

Dear Shareholder,

We are pleased to report to our shareholders on the results of The New America High Income Fund (the “Fund”) for the year ended December 31, 2016. The Fund’s net asset value (the “NAV”) was \$9.89 as of December 30th. The market price for the Fund’s shares ended the period at \$9.26, representing a market price discount of 6.4%. During the period the Fund paid dividends totaling \$.7575 per share, including a special dividend of \$.0975 per share. The annualized dividend yield for a share of common stock purchased on December 31, 2015 at the market price of \$7.66 was 9.89%.

As of December 31st, the Fund had outstanding borrowings of \$91 million through its credit facility (the “Facility”) with the Bank of Nova Scotia. Throughout 2016 the amount borrowed through the Facility ranged from \$76 million to \$91 million depending upon the investment advisor’s assessment of high yield market investment opportunities. Amounts borrowed under the Facility bear interest at an adjustable rate based on a margin above LIBOR. The interest rate on the Facility at the end of the period was approximately 1.66%. The rate the Fund is paying on the Facility is higher than it has been, due to an increase in LIBOR following the December increase in the Federal Funds rate. However, the rate still offered an attractive spread relative to the 6.94% market value-weighted average current yield on the Fund’s portfolio on December 31st. The Fund’s leverage contributed to approximately 23% of the common stock dividends paid in 2016.

Interest rate risk is one of the risks faced by bond investors. However, bonds react differently to changing rates. Duration is a measure of the sensitivity of a bond’s price to a change in rates. Duration takes into account a bond’s maturity and coupon—the shorter the maturity and the higher the coupon, the shorter the duration. A bond with a short duration is less sensitive to changes in interest rates than a bond with a long duration. Relative to investment grade bonds of comparable maturities, high yield bonds have lower durations, resulting in less price volatility in changing interest-rate environments, although high yield bonds are more sensitive to credit risk, resulting in greater price volatility in changing economic conditions.

We remind our shareholders that there is no certainty that the dividend will remain at the current level. The dividend can be affected by portfolio results, the cost and amount of leverage, market conditions, how fully invested the portfolio is and operating expenses, among other factors. Leverage magnifies the effect of price movements on the Fund’s net asset value per share. The Fund’s leverage increases the Fund’s total return in periods of positive high yield market performance. Of course, the opposite is true in an unfavorable high yield market.

Total Returns for the Periods Ending December 31, 2016

	<u>1 Year</u>	<u>3 Years Cumulative</u>
New America High Income Fund (Stock Price and Dividends)*	31.68%	25.47%
New America High Income Fund (NAV and Dividends)*	21.87%	22.23%
Credit Suisse High Yield Index	18.37%	14.78%

Sources: Credit Suisse and The New America High Income Fund, Inc.

Past performance is no guarantee of future results. Total return assumes the reinvestment of dividends.

The Credit Suisse High Yield Index is an unmanaged index. Unlike the Fund, the index has no trading activity, expenses or leverage.

* Returns are historical and are calculated by determining the percentage change in net asset value or market value, as the case may be, with all distributions reinvested. Distributions are assumed to be reinvested at prices obtained under the Fund’s dividend reinvestment plan. Because the Fund’s shares may trade at either a discount or premium to the Fund’s net asset value per share, returns based upon the stock price and dividends will tend to differ from those derived from the underlying change in net asset value and dividends.

*Commentary by T. Rowe Price Associates, Inc.
Market Review*

High yield bonds closed out 2016 with impressive gains in excess of 18%, including a 2% return in the fourth quarter, as measured by The Credit Suisse High Yield Index (the “Index”). The high yield market performed well throughout the 12-month period ended December 31, 2016, with January and November being the only months of market declines during the year. Much of the fourth quarter market activity was dominated by concerns related to the U.S. election. Volatility plagued the market immediately before the election and, following Donald Trump’s victory, the equity markets rallied as investors reexamined prospects for corporate earnings, economic growth, taxes, and inflation. U.S. Treasury yields rose sharply across all maturities in anticipation of stimulative fiscal policies—such as lower tax rates and increased infrastructure spending—under the incoming administration. In December, in a widely-anticipated move, the Federal Reserve announced an increase in the federal funds target rate range of 25 basis points, marking only the second rate increase since the global financial crisis.

Lower quality high yield bonds, including distressed and defaulted securities, outperformed higher quality high yield bonds throughout the year. The degree to which lower quality bonds drove market gains was unexpected. For example, BB-rated bonds gained 11% in 2016, compared to returns in excess of 30% for CCC-rated issues and returns in excess of 78.5% for defaulted bonds. Because of the lower yields and longer duration profile of BB-rated bonds, this segment of the high yield market declined in November when U.S. Treasuries sold off. In combination with the lower quality rally, bonds of metals and mining issuers, followed by energy issuers, outperformed all other industry segments throughout the year. Following major declines the prior two years, these sectors had the most to gain and traded higher from distressed levels commensurate with a rally in commodity prices. Specifically, WTI crude oil, which ended 2015 at \$37 per barrel, rose to \$48 in September. Uncertainty surrounding the November OPEC meeting caused oil price volatility for most of that month, but OPEC leaders emerged with a formal agreement to cut production that exceeded expectations. The price of oil rallied further, to end the year at \$54 per barrel equating to a return of 45% for 2016. Measured by the Index, yield spreads tightened 95 basis points during the fourth quarter to end the year at 472 basis points over U.S. Treasuries, tighter by 275 basis points from one year earlier. The yield-to-worst on the Index ended 2016 at 6.47%, levels not achieved since 2014.

The high yield market benefited from a favorable technical backdrop. Gross new issue volume fell to \$286 billion in 2016 compared to \$293 billion the prior year. Unlike 2015, the majority of the new issue proceeds was used to refinance existing debt, resulting in net new issuance considerably lower than the gross amount of issuance. Energy issuers tapped the market in the latter half of the year as the oil price rally took hold. Energy companies accounted for 63% of December new issue activity. Mutual fund investors also provided support for the high yield market, as 2016 saw net inflows to mutual funds compared to net redemptions in the prior three years.

