by the Lender from the borrower. As a result, the Fund may be subject to the credit risk of both the borrower and the Lender. When the Fund purchases Assignments from Lenders, it will typically acquire direct rights against the borrower on the loan. These loans may include participations in "bridge loans", which are loans taken out by borrowers for a short period (typically less than six months) pending arrangement of more permanent financing through, for example, the issuance of bonds, frequently high-yield bonds issued for the purpose of acquisitions. The Fund may also participate in unfunded loan commitments, which are contractual obligations for investing in future Participations, and receive a commitment fee based on the amount of the commitment. Under these arrangements, the Fund may receive a fixed rate commitment fee and, if and to the extent the borrower borrows under the facility, the Fund may receive an additional funding fee.

Unfunded loan commitments and funded loans are marked to market daily.

As of April 31, 2013, the Fund had no unfunded loan commitments outstanding.

As of April 31, 2013, the Fund had the following bridge loan commitments outstanding:

Loan	Unfunded Loan Participation Commitments	Funded
Constellation Brands, Inc., LIBOR + 4.75%, 12/30/13	\$ 18,500,000	\$ -0-
Nielsen Finance LLC, LIBOR, 2/24/14	18 500 000	_ 0 _

During the six months ended April 30, 2013, the Fund received commitment fees or additional funding fees in the amount of \$509,711.

NOTE E Capital Stock

Each class consists of 3,000,000,000 authorized shares. Transactions in capital shares for each class were as follows:

		ares		ount
Si	ix Months Ended April 30, 2013	Year Ended October 31,	Six Months Ended April 30, 2013	Year Ended October 31,
	(unaudited)	2012	(unaudited)	2012
Class A			,	
Shares sold	67,441,581	135,285,095	\$ 644,905,317	\$1,216,168,324
Shares issued in reinvestment of	0 - 10 - 1-			00 / 10 050
dividends	6,540,747	9,805,470	62,600,701	88,119,259
Shares converted from Class B	374,641	985,464	3,581,911	8,878,195
Shares redeemed	(47,767,740)	(76,519,242)	(456,328,757)	(683,753,022)
Net increase	26,589,229	69,556,787	\$ 254,759,172	\$ 629,412,756
Class B				
Shares sold	107,185	365,162	\$ 1,034,678	\$ 3,299,939
Shares issued in reinvestment of				
dividends	43,524	102,254	419,558	922,313
Shares converted to Class A	(371,460)	(977,693)	(3,581,911)	(8,878,195)
Shares redeemed	(189,960)	(394,723)	(1,831,318)	(3,553,747)
Net decrease	(410,711)	(905,000)	\$ (3,958,993)	\$ (8,209,690)
Class C				
Shares sold	23,588,933	52,367,695	\$ 228,271,495	\$ 476,643,909
Shares issued in reinvestment of				
dividends	2,641,249	3,823,977	25,562,099	34,759,031
Shares redeemed	(11,540,977)	(14,320,701)	(111,796,367)	(129,706,944)
Net increase	14,689,205	41,870,971	\$ 142,037,227	\$ 381,695,996

		ares		Am	our	
٤	Six Months Ended April 30, 2013	Year Ended October 31,		Months Ended April 30, 2013		Year Ended October 31.
	(unaudited)	2012		(unaudited)		2012
Advisor Class						
Shares sold	58,639,189	107,270,861	\$:	561,797,101	\$	965,716,394
Shares issued in reinvestment of						
dividends	3,746,879	4,981,137		35,920,029		44,976,426
Shares redeemed	(37,099,254)	(44,725,560)	(;	354,497,096)		(403,346,363)
Net increase	25,286,814	67,526,438	\$:	243,220,034	\$	607,346,457
Class R						
Shares sold	1,871,626	3,387,590	\$	17,900,003	\$	30,338,074
Shares issued in reinvestment of						
dividends	191,661	241,140		1,834,177		2,173,873
Shares redeemed	(1,014,118)	(1,056,746)		(9,704,341)		(9,533,688)
Net increase	1,049,169	2,571,984	\$	10,029,839	\$	22,978,259
Class K						
Shares sold	2,371,852	1,641,227	\$	22,704,875	\$	15,068,304
Shares issued in reinvestment of						
dividends	112,366	54,442		1,078,119		493,884
Shares redeemed	(323,930)	(129,861)		(3,101,213)		(1,163,855)
Net increase	2,160,288	1,565,808	\$	20,681,781	\$	14,398,333
Class I						
Shares sold	2,387,851	4,449,579	\$	22,943,385	\$	40,330,727
Shares issued in reinvestment of						
dividends	279,607	391,634		2,681,939		3,534,679
Shares redeemed	(859,213)	(2,512,621)		(8,175,917)		(22,536,993)
Net increase	1,808,245	2,328,592	\$	17,449,407	\$	21,328,413

NOTE F Risks Involved in Investing in the Fund

Interest Rate Risk and Credit Risk—Interest rate risk is the risk that changes in interest rates will affect the value of the Fund's investments in fixed-income debt securities such as bonds or notes. Increases in interest rates may cause the value of the Fund's investments to decline. Credit risk is the risk that the issuer or guarantor of a debt security, or the counterparty to a derivative contract, will be unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. The degree of risk for a particular security may be reflected in its credit risk rating. Credit risk is greater for medium quality and lower-rated securities. Lower-rated debt securities and similar unrated securities (commonly known as "junk bonds") have speculative elements or are predominantly speculative risks.

Foreign Securities Risk—Investing in securities of foreign companies or foreign governments involves special risks which include changes in foreign currency exchange rates and the possibility of future political and economic developments which could adversely affect the value of such securities. Moreover, securities of many foreign companies or foreign governments and their markets may be less liquid and their prices more volatile than those of comparable U.S. companies and the U.S. government.

Emerging Market Risk—Investments in emerging market countries may have more risk because the markets are less developed and less liquid as well as being subject to increased economic, political, regulatory or other uncertainties.

Inflation Risk—This is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money. As inflation increases, the value of the Fund's assets can decline as can the value of the Fund's distributions. This risk is significantly greater if the Fund invests a significant portion of its assets in fixed-income securities with longer maturities.

Currency Risk—This is the risk that changes in foreign currency exchange rates may negatively affect the value of the Fund's investments or reduce the returns of the Fund. For example, the value of the Fund's investments in foreign currency-denominated securities or currencies may decrease if the U.S. Dollar is strong (i.e., gaining value relative to other currencies) and other currencies are weak (i.e., losing value relative to the U.S. Dollar). Currency markets are generally not as regulated as securities markets. Independent of the Fund's investments in securities denominated in foreign currencies, the Fund's positions in various foreign currencies may cause the Fund to experience investment losses due to the changes in exchange rates and interest rates.

Derivatives Risk—The Fund may enter into derivative transactions such as forwards, options, futures and swaps. Derivatives may be illiquid, difficult to price, and leveraged so that small changes may produce disproportionate losses for the Fund, and subject to counterparty risk to a greater degree than more traditional investments. Derivatives may result in significant losses, including losses that are far greater than the value of the derivatives reflected on the statement of assets and liabilities.

Leverage Risk—When the Fund borrows money or otherwise leverages its investments, its performance may be volatile because leverage tends to exaggerate the effect of any increase or decrease in the value of the Fund's investments. The Fund may create leverage through the use of reverse repurchase arrangements, forward currency exchange contracts, forward commitments, dollar rolls or futures contracts or by borrowing money. The use of derivative instruments by the Fund, such as forwards, futures, options and swaps, may also result in a form of leverage. Leverage may result in higher returns to the Fund than if the Fund were not leveraged, but may also adversely affect returns, particularly if the market is declining.

Indemnification Risk—In the ordinary course of business, the Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these indemnification provisions and expects the risk of loss thereunder to be remote. Therefore, the Fund has not accrued any liability in connection with these indemnification provisions.

NOTE G Joint Credit Facility

A number of open-end mutual funds managed by the Adviser, including the Fund, participate in a \$140 million revolving credit facility (the "Facility") intended to provide short-term financing if necessary, subject to certain restrictions, in connection with abnormal redemption activity. Commitment fees related to the Facility are paid by the participating funds and are included in miscellaneous expenses in the statement of operations. The Fund did not utilize the Facility during the six months ended April 30, 2013.