Default activity was concentrated in commodity-related sectors. In 2016, 62 companies defaulted on nearly \$60 billion in debt, ranking as the fifth highest annual total on record. Energy and metals and mining companies accounted for 81% of total default volume. The majority of bankruptcies occurred in the first quarter with volume trending lower each subsequent period based on the improvement in commodity prices. The Index’s 12-month par-weighted default rate ended the year at 3.3%, a decline from 4.0% the previous quarter and slightly lower than 3.4% in 2015.

Strategy Review

The dynamic market environment throughout 2016 gave active managers opportunities to reposition portfolios to take advantage of changing conditions. In response to the improving commodity backdrop, we increased the portfolio's energy allocation to 17% of total investments compared with 10.4% a year ago. Early in the year, we took advantage of opportunities to purchase fallen angels (investment-grade corporate bonds downgraded to high yield status) and relatively higher quality high yield energy bonds, making selective purchases well below par to increase exposure to the sector. Late in the third quarter we locked in gains by selling low-yielding, high dollar price, unsecured bonds in certain exploration and production credits. Additionally, at the beginning of the fourth quarter we purchased several short-dated bonds in offshore driller credits, such as Rowan, Ensco and Noble. This broader rotation during the end of the third quarter and beginning of the fourth quarter reduced duration, migrated up the capital structure and also allowed for greater price appreciation in the event of an OPEC production cut and higher oil prices in the fourth quarter. Our analysts believe the OPEC cuts will be challenging to actually implement, but that a slight overweight relative to the Index in the energy sector is warranted in the near-term. The portfolio's energy sector allocation returned 30% for the year including a 4% plus gain in the final quarter. However, relative to the Index returns of 40% for the full year and 7.5% over the last quarter, our investment strategy underperformed by not owning a number of lower-quality and distressed credits that generated significant returns.

Metals and mining credits outperformed all other high yield industries this year. Similar to our energy positioning, the investment team has increased exposure to this sector, more than doubling the allocation since December of 2015 to approximately 6% of total investments today.

Outlook

Given the asset class' relatively short duration profile, high yield bonds appear to be well positioned should the economy continue to improve and if interest rates rise gradually. The considerable support of investors' demand for income may help drive future gains, particularly within the context of low and even negative yields in many developed countries. However, it must be noted that the extended economic and credit cycle continues to age.

We believe energy and metals issuers will continue to dominate bankruptcy activity. However, an uptick in oil prices has extended the life of many of these troubled companies and the peak in default rates is likely behind us. These sectors also enjoyed a considerable run in 2016, contributing to outperformance in the overall high yield market for 2016. Gains over 17% for the year were somewhat surprising and perhaps overdone considering the number of macro-related developments that transpired. Upcoming global elections in 2017 alongside central bank policies across critical markets worldwide bring a considerable level of uncertainty, but, for now, confidence in high yield corporate bonds appears to be strong.

As always, we aim to deliver high current income while seeking to contain volatility inherent in the high yield bond market. Our team maintains a commitment to credit research and risk-conscious investing that has led to favorable returns for our high yield clients over various market cycles.

Sincerely,



Ellen E. Terry
President
The New America High Income Fund, Inc.



Mark Vaselkiv
Vice President
T. Rowe Price Associates, Inc.

Past performance is no guarantee of future results. The views expressed in this update are as of the date of this letter. These views and any portfolio holdings discussed in the update are subject to change at any time based on market or other conditions. The Fund and T. Rowe Price Associates, Inc. disclaim any duty to update these views, which may not be relied upon as investment advice. In addition, references to specific companies' securities should not be regarded as investment recommendations or indicative of the Fund's portfolio as a whole.

The New America High Income Fund, Inc.

Industry Summary December 31, 2016	As a Percent of Total Investments*	Moody's Investors Service Ratings (1) December 31, 2016 (Unaudited)	As a Percent of Total Investments
Energy	17.01%	Baa3	<u>0.86%</u>
Cable Operators	11.44%	Total Baa	
Financial	7.41%		
Metals & Mining	6.49%	Ba1	6.14%
Health Care	6.05%	Ba2	5.25%
Services	5.52%	Ba3	11.86%
Wireless Communications	4.94%	Total Ba	<u>23.25%</u>
Information Technology	4.20%		
Gaming	4.04%	B1	17.35%
Broadcasting	2.89%	B2	13.70%
Utilities	2.78%	B3	18.81%
Other Telecommunications	2.64%	Total B	<u>49.86%</u>
Container	2.46%		
Retail	2.15%	Caa1	15.18%
Chemicals	2.07%	Caa2	5.03%
Manufacturing	2.02%	Caa3	1.22%
Satellites	1.89%	Total Caa	<u>21.43%</u>
Aerospace & Defense	1.83%		
Consumer Products	1.54%	C	<u>0.02%</u>
Building & Real Estate	1.35%	Unrated	<u>2.63%</u>
Supermarkets	1.33%		
Building Products	1.20%	Equity	<u>1.95%</u>
Automotive	1.13%		
Restaurants	0.95%	Total Investments	<u>100.00%</u>
Entertainment & Leisure	0.94%		
Forest Products	0.91%		
Food/Tobacco	0.79%		
Lodging	0.71%		
Airlines	0.63%		
Publishing	0.37%		
Transportation	0.24%		
Real Estate Investment Trust Securities	0.08%		
Total Investments	<u>100.00%</u>		

(1) SOURCE: Moody's Investors Service, Inc. This table compiles the ratings assigned by Moody's to the Fund's holdings.

* Percentages do not match the industry percentages in the Schedule of Investments because due to the Fund's leverage total investments exceed net assets by 1.37 times.

Schedule of Investments — December 31, 2016 (Dollar Amounts in Thousands)

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
CORPORATE DEBT SECURITIES — 134.03% (d)(f)		
Aerospace & Defense — 2.50%		
\$ 3,075	Bombardier, Inc., Senior Notes, 8.75%, 12/1/21 (g)	B3 \$ 3,252
425	Huntington Ingalls Industries, Senior Notes, 5%, 11/15/25 (g)	Ba2 442
900	Standard Aero Aviation Holdings Inc., Senior Notes, 10%, 07/15/23 (g)	Caa2 945
450	Transdigm, Inc., Senior Subordinated Notes, 6.375%, 06/15/26 (g)	B3 462
350	Transdigm, Inc., Senior Subordinated Notes, 6.50%, 07/15/24	B3 366
300	Transdigm, Inc., Senior Subordinated Notes, 6.50%, 05/15/25	B3 314
		<u>5,781</u>
Airlines — .86%		
1,100	American Airlines Group, Senior Notes, 5.50%, 10/01/19 (g)	B1 1,147
116	American Airlines Group, Senior Notes, 5.625%, 01/15/21 (g)	(e) 121
118	United Airlines, Senior Notes, 4.625%, 03/03/24	(e) 120
575	United Continental Holdings, Inc., Senior Notes, 6.375%, 06/01/18	B1 599
		<u>1,987</u>
Automotive — 1.56%		
325	Allison Transmission, Inc., Senior Notes, 5%, 10/01/24 (g)	Ba3 328
350	Group 1 Automotive, Inc., Senior Notes, 5%, 06/01/22	Ba2 346
275	Group 1 Automotive, Inc., Senior Notes, 5.25%, 12/15/23 (g)	Ba2 272
825	MPG Holdco Inc., Senior Notes, 7.375%, 10/15/22	B3 860

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
\$ 400	Penske Auto Group, Inc., Senior Subordinated Notes, 5.75%, 10/01/22	B1 \$ 412
525	Sonic Automotive, Inc., Senior Subordinated Notes, 5%, 05/15/23	B2 511
100	Sonic Automotive, Inc., Senior Subordinated Notes, 7%, 07/15/22	B2 104
725	TI Group Auto Systems, L.L.C., Senior Notes, 8.75%, 07/15/23 (g)	Caa1 761
		<u>3,594</u>
Broadcasting — 3.96%		
1,075	AMC Networks, Inc., Senior Notes, 4.75%, 12/15/22	Ba3 1,083
600	Clear Channel Worldwide Holdings, Inc., Senior Notes, 6.50%, 11/15/22	B2 615
375	iHeart Communications, Inc., Senior Notes, 9%, 12/15/19	Caa1 307
450	Lamar Media Corporation, Senior Subordinated Notes, 5.875%, 02/01/22	Ba3 462
475	Lin Television Corporation, Senior Notes, 5.875%, 11/15/22	B3 483
925	MDC Partners, Inc., Senior Notes, 6.50%, 05/01/24 (g)	B3 833
650	Nexstar Broadcasting, Inc., Senior Notes, 5.625%, 08/01/24 (g)	B3 644
725	Outfront Media Capital LLC, Senior Notes, 5.25%, 02/15/22	B1 753
250	Outfront Media Capital LLC, Senior Notes, 5.625%, 02/15/24	B1 260
250	Sinclair Television Group, Inc., Senior Notes, 5.875%, 03/15/26 (g)	B1 250
800	Sirius XM Radio, Inc., Senior Notes, 6%, 07/15/24 (g)	Ba3 837

The accompanying notes are an integral part of these financial statements.

Schedule of Investments — December 31, 2016 — Continued (Dollar Amounts in Thousands)

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
CORPORATE DEBT SECURITIES — continued		
\$ 700	Townsquare Media, Inc., Senior Notes, 6.50%, 04/01/23 (g)	B3 \$ 669
825	Tribune Media Company, Senior Notes, 5.875%, 07/15/22	B3 837
550	Univision Communications, Inc., Senior Notes, 5.125%, 02/15/25 (g)	B2 525
500	Univision Communications, Inc., Senior Notes, 5.125%, 05/15/23 (g)	B2 490
100	Univision Communications, Inc., Senior Notes, 6.75%, 09/15/22 (g)	B2 105
		<u>9,153</u>

Building & Real Estate — 1.70%

525	Greystar Real Estate Partners, LLC, Senior Notes, 8.25%, 12/01/22 (g)	B2 568
750	Howard Hughes Corporation, Senior Notes, 6.875%, 10/01/21 (g)	Ba3 790
325	Ladder Capital Finance Holdings LLLP, Senior Notes, 5.875%, 08/01/21 (g)	Ba3 309
350	Shea Homes Limited Partnership, Senior Notes, 5.875%, 04/01/23 (g)	B2 341
425	Taylor Morrison Communities, Inc., Senior Notes, 5.875%, 04/15/23 (g)	B2 431
675	William Lyon Homes, Inc., Senior Notes, 7%, 08/15/22	B3 699
750	William Lyon Homes, Inc., Senior Notes, 8.50%, 11/15/20	B3 784
		<u>3,922</u>

Building Products — 1.65%

250	ABC Supply Company, Inc., Senior Notes, 5.75%, 12/15/23 (g)	B3 258
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Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
\$ 700	Cemex Finance LLC, Senior Notes, 7.75%, 04/16/26 (g)	(e) \$ 774
550	LSF9 Balta Issuer, S.A., Senior Notes, 7.75%, 09/15/22 (EUR)	B2 637
275	Masonite International Corporation, Senior Notes, 5.625%, 03/15/23 (g)	B1 284
750	Reliance Intermediate Holdings L.P., Senior Notes, 6.50%, 04/01/23 (g)	B1 788
750	RSI Home Products, Inc., Senior Notes, 6.50%, 03/15/23 (g)	B1 788
275	Springs Industries, Inc., Senior Notes, 6.25%, 06/01/21	B2 285
		<u>3,814</u>