NOTE H Distributions to Shareholders

The tax character of distributions paid for the year ending October 31, 2013 will be determined at the end of the current fiscal year. The tax character of distributions paid during the fiscal years ended October 31, 2012 and October 31, 2011 were as follows:

	2012	2011
Distributions paid from:		
Ordinary income	\$ 274,642,290	\$ 217,795,270
Total taxable distributions paid	\$ 274,642,290	\$ 217,795,270

As of October 31, 2012, the components of accumulated earnings/(deficit) on a tax basis were as follows:

Undistributed ordinary income	\$ 27,210,447
Accumulated capital and other losses	(45,225,234) ^(a)
Unrealized appreciation/(depreciation)	296,180,556 ^(b)
Total accumulated earnings/(deficit)	\$ 278,165,769 ^(c)

- (a) As of October 31, 2012, the Fund had a net capital loss carryforward of \$39,150,703. During the fiscal year, the Fund utilized \$12,482,459 of capital loss carryforwards to offset current year net realized gains. As of October 31, 2012, the cumulative deferred loss on straddles was \$6,074,531.
- (b) The differences between book-basis and tax-basis unrealized appreciation/(depreciation) are attributable primarily to the tax deferral of losses on wash sales, the difference between book and tax amortization methods for premium, the tax treatment of swaps, and the realization for tax purposes of gains/losses on certain derivative instruments.
- (c) The differences between book-basis and tax-basis components of accumulated earnings/ (deficit) are attributable primarily to the tax treatment of interest on defaulted securities, the tax treatment of upfront fees, and dividends payable.

For tax purposes, net capital losses may be carried over to offset future capital gains, if any. Under the Regulated Investment Company Modernization Act of 2010, funds are permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 for an indefinite period. These postenactment capital losses must be utilized prior to the pre-enactment capital losses, which are subject to expiration. Post-enactment capital loss carryforwards will retain their character as either short-term or long-term capital losses rather than being considered short-term as under previous regulation.

NOTE I

Recent Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board ("FASB") issued an Accounting Standard Update ("ASU") related to disclosures about offsetting assets and liabilities in financial statements. The amendments in this update require an entity to disclose both gross and net information for derivatives and other financial instruments that are either offset in the statement of assets and liabilities or subject to an enforceable master netting arrangement or similar agreement. In January 2013, the FASB issued an ASU to clarify the scope of disclosures about offsetting assets and liabilities. The ASU limits the scope of the new balance sheet offsetting disclosures to derivatives, repurchase agreements and securities lending transactions. The ASU is effective during interim or annual reporting periods beginning on or after January 1, 2013. At this time, management is evaluating the implication of this ASU and its impact on the financial statements has not been determined.

NOTE J Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure in the financial statements through the date the financial statements are issued. Management has determined that there are no material events that would require disclosure in the Fund's financial statements through this date.

FINANCIAL HIGHLIGHTS

Selected Data For A Share Of Capital Stock Outstanding Throughout Each Period

			Class A	\		
	Six Months Ended April 30, 2013		Year Ende	ed October 31		
	(unaudited)	2012	2011	2010	2009	2008
Net asset value, beginning of period	\$ 9.38	\$ 8.73	\$ 9.19	\$ 8.24	\$ 5.85	\$ 9.02
Income From Investment Operations						
Net investment income ^(a)	.29	.56	.64 ^(b)	.69 ^(b)	.67 ^(b)	.61 ^(b)
Net realized and unrealized gain (loss) on investment and foreign currency						
transactions	.47	.70	(.44)	.96	2.44	(2.87)
Contributions from Adviser		-0-	.00 ^(c)	.00(c)	-0-	.00 ^(c)
Net increase (decrease) in net asset value from	70	1.00	00	1.05	0.44	(0.00)
operations Less: Dividends and	.76	1.26	.20	1.65	3.11	(2.26)
Distributions						
Dividends from net investment income	(.34)	(.61)	(.66)	(.70)	(.69)	(.68)
Tax return of capital	-0-	-0-	-0-	-0-	(.01)	-0-
Distributions from net realized gain on investment and foreign currency transactions	-0-	-0-	-0-	-0-	(.02)	(.23)
Total dividends and				-	(.02)	(.20)
distributions	(.34)	(.61)	(.66)	(.70)	(.72)	(.91)
Net asset value, end of						
period	\$ 9.80	\$ 9.38	\$ 8.73	\$ 9.19	\$ 8.24	\$ 5.85
Total Return						
Total investment return based on net asset value ^(d)	8.28 %	15.03 %*	2.48 %*	20.85 %*	57.11 %*	(27.49)%*
Ratios/Supplemental Data						
Net assets, end of period (000's omitted)	\$2,836,106 \$2	,464,634 \$1,	,686,591 \$1,	326,974 \$7	780,222 \$	450,517
Ratio to average net assets of:						
Expenses, net of waivers/ reimbursements ^(e)	.88 % ^(f)	.91 %	.95 %	.99 %**	.99 %	1.03 %**
Expenses, before waivers/ reimbursements ^(e)	.88 %(f)	.91 %	.96 %	1.04 %**	1.13 %	1.13 %**
Net investment income	6.14 % ^(f)	6.22 %	7.05 % ^(b)	7.93 % ^(b) *	* 10.13 %(b)	7.65 %(b) **
Portfolio turnover rate	17 %	42 %	29 %	26 %	46 %	74 %

			Class I	В		
	Six Months Ended April 30,		Voor End	ed October 3	4	
	2013 (unaudited)	2012	2011	2010	2009	2008
Net asset value, beginning of period	\$ 9.46	\$ 8.80	\$ 9.26	\$ 8.31	\$ 5.90	\$ 9.09
Income From Investment Operations						
Net investment income ^(a)	.26	.50(b)	.57(b)	.63(b)	.62(b)	.55(b)
Net realized and unrealized gain (loss) on investment and foreign currency						
transactions	.48	.71	(.43)	.96	2.46	(2.89)
Contributions from Adviser	-0-	-0-	.00(c)	.00(c)	-0-	.00(c)
Net increase (decrease) in net asset value from	7.4	1.01	4.4	4.50	0.00	(0, 0, 4)
operations	74	1.21	.14	1.59	3.08	(2.34)
Less: Dividends and Distributions						
Dividends from net investment income	(.31)	(.55)	(.60)	(.64)	(.64)	(.62)
Tax return of capital	-0-	-0-	-0-	-0-	(.01)	-0-
Distributions from net realized gain on investment and foreign currency transactions	- 0 -	-0-	-0-	-0-	(.02)	(.23)
Total dividends and distributions	(.31)	(.55)	(.60)	(.64)	(.67)	(.85)
Net asset value, end of	(.01)	(.00)	(.00)	(.04)	(.01)	(.00)
period	\$ 9.89	\$ 9.46	\$ 8.80	\$ 9.26	\$ 8.31	\$ 5.90
Total Return						
Total investment return based on net asset value ^(d)	7.95 %	14.26 %*	1.75 %*	19.86 %*	55.89 %*	(28.03)%*
Ratios/Supplemental Data						
Net assets, end of period (000's omitted)	\$16,413	\$19,591	\$26,192	\$40,092	\$52,041	\$54,724
Ratio to average net assets of:						
Expenses, net of waivers/ reimbursements ^(e)	1.59 % ^(f)	1.64 %	1.65 %	1.70 %**	1.68 %	1.74 %**
Expenses, before waivers/						
reimbursements ^(e)	1.59 %	1.64 %	1.69 %	1.78 %**	1.88 %	1.86 %**
Net investment income	5.39 %(1)	5.51 %				
Portfolio turnover rate	17 %	42 %	29 %	26 %	46 %	74 %

			Class C	;		
	Six Months Ended April 30, 2013		Year Ende	ed October 31	١,	
	(unaudited)	2012	2011	2010	2009	2008
Net asset value, beginning of period	\$ 9.48	\$ 8.83	\$ 9.29	\$ 8.33	\$ 5.92	\$ 9.11
Income From Investment Operations						
Net investment income ^(a) Net realized and unrealized gain (loss) on investment and foreign currency	.26	.49	.57 ^(b)	.62 ^(b)	.62 ^(b)	.55 ^(b)
transactions	.48	.71	(.44)	.97	2.46	(2.89)
Contributions from Adviser	-0-	-0-	.00(c)	.00(c)	-0-	.00(c)
Net increase (decrease) in net asset value from operations	.74	1.20	.13	1.59	3.08	(2.34)
Less: Dividends and Distributions Dividends from net investment income	(.31) - 0 -	(.55) - 0 -	(.59) - 0 -	(.63) - 0 -	(.64) (.01)	(.62) - 0 -
transactions	_ 0 -	-0-	-0-	-0-	(.02)	(.23)
Total dividends and distributions	(.31)	(.55)	(.59)	(.63)	(.67)	(.85)
Net asset value, end of period	\$ 9.91	\$ 9.48	\$ 8.83	\$ 9.29	\$ 8.33	\$ 5.92
Total Return Total investment return based on net asset value ^(d)	7.93 %	14.05 %*	1.73 %*	19.88 %*	55.68 %*	(27.95)%*
Net assets, end of period (000's omitted)	\$1,414,184 \$1	213,954	\$760,234 \$	5541,386 \$2	222,632 \$	112,508
Ratio to average net assets of: Expenses, net of waivers/ reimbursements(e)	1.57 %	1.61 %	1.65 %	1.69 %**	1.69 %	1.75 %**
Expenses, before waivers/ reimbursements ^(e)	1.57 %	1.61 %	1.66 %	1.73 %**	1.83 %	1.84 %**
Net investment income	5.36 %	5.42 %	6.25 %(b)	7.08 %(b) *	* 9.27 %(b)	6.82 %(b) **
Portfolio turnover rate	17 %	42 %	29 %	26 %	46 %	74 %

			Advisor C	Class		
	Six Months Ended April 30, 2013 Year Ended October 31,			January 28, 2008 ^(a) to October 31, 2009 2008		
N	(unaudited)	2012	2011	2010	2009	2008
Net asset value, beginning of period	\$ 9.39	\$ 8.74	\$ 9.20	\$ 8.25	\$ 5.86	\$ 8.52
Income From Investment Operations						
Net investment income ^(a)	.31	.58	.66(b)	.71(b)	.72(b)	.52(b)
Net realized and unrealized gain (loss) on investment and foreign currency						
transactions	.47	.71	(.43)	.97	2.41	(2.69)
Contributions from Adviser		-0-	.00(c)	.00(c)	-0-	.00(c)
Net increase (decrease) in net asset value from operations	.78	1.29	.23	1.68	3.13	(2.17)
Less: Dividends and	.10	1.20	.20	1.00	0.10	(2.11)
Distributions Dividends from net investment income	(.36) - 0 -	(.64) - 0 -	(.69) - 0 -	(.73) - 0 -	(.71) (.01)	(.49) - 0 -
foreign currency						
transactions		-0-	-0-	-0-	(.02)	-0-
Total dividends and distributions	(.36)	(.64)	(.69)	(.73)	(.74)	(.49)
Net asset value, end of period	\$ 9.81	\$ 9.39	\$ 8.74	\$ 9.20	\$ 8.25	\$ 5.86
Total Return						
Total investment return based on net asset value ^(d)	8.44%	15.37 %*	2.79 %*	21.22 %*	57.57 %*	(26.77) %*
Ratios/Supplemental Data						
Net assets, end of period (000's omitted)	\$ 1,655,208 \$	1,346,510	\$ 662,874	\$ 385,380	\$ 76,843	\$ 6,095
Ratio to average net assets of:						
Expenses, net of waivers/ reimbursements ^(e)	.58 % ^(f)	.60 %	.65 %	.68 %**	.72 %	.69 % ^(f) **
Expenses, before waivers/ reimbursements ^(e)	.58 % ^(f)	.60 %	.66 %	.73 %**	.83 %	.80 % ^(f) **
Net investment income	6.42 %(f)	6.46 %	7.34 %(b) 8.12 %(b)	** 10.07 % ^(b)	8.16 %(b)(f)
Portfolio turnover rate	17 %	42 %	29 %	26 %	46 %	74 %

			Class F	}			
	Six Months Ended April 30, 2013	Year Ended October 31,			January 28, 2008 ^(g) to October 31,		
	(unaudited)	2012	2011	2010	2009	2008	
Net asset value, beginning of period	\$ 9.38	\$ 8.73	\$ 9.19	\$ 8.24	\$ 5.85	\$ 8.52	
Income From Investment Operations							
Net investment income ^(a)	.27	.53®	.62 ^(b)	.67 ^(b)	.67 ^(b)	.46(b)	
transactions	.48	.71	(.44)	.96	2.43	(2.66)	
Contributions from Adviser	-0-	-0-	.00(c)	.00(c)	-0-	.00(c)	
Net increase (decrease) in net asset value from operations	.75	1.24	.18	1.63	3.10	(2.20)	
Less: Dividends and Distributions Dividends from net investment income	(.33) - 0 -	(.59) - 0 -	(.64) - 0 -	(.68) - 0 -	(.68) (.01)	(.47) - 0 -	
Total dividends and distributions	(.33)	(.59)	(.64)	(.68)	(.71)	(.47)	
Net asset value, end of period $\ensuremath{\ldots}$	\$ 9.80	\$ 9.38	\$ 8.73	\$ 9.19	\$ 8.24	\$ 5.85	
Total Return							
Total investment return based on net asset value ^(d)	8.08 %	14.66 %*	2.29 %*	20.62 %*	56.83 %*	(27.09)%*	
Net assets, end of period (000's omitted)	\$58,992	\$46,615	\$20,935	\$13,250	\$3,754	\$1,443	
Ratio to average net assets of:							
Expenses, net of waivers/ reimbursements ^(e)	1.26 % ^(f)	1.24 %	1.15 %	1.18 %**	1.19 %	1.18 %(f)**	
Expenses, before waivers/ reimbursements ^(e) Net investment income	1.26 % ^(f) 5.77 % ^(f)	1.26 % 5.87 % ^(b)	1.28 % 6.87 % ^(b)	1.37 %** 7.70 % ^(b) *	1.36 % * 9.86 % ^(b)	1.43 % ^{(f)**} 7.62 % ^{(b)(f)*}	
Portfolio turnover rate	17 %	42 %	29 %	26 %	46 %	74 %	

			Class	K		
	Six Months Ended April 30, 2013	Yea	ır Ended Oc	tober 31.	:	nuary 28, 2008 ^(g) to tober 31,
	(unaudited)	2012	2011	2010	2009	2008
Net asset value, beginning of period	\$ 9.38	\$ 8.73	\$ 9.19	\$ 8.24	\$ 5.85	\$ 8.52
Income From Investment Operations						
Net investment income ^(a) Net realized and unrealized gain (loss) on investment and foreign currency	.29	.55(b)	.64 ^(b)	.69 ^(b)	.68 ^(b)	.47(b)
transactions	.47	.71	(.44)	.96	2.44	(2.66)
Contributions from Adviser	-0-	-0-	.00(c)	.00(c)	-0-	.00(c)
Net increase (decrease) in net asset value from operations	.76	1.26	.20	1.65	3.12	(2.19)
Less: Dividends and Distributions						·
Dividends from net investment income	(.34)	(.61)	(.66)	(.70)	(.70)	(.48)
Tax return of capital	-0-	-0-	-0-	-0-	(.01)	-0-
Distributions from net realized gain on investment and foreign currency transactions	-0-	-0-	-0-	-0-	(.02)	-0-
Total dividends and distributions	(.34)	(.61)	(.66)	(.70)	(.73)	(.48)
Net asset value, end of period	\$ 9.80	\$ 9.38	\$ 8.73	\$ 9.19	\$ 8.24	\$ 5.85
Total Return						
Total investment return based on net asset value ^(d)	8.29%	15.02%*	2.55%*	20.94%*	57.24%*	(26.94)%*
Ratios/Supplemental Data						
Net assets, end of period (000's omitted)	\$41,202	\$19,161	\$4,159	\$1,624	\$1,328	\$753
Ratio to average net assets of:						
Expenses, net of waivers/ reimbursements ^(e)	.88 % ^(f)	.91 %	.90 %	.95 %**	.94 %	.93 %(f)**
Expenses, before waivers/ reimbursements ^(e)	.88 % ^(f)	.93 %	1.01 %	1.08 %**	1.10 %	1.12 % ^{(f)**}
Net investment income	6.12 %	6.09 %(b)	7.13 %(b)	8.04 %(b)**	10.18 %(b)	8.01 %(b)(f)**
Portfolio turnover rate	17 %	42 %	29 %	26 %	46 %	74 %