Cable Operators — 15.49%

375	Altice Financing S.A., Senior Notes, 6.625%, 02/15/23 (g)	B1 386
975	Altice Financing S.A., Senior Notes, 7.50%, 05/15/26 (g)	B1 1,009
2,100	Altice Financing S.A., Senior Notes, 8.125%, 01/15/24 (g)	B3 2,174
1,825	Altice Luxembourg S.A., Senior Notes, 7.625%, 02/15/25 (g)	B3 1,912
2,175	Altice Luxembourg S.A., Senior Notes, 7.75%, 05/15/22 (g)	B3 2,322
300	Cable One, Inc., Senior Notes, 5.75%, 06/15/22 (g)	B1 309
575	CCO Holdings, LLC, Senior Notes, 5.50%, 05/01/26 (g)	B1 587
425	CCO Holdings, LLC, Senior Notes, 5.75%, 09/01/23	B1 444
925	CCO Holdings, LLC, Senior Notes, 5.75%, 01/15/24	B1 971
1,325	CCO Holdings, LLC, Senior Notes, 5.875%, 04/01/24 (g)	B1 1,414
700	CCO Holdings, LLC, Senior Notes, 6.625%, 01/31/22	B1 726
500	Cequel Communications Holdings I, LLC, Senior Notes, 5.125%, 12/15/21 (g)	Caa1 506

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Schedule of Investments — December 31, 2016 — Continued (Dollar Amounts in Thousands)

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
CORPORATE DEBT SECURITIES — continued		
\$ 2,275	Cequel Communications Holdings I, LLC, Senior Notes, 6.375%, 09/15/20 (g)	Caa1 \$ 2,343
1,000	Cequel Communications Holdings I, LLC, Senior Notes, 7.75%, 07/15/25 (g)	Caa1 1,106
800	CSC Holdings, LLC, Senior Notes, 6.625%, 10/15/25 (g)	Ba1 872
4,550	CSC Holdings, LLC, Senior Notes, 10.125%, 01/15/23 (g)	B2 5,255
1,050	CSC Holdings, LLC, Senior Notes, 10.875%, 10/15/25 (g)	B2 1,244
525	Dish DBS Corporation, Senior Notes, 5.875%, 07/15/22	Ba3 553
1,125	Dish DBS Corporation, Senior Notes, 6.75%, 06/01/21	Ba3 1,221
1,275	Dish DBS Corporation, Senior Notes, 7.75%, 07/01/26	Ba3 1,441
550	LGE Holdco VI B.V., Senior Notes, 7.125%, 05/15/24 (g) (EUR)	B2 658
175	Netflix, Inc., Senior Notes, 5.75%, 03/01/24	B1 188
700	SFR Group S.A., Senior Notes, 6.25%, 05/15/24 (g)	B1 703
900	Unitymedia Hessen GmbH & Company, Senior Notes, 5%, 01/15/25 (g)	Ba3 899
1,975	Unitymedia Kabel BW GmbH, Senior Notes, 6.125%, 01/15/25 (g)	B3 2,029
375	Virgin Media Finance, Plc, Senior Notes, 6%, 10/15/24 (g)	B2 383
650	Virgin Media Finance, Plc, Senior Notes, 6.375%, 04/15/23 (g)	B2 677
325	Virgin Media Secured Finance, Plc, Senior Notes, 5.25%, 01/15/26 (g)	Ba3 319
950	Virgin Media Secured Finance, Plc, Senior Notes, 5.50%, 08/15/26 (g)	Ba3 946

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
\$ 100	Virgin Media Secured Finance, Plc, Senior Notes, 6.25%, 03/28/29 (GBP)	Ba3 \$ 129
700	VTR Finance B.V., Senior Notes, 6.875%, 01/15/24 (g)	B1 718
710	WideOpenWest Finance, LLC, Senior Notes, 10.25%, 07/15/19	Caa1 747
625	Ziggo Bond Finance BV, Senior Notes, 6%, 01/15/27 (g)	B2 606
		<u>35,797</u>

Chemicals — 2.83%

175	CF Industries, Inc., Senior Notes, 5.375%, 03/15/44	Ba3 145
300	CF Industries, Inc., Senior Notes, 7.125%, 05/01/20	Ba3 327
990	Consolidated Energy Finance, Senior Notes, 6.75%, 10/15/19 (g)	B2 990
450	CVR Partners, L.P., Senior Notes, 9.25%, 06/15/23 (g)	B2 461
1,425	Hexion Specialty Chemicals, Inc., Senior Notes, 6.625%, 04/15/20	B3 1,263
250	Hexion Specialty Chemicals, Inc., Senior Notes, 10%, 04/15/20	B3 248
75	Huntsman International, Senior Notes, 4.875%, 11/15/20	B1 77
650	Ineos Group Holdings S.A., Senior Notes, 5.625%, 08/01/24 (g)	B3 640
550	Kissner Holdings L.P., Senior Notes, 8.375%, 12/01/22 (g)	B3 556
475	Platform Specialty Products Corporation, Senior Notes, 6.50%, 02/01/22 (g)	Caa1 479
475	Platform Specialty Products Corporation, Senior Notes, 10.375%, 05/01/21 (g)	Caa1 525
350	PQ Corporation, Senior Notes, 6.75%, 11/15/22 (g)	B2 374

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Schedule of Investments — December 31, 2016 — Continued (Dollar Amounts in Thousands)

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
CORPORATE DEBT SECURITIES — continued		
\$ 450	Univar, Inc., Senior Notes, 6.75%, 07/15/23 (g) Caa1	\$ 464
		<u>6,549</u>
Consumer Products — 2.11%		
575	24 Hour Holdings III LLC, Senior Notes, 8%, 06/01/22 (g) Caa1	487
475	Avon International, Operating Company, Senior Notes, 7.875%, 08/15/22 (g) Ba1	502
300	Central Garden and Pet Company, Senior Notes, 6.125%, 11/15/23 B2	317
650	Energizer Holdings, Inc., Senior Notes, 5.50%, 06/15/25 (g) Ba3	653
1,675	Lifetime Fitness, Inc., Senior Notes, 8.50%, 06/15/23 (g) Caa1	1,721
400	Tempur Sealy International Inc., Senior Notes, 5.50%, 06/15/26 B1	402
400	Tempur Sealy International Inc., Senior Notes, 5.625%, 10/15/23 B1	413
375	Vista Outdoor Inc. Inc, Senior Notes, 5.875%, 10/01/23 Ba3	392
		<u>4,887</u>
Container — 3.37%		
266	AEP Industries, Inc., Senior Notes, 8.25%, 04/15/19 B3	271
1,000	ARD Finance S.A., Senior Notes, 6.625%, 09/15/23 (g) (EUR) Caa2	1,055
1,225	ARD Finance S.A., Senior Notes, 7.125%, 09/15/23 (g) Caa2	1,210
975	Ardagh Packaging Finance plc, Senior Notes, 7.25%, 05/15/24 (g) B3	1,024
275	Bormioli Rocco Holdings, Senior Notes, 10%, 08/01/18 (g) (EUR) B3	298
700	Consolidated Container Company LLC, Senior Notes, 10.125%, 07/15/20 (g) Caa3	716