			Class	s I		
	Six Months Ended April 30, 2013	Ye	ar Ended Od	ctober 31,	2	nuary 28, 2008 ^(g) to cober 31,
	(unaudited)	2012	2011	2010	2009	2008
Net asset value, beginning of period	\$ 9.39	\$ 8.74	\$ 9.20	\$ 8.25	\$ 5.85	\$ 8.52
Income From Investment Operations						
Net investment income ^(a) Net realized and unrealized	.31	.59	.66	.71 ^(b)	.70 ^(b)	.49(b)
gain (loss) on investment and foreign currency						
transactions	.48	.71	(.43)	.97	2.44	(2.67)
Contributions from Adviser	-0-	-0-	.00(c)	.00(c)	-0-	.00(c)
Net increase (decrease) in net asset value from	70	1.00	00	4.00	0.44	(0.40)
operations	79	1.30	.23	1.68	3.14	(2.18)
Less: Dividends and Distributions						
Dividends from net investment	(00)	(CE)	(60)	(70)	(71)	(40)
income	(.36) - 0 -	(.65) - 0 -	(.69) - 0 -	(.73) - 0 -	(.71)	(.49)
Tax return of capital	-0-	-0-	-0-	-0-	(.01)	-0-
Distributions from net realized gain on investment and foreign currency transactions	-0-	-0-	-0-	- 0 -	(.02)	- 0 -
Total dividends and		-0-	-0-	-0-	(.02)	
distributions	(.36)	(.65)	(.69)	(.73)	(.74)	(.49)
Net asset value, end of						
period	\$ 9.82	\$ 9.39	\$ 8.74	\$ 9.20	\$ 8.25	\$ 5.85
Total Return						
Total investment return based on net asset value ^(d)	8.58 %	15.42 %*	2.81 %*	21.23 %*	57.79 %*	(26.84)%*
Ratios/Supplemental Data						
Net assets, end of period (000's omitted)	\$87,354	\$66,608	\$41,617	\$17,272	\$306	\$165
Ratio to average net assets of:						
Expenses, net of waivers/ reimbursements ^(e)	.52 % ^{(f}	.56 %	.63 %	.67 %**	.69 %	.69 % ^{(f)**}
Expenses, before waivers/						
reimbursements(e)	.52 % ^{(f}		.63 %	.72 %**	.72 %	.79 % ^{(f)**}
Net investment income	6.45 % ^(f)	6.55 %	7.36 %	8.03 %(b)**	10.45 % ^(b)	8.09 %(b)(f)**
Portfolio turnover rate	17 %	42 %	29 %	26 %	46 %	74 %

- (a) Based on average shares outstanding.
- (b) Net of expenses waived/reimbursed by the Adviser.
- (c) Amount less than \$0.005.
- (d) Total investment return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, and redemption on the last day of the period. Initial sales charges or contingent deferred sales charges are not reflected in the calculation of total investment return. Total return does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. Total investment return calculated for a period of less than one year is not annualized.
- (e) The expense ratios presented below exclude interest expense and term asset-backed securities loan facility administration fees, where applicable:

Six Months

	Ended April 30,					
	2013 _		Year En	ded Octobe	er 31,	
_	(unaudited)	2012	2011	2010	2009	2008
Class A						
Net of waivers/reimbursements	.87% ^(f)	.90%	.95%	.95%**	.95%	1.03%**
Before waivers/reimbursements Class B	.87% ^(f)	.90%	.96%	1.00%**	1.09%	1.07%**
Net of waivers/reimbursements	1.58% ^(f)	1.64%	1.65%	1.65%**	1.65%	1.74%**
Before waivers/reimbursements Class C	1.58%(f)	1.64%	1.69%	1.73%**	1.85%	1.80%**
Net of waivers/reimbursements	1.57% ^(f)	1.60%	1.65%	1.65%**	1.65%	1.75%**
Before waivers/reimbursements Advisor Class	1.57% ^(f)	1.60%	1.66%	1.69%**	1.79%	1.77%**
Net of waivers/reimbursements	.57% ^(f)	.60%	.65%	.65%**	.65%	.69% ^{(f)**}
Before waivers/reimbursements Class R	.57% ^(f)	.60%	.66%	.70%**	.76%	.76% ^{(f)**}
Net of waivers/reimbursements	1.25% ^(f)	1.24%	1.15%	1.15%**	1.15%	1.18%(f)**
Before waivers/reimbursements Class K	1.25% ^(f)	1.26%	1.28%	1.34%**	1.32%	1.40%(f)**
Net of waivers/reimbursements	.87% ^(f)	.91%	.90%	.90%**	.90%	.93% ^{(f)**}
Before waivers/reimbursements Class I	.87% ^(f)	.93%	1.01%	1.03%**	1.06%	1.09%(f)**
Net of waivers/reimbursements	.51% ^(f)	.56%	.63%	.65%**	.65%	.69% ^{(f)**}
Before waivers/reimbursements	.51% ^(f)	.56%	.63%	.71%**	.68%	.75% ^{(f)**}

- (f) Annualized.
- (g) Commencement of distribution.
- * Includes the impact of proceeds received, and credited to the Fund resulting from class action settlements, which enhanced the performance of each share class for the years ended October 31, 2012, October 31, 2011, October 31, 2010, October 31, 2009 and October 31, 2008 by .06%, .03%, .15%, .05% and .41%, respectively.
- ** The ratio includes expenses attributable to costs of proxy solicitation.

See notes to financial statements.

BOARD OF DIRECTORS

William H. Foulk, Jr.(1), Chairman John H. Dobkin(1) Michael J. Downey(1) D. James Guzy(1) Nancy P. Jacklin(1) Robert M. Keith, President and Chief Executive Officer Garry L. Moody⁽¹⁾ Marshall C. Turner, Jr.⁽¹⁾ Earl D. Weiner⁽¹⁾

OFFICERS

Philip L. Kirstein,

Senior Vice President and Independent Compliance Officer

Paul J. DeNoon⁽²⁾, Vice President Gershon M. Distenfeld⁽²⁾, Vice President

Douglas J. Peebles⁽²⁾, Vice President **Marco G. Santamaria**⁽²⁾, Vice President

Matthew S. Sheridan⁽²⁾, Vice President Emilie D. Wrapp, Secretary Joseph J. Mantineo, Treasurer and

Chief Financial Officer

Stephen M. Woetzel, Controller

Principal Underwriter

AllianceBernstein Investments, Inc. 1345 Avenue of the Americas New York, NY 10105

Custodian and Accounting Agent

Brown Brothers Harriman & Co. 40 Water Street Boston, MA 02109

Legal Counsel

Seward & Kissel LLP One Battery Park Plaza New York, NY 10004

Transfer Agent

AllianceBernstein Investor Services, Inc. P.O. Box 786003 San Antonio, TX 78278-6003 Toll-Free (800) 221-5672

Independent Registered Public Accounting Firm

Ernst & Young LLP 5 Times Square New York, NY 10036

- (1) Member of the Audit Committee, the Governance and Nominating Committee and the Independent Directors Committee. Mr. Foulk is the sole member of the Fair Value Pricing Committee.
- (2) The day-to-day management of, and investment decisions for, the Fund's portfolio are made by the Global Fixed Income Investment Team and Global Credit Investment Team. Messrs. DeNoon, Distenfeld, Peebles, Santamaria and Sheridan are the investment professionals with the most significant responsibility for the day-to-day management of the Fund's portfolio.

Information Regarding the Review and Approval of the Fund's Advisory Agreement

The disinterested directors (the "directors") of AllianceBernstein High Income Fund, Inc. (the "Fund") unanimously approved the continuance of the Fund's Advisory Agreement with the Adviser at a meeting held on November 6-8, 2012.

Prior to approval of the continuance of the Advisory Agreement, the directors had requested from the Adviser, and received and evaluated, extensive materials. They reviewed the proposed continuance of the Advisory Agreement with the Adviser and with experienced counsel who are independent of the Adviser, who advised on the relevant legal standards. The directors also reviewed an independent evaluation prepared by the Fund's Senior Officer (who is also the Fund's Independent Compliance Officer) of the reasonableness of the advisory fee, in which the Senior Officer concluded that the contractual fee for the Fund was reasonable. The directors also discussed the proposed continuance in private sessions with counsel and the Fund's Senior Officer.

The directors considered their knowledge of the nature and quality of the services provided by the Adviser to the Fund gained from their experience as directors or trustees of most of the registered investment companies advised by the Adviser, their overall confidence in the Adviser's integrity and competence they have gained from that experience, the Adviser's initiative in identifying and raising potential issues with the directors and its responsiveness, frankness and attention to concerns raised by the directors in the past, including the Adviser's willingness to consider and implement organizational and operational changes designed to improve investment results and the services provided to the AllianceBernstein Funds. The directors noted that they have four regular meetings each year, at each of which they receive presentations from the Adviser on the investment results of the Fund and review extensive materials and information presented by the Adviser.

The directors also considered all other factors they believed relevant, including the specific matters discussed below. In their deliberations, the directors did not identify any particular information that was all-important or controlling, and different directors may have attributed different weights to the various factors. The directors determined that the selection of the Adviser to manage the Fund and the overall arrangements between the Fund and the Adviser, as provided in the Advisory Agreement, including the advisory fee, were fair and reasonable in light of the services performed, expenses incurred and such other matters as the directors considered relevant in the exercise of their business judgment. The material factors and conclusions that formed the basis for the directors' determinations included the following:

Nature, Extent and Quality of Services Provided

The directors considered the scope and quality of services provided by the Adviser under the Advisory Agreement, including the quality of the investment

research capabilities of the Adviser and the other resources it has dedicated to performing services for the Fund. They also noted the professional experience and qualifications of the Fund's portfolio management team and other senior personnel of the Adviser. The directors also considered that the Advisory Agreement provides that the Fund will reimburse the Adviser for the cost to it of providing certain clerical, accounting, administrative and other services to the Fund by employees of the Adviser or its affiliates. Requests for these reimbursements are made on a quarterly basis and subject to approval by the directors and, to the extent requested and paid, will result in a higher rate of total compensation from the Fund to the Adviser than the fee rate stated in the Fund's Advisory Agreement. The directors noted that the methodology used to determine the reimbursement amounts had been reviewed by an independent consultant retained by the Fund's Senior Officer. The quality of administrative and other services, including the Adviser's role in coordinating the activities of the Fund's other service providers, also were considered. The directors concluded that, overall, they were satisfied with the nature, extent and quality of services provided to the Fund under the Advisory Agreement.

Costs of Services Provided and Profitability

The directors reviewed a schedule of the revenues, expenses and related notes indicating the profitability of the Fund to the Adviser for calendar years 2010 and 2011 that had been prepared with an expense allocation methodology arrived at in consultation with an independent consultant retained by the Fund's Senior Officer. The directors reviewed the assumptions and methods of allocation used by the Adviser in preparing fund-specific profitability data and noted that there are a number of potentially acceptable allocation methodologies for information of this type. The directors noted that the profitability information reflected all revenues and expenses of the Adviser's relationship with the Fund, including those relating to its subsidiaries that provide transfer agency and distribution services to the Fund. The directors recognized that it is difficult to make comparisons of the profitability of the Advisory Agreement with the profitability of advisory contracts for unaffiliated funds because comparative information is not generally publicly available and is affected by numerous factors. The directors focused on the profitability of the Adviser's relationship with the Fund before taxes and distribution expenses. The directors were satisfied that the Adviser's level of profitability from its relationship with the Fund was not unreasonable.

Fall-Out Benefits

The directors considered the other benefits to the Adviser and its affiliates from their relationships with the Fund, including but not limited to, benefits relating to 12b-1 fees and sales charges received by the Fund's principal underwriter (which is a wholly owned subsidiary of the Adviser) in respect of certain classes of the Fund's shares and transfer agency fees paid by the Fund to a wholly owned subsidiary of the Adviser. The directors recognized that the Adviser's

profitability would be lower without these benefits. The directors understood that the Adviser also might derive reputational and other benefits from its association with the Fund.

Investment Results

In addition to the information reviewed by the directors in connection with the meeting, the directors receive detailed performance information for the Fund at each regular Board meeting during the year. At the November 2012 meeting, the directors reviewed information prepared by Lipper showing the performance of the Class A Shares of the Fund as compared with that of a group of similar fund selected by Lipper (the "Performance Group") and as compared with that of a broader array of funds selected by Lipper (the "Performance Universe") for various periods ended July 31, 2012, and information prepared by the Adviser showing performance of the Class A Shares as compared with the Fund's composite index (composed of equal weightings of the JP Morgan Emerging Markets Bond Index Global (JPM EMBI Global Index), the JP Morgan Government Bond Index—Emerging Markets and the Barclays Capital US High Yield 2% Issuer Capped Index (BC US HY 2% Issuer Capped Index)), for the 1-, 3-, 5- and 10-year periods ended September 30, 2012 and (in the case of comparisons with the JPM EMBI Global Index and the BC US HY 2% Issuer Capped Index) the period since inception (February 1994 inception). The directors noted that the Fund was in the 4th quintile of the Performance Group and 3rd quintile of the Performance Universe for the 1-year period, and in the 1st quintile of the Performance Group and the Performance Universe for the 3-, 5- and 10-year periods. The Fund outperformed the composite index in all periods. With respect to the individual indices the Fund lagged the JPM EMBI Global Index and the BC US HY 2% Issuer Capped Index in the 1-year period, but outperformed all three indices in all other periods. The directors also noted the changes to the Fund's investment policies approved in August 2007 and a name change to AllianceBernstein High Income Fund, Inc. from AllianceBernstein Emerging Market Debt Fund, Inc., all effective upon the January 2008 acquisitions of all the assets and liabilities of each of AllianceBernstein Bond Fund, Inc.—Corporate Bond Portfolio and AllianceBernstein High Yield Fund, Inc. Based on their review, the directors concluded that the Fund's relative performance was satisfactory.

Advisory Fees and Other Expenses

The directors considered the advisory fee rate paid by the Fund to the Adviser and information prepared by Lipper concerning advisory fee rates paid by other funds in the same Lipper category as the Fund at a common asset level. The directors recognized that it is difficult to make comparisons of advisory fees because there are variations in the services that are included in the fees paid by other funds.

The directors also considered the advisory fees the Adviser charges non-fund clients pursuing a similar investment style. For this purpose, they reviewed the

relevant advisory fee information from the Adviser's Form ADV and the evaluation from the Fund's Senior Officer. The directors noted that the institutional fee schedule started at a higher rate than the Fund's starting rate, but had breakpoints at lower asset levels than those in the fee schedule applicable to the Fund. As a result, the application of the institutional fee schedule to the level of assets of the Fund would result in a fee rate lower than the rate being paid by the Fund. The directors noted that the Adviser may, in some cases, agree to fee rates with large institutional clients that are lower than those reviewed by the directors and that they had previously discussed with the Adviser its policies in respect of such arrangements.

The Adviser reviewed with the directors the significantly greater scope of the services it provides to the Fund relative to institutional clients. The Adviser also noted that because mutual funds are constantly issuing and redeeming shares, they are more difficult to manage than an institutional account, where the assets tend to be relatively stable. In light of the substantial differences in services rendered by the Adviser to institutional clients as compared to funds such as the Fund, the directors considered these fee comparisons inapt and did not place significant weight on them in their deliberations.

The directors also considered the total expense ratio of the Class A shares of the Fund in comparison to the fees and expenses of funds within two comparison groups created by Lipper: an Expense Group and an Expense Universe. Lipper described an Expense Group as a representative sample of funds similar to the Fund and an Expense Universe as a broader group, consisting of all funds in the investment classification/objective with a similar load type as the Fund. The Class A expense ratio of the Fund was based on the Fund's latest fiscal year. The directors noted that it was likely that the expense ratios of some of the other funds in the Fund's Lipper category were lowered by waivers or reimbursements by those funds' investment advisers, which in some cases might be voluntary or temporary. The directors view the expense ratio information as relevant to their evaluation of the Adviser's services because the Adviser is responsible for coordinating services provided to the Fund by others.

The directors noted that, at the Fund's current size, the contractual effective advisory fee rate of 47.5 basis points, plus the less than 1 basis point impact of the administrative expense reimbursement in the latest fiscal year, was lower than the Expense Group median. The directors noted that the Fund's total expense ratio was lower than the Expense Group and the Expense Universe medians. The directors concluded that the Fund's expense ratio was satisfactory.

Economies of Scale

The directors noted that the advisory fee schedule for the Fund contains breakpoints that reduce the fee rates on assets above specified levels and that the net assets of the Fund were in excess of the first breakpoint. Accordingly, the Fund's current effective advisory fee rate had been reduced by the breakpoints and would be further reduced to the extent the net assets of the Fund increase. The directors took into consideration prior presentations by an independent consultant discussing economies of scale in the mutual fund industry and for the AllianceBernstein Funds, and by the Adviser concerning certain of its views on economies of scale. The directors also had requested and received from the Adviser certain updates on economies of scale at the May 2012 meetings. The directors believe that economies of scale may be realized (if at all) by the Adviser across a variety of products and services, and not only in respect of a single fund. The directors noted that there is no established methodology for setting breakpoints that give effect to the fund-specific services provided by a fund's adviser and to the economies of scale that an adviser may realize in its overall mutual fund business or those components of it which directly or indirectly affect a fund's operations. The directors observed that in the mutual fund industry as a whole, as well as among funds similar to the Fund, there is no uniformity or pattern in the fees and asset levels at which breakpoints (if any) apply. The directors also noted that the advisory agreements for many funds do not have breakpoints at all. Having taken these factors into account, the directors concluded that the Fund's breakpoint arrangements were acceptable and were resulting in a sharing of economies of scale.