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
\$ 100	Crown Cork and Seal Company, Inc., Senior Notes, 7.375%, 12/15/26 B1	\$ 113
325	Pactiv Corporation, Senior Notes, 7.95%, 12/15/25 Caa2	345
425	Reynolds Group Issuer, Inc., Senior Notes, 5.75%, 10/15/20 B2	438
1,500	Reynolds Group Issuer, Inc., Senior Notes, 7%, 07/15/24 (g) Caa2	1,586
650	SIG Combibloc Holdings, Senior Notes, 7.75%, 02/15/23 (g)(EUR) Caa1	736
		<u>7,792</u>
Energy — 22.15%		
1,290	Alberta Energy Company, Ltd., Senior Notes, 7.375%, 11/01/31 Ba2	1,478
140	Alberta Energy Company, Ltd., Senior Notes, 8.125%, 09/15/30 Ba2	167
375	Antero Midstream Partners, Senior Note, 5.375%, 09/15/24 (g) B1	382
475	Archrock Partners, Senior Notes, 6%, 04/01/21 B3	465
500	Archrock Partners, Senior Notes, 6%, 10/01/22 B3	484
275	Calumet Specialty Products Partners, L.P. Senior Notes, 11.50%, 01/15/21 (g) B2	314
525	Cheniere Corpus Christi Holdings, LLC, Senior Notes, 5.875%, 03/31/25 (g) Ba3	536
800	Cheniere Corpus Christi Holdings, LLC, Senior Notes, 7%, 06/30/24 (g) Ba3	870
350	Chesapeake Energy Corp., Senior Notes, 6.125%, 02/15/21 Caa3	341
845	Chesapeake Energy Corp., Senior Notes, 8%, 12/15/22 (g) Caa1	910

The accompanying notes are an integral part of these financial statements.

Schedule of Investments — December 31, 2016 — Continued (Dollar Amounts in Thousands)

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)	Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
CORPORATE DEBT SECURITIES — continued			CORPORATE DEBT SECURITIES — continued		
\$ 400			\$ 225		
Chesapeake Energy Corp., Senior Notes, 8%, 01/15/25 (g)	Caa3	\$ 408	EnSCO PLC, Senior Notes, 5.75%, 10/01/44	B1	\$ 163
384 Comstock Resources, Inc., Senior Notes, 10%, 03/15/20	B3	395	200 EP Energy LLC, Senior Notes, 8%, 11/29/24 (g)	B3	215
775 Concho Resources, Inc., Senior Notes, 5.50%, 04/01/23	Ba2	801	600 EP Energy LLC, Senior Notes, 9.375%, 05/01/20	Caa2	552
475 Consol Energy, Inc., Senior Notes, 5.875%, 04/15/22	Caa1	465	75 Ferrellgas, L.P., Senior Notes, 6.50%, 05/01/21	B3	74
200 Consol Energy, Inc., Senior Notes, 8%, 04/01/23	Caa1	205	25 Ferrellgas, L.P., Senior Notes, 6.75%, 01/15/22	B3	25
1,075 Continental Resources, Senior Notes, 4.90%, 06/01/44	Ba3	914	175 Ferrellgas, L.P., Senior Notes, 6.75%, 06/15/23	B3	172
275 Continental Resources, Senior Notes, 5%, 09/15/22	Ba3	275	550 Gibson Energy, Inc., Senior Notes, 6.75%, 07/15/21 (g)	Ba2	571
900 Crestwood Midstream Partners, L.P., Senior Notes, 6.25%, 04/01/23	B1	923	800 Globe Luxembourg SCA, Senior Notes, 9.625%, 05/01/18 (g)	Caa1	772
475 CrownRock, L.P., Senior Notes, 7.125%, 04/15/21 (g)	B3	494	1,900 Gulfport Energy Corporation, Senior Notes, 6.375%, 05/15/25 (g)	B2	1,919
1,225 CrownRock, L.P., Senior Notes, 7.75%, 02/15/23 (g)	B3	1,320	645 Gulfport Energy Corporation, Senior Notes, 6.625%, 05/01/23	B2	676
100 DCP Midstream Operating LP, Senior Notes, 5.60%, 04/01/44	Ba1	91	375 Gulfport Energy Corporation, Senior Notes, 6%, 10/15/24 (g)	B2	380
300 DCP Midstream, LLC, Senior Notes, 6.45%, 11/03/36 (g)	Ba2	300	70 Hess Corporation, Senior Notes, 7.125%, 03/15/33	Ba1	80
100 DCP Midstream, LLC, Senior Notes, 8.125%, 08/16/30	Ba2	111	305 Hess Corporation, Senior Notes, 7.30%, 08/15/31	Ba1	353
225 DCP Midstream, LLC, Senior Notes, 9.75%, 03/15/19 (g)	Ba2	251	1,430 Hess Corporation, Senior Notes, 7.875%, 10/01/29	Ba1	1,716
700 Encana Corporation, Senior Notes, 7.20%, 11/01/31	Ba2	786	400 Kosmos Energy Ltd., Senior Notes, 7.875%, 08/01/21 (g)	(e)	398
50 Energy Transfer Partners, L.P., Senior Notes, 5.875%, 01/15/24	Ba2	52	1,250 Kosmos Energy Ltd., Senior Notes, 7.875%, 08/01/21 (g)	(e)	1,244
625 EnSCO PLC, Senior Notes, 4.70%, 03/15/21	B1	605	1,125 Matador Resources Company, Senior Notes, 6.875%, 04/15/23	B3	1,184
625 EnSCO PLC, Senior Notes, 5.20%, 03/15/25	B1	543	875 Matador Resources Company, Senior Notes, 6.875%, 04/15/23 (g)	B3	921
			150 NGL Energy Partners L.P., Senior Notes, 5.125%, 07/15/19	B2	149

The accompanying notes are an integral part of these financial statements.