THE FOLLOWING IS NOT PART OF THE SHAREHOLDER REPORT OR THE FINANCIAL STATEMENTS

SUMMARY OF SENIOR OFFICER'S EVALUATION OF INVESTMENT ADVISORY AGREEMENT¹

The following is a summary of the evaluation of the Investment Advisory Agreement between AllianceBernstein L.P. (the "Adviser") and The AllianceBernstein High Income Fund, Inc. (the "Fund"),² prepared by Philip L. Kirstein, the Senior Officer of the Fund for the Directors of the Fund, as required by the August 2004 agreement between the Adviser and the New York State Attorney General (the "NYAG"). The Senior Officer's evaluation of the Investment Advisory Agreement is not meant to diminish the responsibility or authority of the Board of Directors to perform its duties pursuant to Section 15 of the Investment Company Act of 1940 (the "40 Act") and applicable state law. The purpose of the summary is to provide shareholders with a synopsis of the independent evaluation of the reasonableness of the advisory fees proposed to be paid by the Fund which was provided to the Directors in connection with their review of the proposed approval of the continuance of the Investment Advisory Agreement.

The Senior Officer's evaluation considered the following factors:

- Advisory fees charged to institutional and other clients of the Adviser for like services;
- 2. Advisory fees charged by other mutual fund companies for like services;
- 3. Costs to the Adviser and its affiliates of supplying services pursuant to the advisory agreement, excluding any intra-corporate profit;
- 4. Profit margins of the Adviser and its affiliates from supplying such services;
- 5. Possible economies of scale as the Fund grows larger; and
- Nature and quality of the Adviser's services including the performance of the Fund.

These factors, with the exception of the first factor, are generally referred to as the "Gartenberg factors," which were articulated by the United States Court of Appeals for the Second Circuit in 1982. Gartenberg v. Merrill Lynch Asset Management, Inc., 694 F. 2d 923 (2d Cir. 1982). On March 30, 2010, the Supreme Court held the Gartenberg decision was correct in its basic formulation of what §36(b) requires: to face liability under §36(b), "an investment adviser must charge a fee that is so disproportionately large that it bears no reasonable relationship to the services rendered and could not have been the product of

¹ The information in the fee evaluation was completed on October 25, 2012 and discussed with the Board of Directors on November 6-8, 2012.

² Future references to the Fund do not include "AllianceBernstein." References in the fee summary pertaining to performance and expense ratios refer to Class A shares of the Fund.

arm's length bargaining." *Jones v. Harris Associates L.P.*, 130 S. Ct. 1418 (2010). In *Jones*, the Court stated the *Gartenberg* approach fully incorporates the correct understanding of fiduciary duty within the context of section 36(b) and noted with approval that "*Gartenberg* insists that all relevant circumstances be taken into account" and "uses the range of fees that might result from arm's length bargaining as the benchmark for reviewing challenged fees."³

ADVISORY FEES, NET ASSETS, & EXPENSE RATIOS

The Adviser proposed that the Fund pay the advisory fee set forth in the table below for receiving the services to be provided pursuant to the Investment Advisory Agreement. The fee schedule below, implemented in January 2004 in consideration of the Adviser's settlement with the NYAG in December 2003, is based on a master schedule that contemplates eight categories of funds with almost all funds in each category having the same advisory fee schedule.⁴ Also shown are the Fund's net assets on September 30, 2012.

		Advisory Fee Based on the Fund's Average Daily Adjusted Total	September 30, 2012 Net Assets	
Fund	Category	Assets ⁵	(\$MM)	
High Income Fund, Inc.	High Income	50 bp on 1st \$2.5 billion 45 bp on next \$2.5 billion 40 bp on the balance	\$5,005.0	

The Fund's Investment Advisory Agreement provides for the Adviser to be reimbursed for certain clerical, legal, accounting, administrative and other services provided to the Fund. During the Fund's most recently completed fiscal year, the Adviser received \$77,856 (0.001% of the Fund's average daily net assets) for providing such services.

³ Jones v. Harris at 1427.

⁴ Most of the AllianceBernstein Mutual Funds, which the Adviser manages, were affected by the Adviser's settlement with the NYAG.

⁵ Average daily value of total assets minus the sum of accrued liabilities other than the principal amount of money borrowed.

Set forth below are the total expense ratios of the Fund for the most recent semiannual period: ⁶

	Total Ex			
Fund		Net ⁸	Gross	Fiscal Year
High Income Fund, Inc.9	Advisor	0.61%	0.61%	October 31
	Class A	0.92%	0.92%	(ratios as of
	Class B	1.64%	1.66%	April 30, 2012)
	Class C	1.62%	1.62%	
	Class R	1.21%	1.27%	
	Class K	0.94%	0.97%	
	Class I	0.57%	0.57%	

I. ADVISORY FEES CHARGED TO INSTITUTIONAL AND OTHER CLIENTS

The advisory fees charged to investment companies which the Adviser manages and sponsors are normally higher than those charged to similar sized institutional accounts, including pension plans and sub-advised investment companies. The fee differential reflects, among other things, different services provided to such clients, and different liabilities assumed. Services provided by the Adviser to the Fund that are not provided to non-investment company clients and subadvised investment companies include providing office space and personnel to serve as Fund Officers, who among other responsibilities make the certifications required under the Sarbanes-Oxley Act of 2002, and coordinating with and monitoring the Fund's third party service providers such as Fund counsel, auditors, custodians, transfer agents and pricing services. The accounting, administrative, legal and compliance requirements for the Fund are more costly than those for institutional assets due to the greater complexities and time required for investment companies, although as previously noted, the Adviser is reimbursed for providing some of these services. Also, retail mutual funds managed by the Adviser are widely held. Servicing the Fund's investors is more time consuming and labor intensive compared to institutional clients since the Adviser needs to communicate with a more extensive network of financial intermediaries and shareholders. The Adviser also believes that it incurs substantial entrepreneurial risk when offering a new mutual fund since establishing a new mutual fund requires a large upfront investment and it may take a long time for the fund to achieve profitability since the fund must be priced to scale from inception in order to be competitive and assets are acquired one account at a time. In addition, managing the cash flow of an investment company may be more difficult than managing that of a stable pool of assets, such as an institutional account with little cash movement in either direction, particularly, if a fund is in net redemption and the Adviser is frequently forced to sell securities to

- 6 Semi-annual total expense ratios are unaudited.
- 7 Annualized.
- 8 Expense ratios net of waivers and reimbursements.
- 9 The Fund's expense ratios shown exclude interest expenses of less than 0.01% for all share classes.

raise cash for redemptions. However, managing a fund with positive cash flow may be easier at times than managing a stable pool of assets. Finally, in recent years, investment advisers have been sued by institutional clients and have suffered reputational damage both by the attendant publicity and outcomes other than complete victories. Accordingly, the legal and reputational risks associated with institutional accounts are greater than previously thought, although still not equal to those related to the mutual fund industry.

Notwithstanding the Adviser's view that managing an investment company is not comparable to managing other institutional accounts because the services provided are different, the Supreme Court has indicated consideration should be given to the advisory fees charged to institutional accounts with a similar investment style as the Fund. In addition to the AllianceBernstein Institutional fee schedule, set forth below is what would have been the effective advisory fee of the Fund had the AllianceBernstein Institutional fee schedule been applicable to the Fund versus the Fund's advisory fee based on September 30, 2012 net assets. In

Fund	Net Assets	AllianceBernstein	Effective AB	Fund
	9/30/12	Institutional	Inst.	Advisory
	(\$MM)	Fee Schedule	Adv. Fee (%)	Fee (%)
High Income Fund, Inc.	\$5,005.0	Global High Yield Schedule 55 bp on 1st \$50 million 35 bp on the balance Minimum Account Size: \$50 m	0.352%	0.475%

The Adviser also manages and sponsors retail mutual funds, which are organized in jurisdictions outside the United States, generally Luxembourg and Japan, and sold to non-United States resident investors. The Adviser charges the following fee for Global High Yield, a Luxembourg fund, which has a somewhat similar investment style as the Fund:

Fund	Luxembourg Fund	Fee ¹²		
High Income Fund, Inc.	Global High Yield Class A	1.70% on 1st \$5 billion 1.50% on the balance		
	Class I (Institutional)	1.15% on 1st \$5 billion 0.95% on the balance		

- 10 The Supreme Court stated that "courts may give such comparisons the weight that they merit in light of the similarities and differences between the services that the clients in question require, but the courts must be wary of inapt comparisons." Among the significant differences the Supreme Court noted that may exist between services provided to mutual funds and institutional accounts are "higher marketing costs." Jones v. Harris at 1428.
- 11 The Adviser has indicated that with respect to institutional accounts with assets greater than \$300 million, it will negotiate a fee schedule. Discounts that are negotiated vary based upon each client relationship.
- 12 Class A shares of the Luxembourg fund are charged an "all-in" fee, which covers investment advisory and distribution related services.

The AllianceBernstein Investment Trust Management mutual funds ("ITM"), which are offered to investors in Japan, have an "all-in" fee to compensate the Adviser for investment advisory as well as fund accounting and administrative related services. The fee schedule of the ITM mutual fund that has a somewhat similar investment style as the Fund is as follows:

Fund	ITM Mutual Fund	Fee
High Income Fund, Inc.	Global High Income Open A/B (Hedged/Unhedged)	0.70% on the 1st ¥30 billion 0.60% on next ¥20 billion 0.50% on next ¥450 billion 0.45% on the balance

The Adviser represented that it does not provide any sub-advisory investment services to other investment companies that have a substantially similar investment style as the Fund.

II. MANAGEMENT FEES CHARGED BY OTHER MUTUAL FUND COMPANIES FOR LIKE SERVICES.

Lipper, Inc. ("Lipper"), an analytical service that is not affiliated with the Adviser, compared the fees charged to the Fund with fees charged to other investment companies for similar services offered by other investment advisers. ¹³ Lipper's analysis included the comparison of the Fund's contractual management fee, estimated at the approximate current asset level of the Fund, to the median of the Fund's Lipper Expense Group ("EG")¹⁴ and the Fund's contractual management fee ranking. ¹⁵

Lipper describes an EG as a representative sample of comparable funds. Lipper's standard methodology for screening funds to be included in an EG entails the consideration of several fund criteria, including fund type, investment classification/objective, load type and similar 12b-1/non-12b-1 service fees, asset (size) comparability, expense components and attributes. An EG will typically consist of seven to twenty funds.

- 13 The Supreme Court cautioned against accepting mutual fund fee comparisons without careful scrutiny since "these comparisons are problematic because these fees, like those challenged, may not be the product of negotiations conducted at arm's length." Jones v. Harris at 1429.
- 14 Lipper does not consider average account size when constructing EGs. Funds with relatively small average account sizes tend to have higher transfer agent expense ratio than comparable sized funds that have relatively large average account sizes. There are limitations to Lipper expense category data because different funds categorize expenses differently
- 15 The contractual management fee is calculated by Lipper using the Fund's contractual management fee rate at a hypothetical asset level. The hypothetical asset level is based on the combined net assets of all classes of the Fund, rounded up to the next \$25 million. Lipper's total expense ratio information is based on the most recent annual report except as otherwise noted. A ranking of "1" would mean that Fund had the lowest effective fee rate in the Lipper peer group.

		Lipper Exp.	
Fund	Contractual Management Fee (%)¹6	Group Median (%)	Lipper Group Rank
T dild	1 00 (70)	(70)	Hum
High Income Fund, Inc.	0.500	0.577	4/18

Lipper also compared the Fund's total expense ratio to the medians of the Fund's EG and Lipper Expense Universe ("EU"). The EU is a broader group compared to the EG, consisting of all funds that have the same investment classifications/objective and load type as the subject Fund.

				Lipper Exp.			
Fund	Expense Ratio (%) ¹⁷	Lipper Exp. Group Median (%)	Lipper Group Rank	Universe Median (%)	Lipper Universe Rank		
High Income Fund, Inc. 18	0.948	0.981	8/18	1.072	14/84		

Based on this analysis, the Fund has a more favorable ranking on a contractual management fee basis than on a total expense ratio basis.

III. COSTS TO THE ADVISER AND ITS AFFILIATES OF SUPPLYING SERVICES PURSUANT TO THE MANAGEMENT FEE ARRANGEMENT, EXCLUDING ANY INTRA-CORPORATE PROFIT.

The Adviser utilizes two profitability reporting systems, which operate independently but are aligned with each other, to estimate the Adviser's profitability in connection with investment advisory services provided to the Fund. The Senior Officer has retained a consultant to provide independent advice regarding the alignment of the two profitability systems as well as the methodologies and allocations utilized by both profitability systems. See Section IV for additional discussion.

¹⁶ The contractual management fee does not reflect any expense reimbursements made by the Fund to the Adviser for certain clerical, legal, accounting, administrative, and other services. In addition, the contractual management fee does not reflect any advisory fee waivers or expense reimbursements made by the Adviser that would effectively reduce the actual effective management fee.

¹⁷ Most recently completed fiscal year Class A share total expense ratio.

¹⁸ The Fund's expense ratio, as reported by Lipper, is slightly above or below the Fund's expense cap due to rounding differences.

IV. PROFIT MARGINS OF THE ADVISER AND ITS AFFILIATES FOR SUPPLYING SUCH SERVICES.

The Fund's profitability information, prepared by the Adviser for the Board of Directors, was reviewed by the Senior Officer and the consultant. The Adviser's profitability from providing investment advisory services to the Fund increased during calendar year 2011, relative to 2010.

In addition to the Adviser's direct profits from managing the Fund, certain of the Adviser's affiliates have business relationships with the Fund and may earn a profit from providing other services to the Fund. The courts have referred to this type of business opportunity as "fall-out benefits" to the Adviser and indicated that such benefits should be factored into the evaluation of the total relationship between the Fund and the Adviser. Neither case law nor common business practice precludes the Adviser's affiliates from earning a reasonable profit on this type of relationship provided the affiliates' charges and services are competitive and the relationship otherwise complies with the 40 Act restrictions. These affiliates provide transfer agent and distribution services to the Fund and receive transfer agent fees, Rule 12b-1 payments, front-end sales loads and contingent deferred sales charges ("CDSC").

AllianceBernstein Investments, Inc. ("ABI"), an affiliate of the Adviser, is the Fund's principal underwriter. ABI and the Adviser have disclosed in the Fund's prospectus that they may make revenue sharing payments from their own resources, in addition to resources derived from sales loads and Rule 12b-1 fees, to firms that sell shares of the Fund. In 2011, ABI paid approximately 0.04% of the average monthly assets of the AllianceBernstein Mutual Funds or approximately \$17.0 million for distribution services and educational support (revenue sharing payments).

During the Fund's most recently completed fiscal year, ABI received from the Fund \$470,165, \$12,073,917 and \$231,873 in front-end sales charges, Rule 12b-1 and CDSC fees, respectively.

Fees and reimbursements for out of pocket expenses charged by AllianceBernstein Investor Services, Inc. ("ABIS"), the affiliated transfer agent for the Fund, are based on the level of the network account and the class of shares held by the account. ABIS also receives a fee per shareholder sub-account for each account maintained by an intermediary on an omnibus basis. ABIS received \$1,046,139 in net fees from the Fund during the Fund's most recently completed fiscal year:

V. POSSIBLE ECONOMIES OF SCALE

The Adviser has indicated that economies of scale are being shared with share-holders through pricing to scale, breakpoints, fee reductions/waivers and enhancement to services.

An independent consultant, retained by the Senior Officer, provided the Board of Directors information on the Adviser's firm-wide average costs from 2005 through 2011 and the potential economies of scale. The independent consultant noted that from 2005 through 2007 the Adviser experienced significant growth in assets under management ("AUM"). During this period, operating expenses increased, in part to keep up with growth, and in part reflecting market returns. However, from 2008 through the first quarter of 2009, AUM rapidly and significantly decreased due to declines in market value and client withdrawals. When AUM rapidly decreased, some operating expenses categories, including base compensation and office space, adjusted more slowly during this period, resulting in an increase in average costs. Since 2009, AUM has experienced less significant changes. The independent consultant noted that changes in operating expenses reflect changes in business composition and business practices in response to changes in financial markets. Finally, the independent consultant concluded that the increase in average cost and the decline in net operating margin across the Adviser since late 2008 are inconsistent with the view that there are currently reductions in average costs due to economies of scale that can be shared with the AllianceBernstein Mutual Funds managed by the Adviser through lower fees.