Schedule of Investments — December 31, 2016 — Continued (Dollar Amounts in Thousands)

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)	Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
CORPORATE DEBT SECURITIES — continued					
\$ 950			\$ 740		
NGL Energy Partners L.P., Senior Notes, 7.50%, 11/01/23 (g)	B2	\$ 983	QEP Resrouces, Inc., Senior Notes, 6.875%, 03/01/21	B1	\$ 786
75 Noble Holding International Ltd., Senior Notes, 4.90%, 08/01/20	B1	75	350 Range Resources Corporaiton, Senior Subordinated Notes, 4.875%, 05/15/25	B1	338
250 Noble Holding International Ltd., Senior Notes, 7.20%, 04/01/25	B1	235	175 Rockies Expres Pipeline LLC, Senior Notes, 6%, 01/15/19 (g)	Ba2	184
525 Noble Holding International Ltd., Senior Notes, 7.75%, 01/15/24	B1	494	375 Rowan Companies, Inc., Senior Notes, 4.75%, 01/15/24	B1	341
300 Noble Holding International Ltd., Senior Notes, 8.20%, 04/01/45	B1	246	1,000 Rowan Companies, Inc., Senior Notes, 4.875%, 06/01/22	B1	940
75 Nustar Logistics, L.P., Senior Notes, 4.80%, 09/01/20	Ba1	76	425 Rowan Companies, Inc., Senior Notes, 7.375%, 06/15/25	B1	434
550 Oneok, Inc., Senior Notes, 7.50%, 09/01/23	Ba1	626	325 Sabine Pass LNG, L.P., Senior Notes, 5.75%, 05/15/24	Ba1	349
900 Pacific Exploration & Production Corporation, Senior Notes, 10%, 11/02/21 (g)	(e)	1,017	175 Sabine Pass LNG, L.P., Senior Notes, 5.875%, 06/30/26 (g)	Ba1	188
270 Pacific Exploration & Production Corporation, Senior Notes, 10%, 11/02/21	(e)	305	325 Sabine Pass LNG, L.P., Senior Notes, 6.25%, 03/15/22	Ba1	355
550 Petrobras Global Finance, Senior Notes, 6.75%, 01/27/41	B2	462	175 SESI, L.L.C., Senior Notes, 6.375%, 05/01/19	B2	175
350 Petrobras Global Finance, Senior Notes, 6.875%, 01/20/40	B2	299	2,025 SESI, L.L.C., Senior Notes, 7.125%, 12/15/21	B2	2,045
500 Petrobras Global Finance, Senior Notes, 8.375%, 05/23/21	B2	539	780 Seven Generations Energy Ltd., Senior Notes, 6.75%, 05/01/23 (g)	Ba3	833
700 Petrobras Global Finance, Senior Notes, 8.75%, 05/23/26	B2	754	250 Seven Generations Energy Ltd., Senior Notes, 6.875%, 06/30/23 (g)	Ba3	264
245 Petroleos Mexicanos, Senior Notes, 5.375%, 03/13/22 (g)	Baa3	250	900 SM Energy Company, Senior Notes, 6.50%, 01/01/23	B3	916
95 Pride International, Inc., Senior Notes, 6.875%, 08/15/20	B1	101	1,025 Southwestern Energy Company, Senior Notes, 5.80%, 01/23/20	B1	1,057
520 Pride International, Inc., Senior Notes, 8.50%, 06/15/19	B1	577	175 Southwestern Energy Company, Senior Notes, 6.70%, 01/23/25	B1	179
			43 Southwestern Energy Company, Senior Notes, 7.50%, 02/01/18	B1	45

The accompanying notes are an integral part of these financial statements.

Schedule of Investments — December 31, 2016 — Continued (Dollar Amounts in Thousands)

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
CORPORATE DEBT SECURITIES — continued		
\$ 600	Sunoco L.P., Senior Notes, 6.25%, 04/15/21	B1 \$ 611
325	Sunoco L.P., Senior Notes, 6.375%, 04/01/23	B1 327
375	Tallgrass Energy Partners, L.P., Senior Notes, 5.50%, 09/15/24 (g)	B1 372
50	Targa Resources Partners L.P., Senior Notes, 4.25%, 11/15/23	Ba3 48
575	Targa Resources Partners L.P., Senior Notes, 5.125%, 02/01/25 (g)	Ba3 569
800	Targa Resources Partners L.P., Senior Notes, 5.25%, 05/01/23	Ba3 804
700	Targa Resources Partners L.P., Senior Notes, 6.75%, 03/15/24	Ba3 753
175	Tervita Escrow Corporation, Senior Notes, 7.625%, 12/01/21 (g)	B2 179
300	Tesoro Logistics, L.P., Senior Notes, 5.25%, 01/15/25	Ba3 305
175	Tesoro Logistics, L.P., Senior Notes, 6.125%, 10/15/21	Ba3 183
425	Transocean, Inc., Senior Notes, 6%, 03/15/18	Caa1 430
150	Transocean, Inc., Senior Notes, 6.50%, 11/15/20	Caa1 148
225	Transocean, Inc., Senior Notes, 6.80%, 03/15/38	Caa1 176
950	Transocean, Inc., Senior Notes, 9%, 07/15/23 (g)	B1 976
350	WPX Energy, Inc., Senior Notes, 7.50%, 08/01/20	B3 376
915	YPF Sociedad Anonima, Senior Notes, 8.50%, 03/23/21 (g)	B3 981
1,000	YPF Sociedad Anonima, Senior Notes, 8.50%, 07/28/25 (g)	B3 <u>1,025</u>
		<u>51,181</u>

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
Entertainment & Leisure — 1.28%		
\$ 300	AMC Entertainment Holdings, Inc., Senior Notes, 5.875%, 11/15/26 (g)	B2 \$ 307
125	AMC Entertainment Holdings, Inc., Senior Notes, 6.375%, 11/15/24 (g) (GBP)	B2 163
610	ClubCorp Club Operations, Inc., Senior Notes, 8.25%, 12/15/23 (g)	B3 644
225	EMI Music Publishing Group, Senior Notes, 7.625%, 06/15/24 (g)	B3 243
425	Entertainment One, Ltd. Senior Notes, 6.875%, 12/15/22 (g) (GBP)	B1 562
1,000	Regal Entertainment Group, Senior Notes, 5.75%, 03/15/22	B3 <u>1,046</u>
		<u>2,965</u>
Financial — 10.16%		
450	Aircastle Limited, Senior Notes, 5.50%, 02/15/22	Ba1 477
1,125	Alliant Holdings Intermediate, LLC, 8.25%, 08/01/23 (g)	Caa2 1,160
125	Ally Financial, Inc., Senior Notes, 5.125%, 09/30/24	Ba3 127
600	Ally Financial, Inc., Senior Notes, 5.75%, 11/20/25	(e) 599
619	Ally Financial, Inc., Senior Notes, 7.50%, 09/15/20	Ba3 693
600	Banco Bilbao Vizcaya Argentina, S.A., Senior Notes, 7%, 12/29/49 (EUR)	(e) 605
1,000	Banco Santander S.A., Senior Notes, 6.375%, 05/29/49	Ba1 925
300	Cabot Financial (Luxembourg) S.A., Senior Notes, 7.50%, 10/01/23 (g) (GBP)	B2 370
700	Citigroup, Inc. 5.95%, 12/29/49	Ba2 709
25	CNO Financial Group Inc., Senior Notes, 4.50%, 05/30/20	Ba1 26

The accompanying notes are an integral part of these financial statements.

Schedule of Investments — December 31, 2016 — Continued (Dollar Amounts in Thousands)

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
CORPORATE DEBT SECURITIES — continued		
\$ 625		
CNO Financial Group Inc., Senior Notes, 5.25%, 05/30/25	Ba1	\$ 623
950		
Credit Agricole S.A., Senior Notes, 6.625%, 09/29/49 (g)	Ba1	925
1,200		
Discover Financial Services, Senior Notes, 10.25%, 07/15/19	Ba1	1,373
450		
Garfunkelux Holdco 3 S.A., Senior Notes, 8.50%, 11/01/22 (g) (GBP)	B2	577
2,200		
Goldman Sachs Group, Inc. 5.375%, 12/29/49	Ba1	2,228
625		
HRG Group, Inc., Senior Notes, 7.875%, 07/15/19	Ba3	650
400		
HSBC Holdings, plc, Senior Notes, 6.875%, 12/29/49	Baa3	422
750		
Hub Holdings LLC, Senior Notes, 8.125%, 07/15/19 (g)	Caa2	749
1,100		
Hub International Limited, Senior Notes, 7.875%, 10/01/21 (g)	Caa2	1,161
250		
Hub International Limited, Senior Notes, 9.25%, 02/15/21 (g)	B3	257
450		
Icahn Enterprises, Senior Notes, 6%, 08/01/20	Ba3	460
1,465		
JP Morgan Chase & Co. 5.30%, 12/29/49	Baa3	1,494
75		
Nationstar Mortgage LLC, Senior Notes, 6.50%, 07/01/21	B2	76
675		
Navient Corporation, Senior Notes, 5%, 10/26/20	Ba3	698
450		
Navient Corporation, Senior Notes, 8%, 03/25/20	Ba3	501
150		
NFP Corp., Senior Notes, 9%, 07/15/21 (g)	Caa2	157
250		
Ocwen Financial Group, Senior Notes, 8.375%, 11/15/22 (g)	(e)	255
675		
OneMain Financial Holdings, Inc., Senior Notes, 7.25%, 12/15/21 (g)	B2	704

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
\$ 600		
Quicken Loans, Inc., Senior Notes, 5.75%, 05/01/25 (g)	Ba2	\$ 580
675		
Springleaf Finance Corporation, Senior Notes, 8.25%, 12/15/20	B3	734
1,775		
Standard Chartered PLC, Senior Notes, 7.50%, 12/29/49 (g)	Ba1	1,773
275		
Starwood Property Trust, Senior Notes, 5%, 12/15/21 (g)	Ba3	278
1,100		
USI Inc., Senior Notes, 7.75%, 01/15/21 (g)	Caa2	1,121
		<u>23,487</u>
Food/Tobacco — 1.08%		
750		
Dean Foods Company, Senior Notes, 6.50%, 03/15/23 (g)	B2	789
425		
Lamb Western Holdings, Inc., Senior Notes, 4.625%, 11/01/24 (g)	Ba3	426
800		
Minerva Luxembourg S.A., Senior Notes, 7.75%, 01/31/23 (g)	B1	839
425		
Shearers Food, Inc., Senior Notes, 9%, 11/01/19 (g)	B1	443
		<u>2,497</u>
Forest Products — 1.24%		
275		
Cascades, Inc., Senior Notes, 5.50%, 07/15/22 (g)	Ba3	278
1,150		
Cascades, Inc., Senior Notes, 5.75%, 07/15/23 (g)	Ba3	1,162
625		
Mercer International, Inc., Senior Notes, 7%, 12/01/19	B1	645
350		
Mercer International, Inc., Senior Notes, 7.75%, 12/01/22	B1	368
400		
Norbord, Inc., Senior Notes, 6.25%, 04/15/23 (g)	Ba2	416
		<u>2,869</u>
Gaming — 5.54%		
550		
Boyd Gaming Corporation, Senior Notes, 6.375%, 04/01/26 (g)	B3	590

The accompanying notes are an integral part of these financial statements.