In February 2008, the independent consultant provided the Board of Directors an update of the Deli¹¹ study on advisory fees and various fund characteristics.²¹ The independent consultant first reiterated the results of his previous two dimensional comparison analysis (fund size and family size) with the Board of Directors.²¹ The independent consultant then discussed the results of the regression model that was utilized to study the effects of various factors on advisory fees. The regression model output indicated that the bulk of the variation in fees predicted were explained by various factors, but substantially by fund AUM, family AUM, index fund indicator and investment style. The independent consultant also compared the advisory fees of the AllianceBernstein Mutual Funds to similar funds managed by 19 other large asset managers, regardless of the fund size and each Adviser's proportion of mutual fund assets to non-mutual fund assets.

- 19 The Deli study, originally published in 2002 based on 1997 data and updated for the February 2008 Presentation, may be of diminished value due to the age of the data used in the presentation and the changes experienced in the industry over the last four years.
- 20 As mentioned previously, the Supreme Court cautioned against accepting mutual fund fee comparisons without careful scrutiny since the fees may not be the product of negotiations conducted at arm's length. See Jones V. Harris at 1429.
- 21 The two dimensional analysis showed patterns of lower advisory fees for funds with larger asset sizes and funds from larger family sizes compared to funds with smaller asset sizes and funds from smaller family sizes, which according to the independent consultant is indicative of a sharing of economies of scale and scope. However, in less liquid and active markets, such is not the case, as the empirical analysis showed potential for diseconomies of scale in those markets. The empirical analysis also showed diminishing economies of scale and scope as funds surpassed a certain high level of assets.

VI. NATURE AND QUALITY OF THE ADVISER'S SERVICES, INCLUDING THE PERFORMANCE OF THE FUND

With assets under management of approximately \$419 billion as of September 30, 2012, the Adviser has the investment experience to manage and provide non-investment services (described in Section I) to the Fund.

The information prepared by Lipper shows the 1, 3, 5 and 10 year performance returns and rankings²² of the Fund relative to its Lipper Performance Group ("PG") and Lipper Performance Universe ("PU")²³ for the periods ended July 31, 2012.²⁴

	Fund Return (%)	PG Median (%)	PU Median (%)	PG Rank	PU Rank
High Income Fund, Inc.					
1 year	6.62	6.71	6.62	11/18	48/95
3 year	15.51	13.44	12.88	2/18	4/86
5 year 10 year	10.55 14.58	8.45 9.78	7.54 9.10	1/16 1/16	1/77 1/61

²² The performance returns and rankings of the Fund are for the Fund' Class A shares. It should be noted that performance returns of the Fund were provided by Lipper.

²³ The Fund's PG is identical to the Fund's EG. The Fund's PU is not identical to the Fund's EU as the criteria for including/excluding a fund from a PU is somewhat different from that of an EU.

²⁴ The current Lipper investment classification/objective dictates the PG and PU throughout the life of the Fund even if a Fund had a different investment classification/objective at a different point in time.

Set forth below are the 1, 3, 5 and 10 year and since inception performance returns of the Fund (in bold)²⁵ versus its benchmarks.²⁶ Fund and benchmark volatility and reward-to-variability ratio ("Sharpe Ratio") information is also shown.²⁷

Periods Ending July 31, 2012

	: 0::000 =::a::g 0a:, 0::, =0:=								
		Annua	lized Pe	erforma	ance	Annua			
	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)	Volatility (%)	Sharpe (%)	Risk Period (Year)	
High Income Fund, Inc. 33% JP Morgan EMBI Index / 33% JP Morgan GBI EM / 33% Barclays Capital High Yield 2% Constrained	6.62	15.52	10.56	14.58	11.52	12.07	1.03	5	
Index JP Morgan EMBI	6.41	12.32	9.26	11.69	N/A	9.55	1.01	5	
Global Index JP Morgan GBI	13.14	13.81	10.50	12.70	11.09	N/A	N/A	N/A	
EM Index Barclays Capital High Yield 2% Constrained	-2.12	8.15	6.91	11.13	N/A	N/A	N/A	N/A	
Index	8.00	14.68	9.81	10.79	7.65	N/A	N/A	N/A	
Inception Date: Fe	ebruary	25, 199)4						

- 25 The performance returns and risk measures shown in the table are for the Class A shares of the Fund.
- 26 The Adviser provided Fund and benchmark performance return information for periods through July 31, 2012.
- 27 Fund and benchmark volatility and Sharpe Ratio information was obtained through Lipper LANA, a database maintained by Lipper. Volatility is a statistical measure of the tendency of a market price or yield to vary over time. A Sharpe Ratio is a risk adjusted measure of return that divides a fund's return in excess of the riskless return by the fund's standard deviation. A fund with a greater volatility would be viewed as more risky than a fund with equivalent performance but lower volatility; for that reason, a greater return would be demanded for the more risky fund. A fund with a higher Sharpe Ratio would be viewed as better performing than a fund with a lower Sharpe Ratio.

CONCLUSION:

Based on the factors discussed above the Senior Officer's conclusion is that the proposed advisory fee for the Fund is reasonable and within the range of what would have been negotiated at arm's length in light of all the surrounding circumstances. This conclusion in respect of the Fund is based on an evaluation of all of these factors and no single factor was dispositive.

Dated: December 3, 2012

THIS PAGE IS NOT PART OF THE SHAREHOLDER REPORT OR THE FINANCIAL STATEMENTS

ALLIANCEBERNSTEIN FAMILY OF FUNDS

Wealth Strategies

Balanced Wealth Strategy Conservative Wealth Strategy Wealth Appreciation Strategy Tax-Managed Balanced Wealth Strategy Tax-Managed Conservative Wealth Strategy Tax-Managed Wealth Appreciation Strategy

Asset Allocation/Multi-Asset Funds

Emerging Markets Multi-Asset Portfolio International Portfolio Tax-Managed International Portfolio

Growth Funds

Domestic

Discovery Growth Fund**
Growth Fund
Large Cap Growth Fund
Select US Equity Portfolio
Small Cap Growth Portfolio

Global & International

Global Thematic Growth Fund International Discovery Equity Portfolio International Growth Fund

Value Funds

Domestic

Core Opportunities Fund Discovery Value Fund** Equity Income Fund Growth & Income Fund Value Fund

Global & International

Emerging Markets Equity Portfolio Global Value Fund International Value Fund

Taxable Bond Funds

Bond Inflation Strategy Global Bond Fund High Income Fund Intermediate Bond Portfolio Limited Duration High Income Portfolio Short Duration Portfolio

Municipal Bond Funds

Arizona Portfolio California Portfolio High Income Portfolio Massachusetts Portfolio Michigan Portfolio Minnesota Portfolio Municipal Bond Inflation Strategy

National Portfolio New Jersey Portfolio New York Portfolio Ohio Portfolio Pennsylvania Portfolio Virginia Portfolio

Intermediate Municipal Bond Funds

Intermediate California Portfolio Intermediate Diversified Portfolio Intermediate New York Portfolio

Closed-End Funds

Alliance California Municipal Income Fund Alliance New York Municipal Income Fund AllianceBernstein Global High Income Fund AllianceBernstein Income Fund AllianceBernstein National Municipal Income Fund

Alternatives

Dynamic All Market Fund Global Real Estate Investment Fund Global Risk Allocation Fund** Market Neutral Strategy-Global Market Neutral Strategy-U.S. Real Asset Strategy Select US Long/Short Portfolio Unconstrained Bond Fund

Retirement Strategies

2000 Retirement Strategy	2020 Retirement Strategy	2040 Retirement Strategy
2005 Retirement Strategy	2025 Retirement Strategy	2045 Retirement Strategy
2010 Retirement Strategy	2030 Retirement Strategy	2050 Retirement Strategy
2015 Retirement Strategy	2035 Retirement Strategy	2055 Retirement Strategy

We also offer Exchange Reserves,* which serves as the money market fund exchange vehicle for the AllianceBernstein mutual funds.

Investors should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. For copies of our prospectus or summary prospectus, which contain this and other information, visit us online at www.alliancebernstein.com or contact your AllianceBernstein investments representative. Please read the prospectus and/or summary prospectus carefully before investing.

- An investment in Exchange Reserves is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.
- **Prior to October 8, 2012, Global Risk Allocation Fund was named Balanced Shares. Prior to November 1, 2012, Discovery Growth Fund was named Small/Mid Cap Growth Fund and Discovery Value Fund was named Small/Mid Cap Value Fund.

NOTES

ALLIANCEBERNSTEIN HIGH INCOME FUND 1345 Avenue of the Americas New York, NY 10105 800.221.5672

AllianceBernstein