Schedule of Investments — December 31, 2016 — Continued (Dollar Amounts in Thousands)

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
CORPORATE DEBT SECURITIES — continued		
\$ 850	Cirsa Funding Luxembourg S.A., Senior Notes, 5.875%, 05/15/23 (g)(EUR)	B2 \$ 949
375	Codere Finance 2 Luxembourg S.A., Senior Notes, 6.75%, 11/01/21 (g)(EUR)	B2 401
400	Codere Finance 2 Luxembourg S.A., Senior Notes, 7.625%, 11/01/21 (g)	B2 388
875	Eldorado Resorts, Inc., Senior Notes, 7%, 08/01/23	Caa1 923
700	Great Canadian Gaming Corporation, Senior Notes, 6.625%, 07/25/22 (g) (CAD)	B1 547
1,159	International Game Technology Plc, Senior Notes, 6.25%, 02/15/22 (g)	Ba2 1,242
1,700	International Game Technology Plc, Senior Notes, 6.50%, 02/15/25 (g)	Ba2 1,823
325	Intralot Finance Luxembourg S.A., Senior Notes, 6.75%, 09/15/21 (g) (EUR)	B1 346
325	MGM Growth Properties Operating Partnership L.P., Senior Notes, 5.625%, 05/01/24 (g)	B2 340
600	MGM Resorts International, Senior Notes, 6%, 03/15/23	B1 647
275	Safari Holding Verwaltungs GmbH, Senior Notes, 8.25%, 02/15/21 (g)(EUR)	B2 301
500	Scientific Games International Inc., Senior Notes, 7%, 01/01/22 (g)	Ba3 536
2,975	Scientific Games International Inc., Senior Notes, 10%, 12/01/22	Caa1 2,930
775	Shingle Springs Tribal Gaming Authority, Senior Notes, 9.75%, 09/01/21 (g)	B1 844
		<u>12,807</u>

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
Health Care — 8.12%		
\$ 560	Capsugel S.A., Senior Notes, 7%, 05/15/19 (g)	Caa1 \$ 564
175	Centene Escrow Corporation, Senior Notes, 6.125%, 02/15/24	Ba2 183
325	CHS/Community Health Systems, Inc., Senior Notes, 6.875%, 02/01/22	Caa1 226
850	DaVita Healthcare Partners, Inc., Senior Notes, 5%, 05/01/25	B1 840
1,850	DaVita Healthcare Partners, Inc., Senior Notes, 5.125%, 07/15/24	B1 1,843
450	DPX Holdings BV, Senior Notes, 7.50%, 02/01/22 (g)	Caa2 474
575	Endo Finance LLC, Senior Notes, 6.50%, 02/01/25 (g)	B3 479
150	HCA, Inc., Senior Notes, 5%, 03/15/24	Ba1 154
1,625	HCA, Inc., Senior Notes, 5.25%, 06/15/26	Ba1 1,680
275	Hill-Rom Holdings, Inc., Senior Notes, 5.75%, 09/01/23 (g)	B1 283
800	Iasis Healthcare Capital 8.375%, 05/15/19	Caa1 700
625	Kindred Healthcare, Inc., Senior Notes, 8%, 01/15/20	B3 622
850	Kinetic Concepts, Senior Notes, 9.625%, 10/01/21 (g)	Caa1 898
225	Kinetic Concepts, Senior Notes, 12.50%, 11/01/19	Caa2 234
450	Molina Healthcare, Inc., Senior Notes, 5.375%, 11/15/22	Ba3 455
225	MPH Acquisition Holdings, Senior Notes, 7.125%, 06/01/24 (g)	Caa1 236
450	MPT Operating Partnership, L.P., Senior Notes, 6.375%, 03/01/24	Ba1 471

The accompanying notes are an integral part of these financial statements.

Schedule of Investments — December 31, 2016 — Continued (Dollar Amounts in Thousands)

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
CORPORATE DEBT SECURITIES — continued		
\$ 450	Ortho-Clinical Diagnostics SA, Senior Notes, 6.625%, 05/15/22 (g)	Caa2 \$ 398
425	Surgery Center Holdings, Senior Notes, 8.875%, 04/15/21 (g)	Caa2 452
575	Synlab Bondco PLC, Senior Notes, 6.25%, 07/01/22(g) (EUR)	B2 659
250	Synlab Bondco PLC, Senior Notes, 8.25%, 07/01/23 (g) (EUR)	Caa1 286
75	Tenet Healthcare Corporation, Senior Notes, 4.463%, 06/15/20	Ba3 76
1,332	Tenet Healthcare Corporation, Senior Notes, 6.75%, 06/15/23	Caa1 1,172
275	Tenet Healthcare Corporation, Senior Notes, 7.50%, 01/01/22 (g)	Ba3 287
900	Tenet Healthcare Corporation, Senior Notes, 8.125%, 04/01/22	Caa1 848
675	Valeant Pharmaceuticals International, Senior Notes, 5.375%, 03/15/20 (g)	Caa1 570
2,300	Valeant Pharmaceuticals International, Senior Notes, 6.375%, 10/15/20 (g)	Caa1 1,972
350	Valeant Pharmaceuticals International, Senior Notes, 6.75%, 08/15/21 (g)	Caa1 291
825	Valeant Pharmaceuticals International, Senior Notes, 7%, 10/01/20 (g)	Caa1 711
825	Valeant Pharmaceuticals International, Senior Notes, 7.50%, 07/15/21 (g)	Caa1 697
		<u>18,761</u>
Information Technology — 5.75%		
1,150	Advanced Micro Devices, Inc., Senior Notes, 7%, 07/01/24	Caa2 1,196
200	Advanced Micro Devices, Inc., Senior Notes, 7.50%, 08/15/22	Caa2 217

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
\$ 1,700	Bankrate, Inc., Senior Notes, 6.125%, 08/15/18 (g)	B2 \$ 1,719
875	CommScope Technologies LLC, Senior Notes, 6%, 06/15/25 (g)	B1 923
325	Diamond 1 Finance Corporation, Senior Notes, 5.875%, 06/15/21 (g)	Ba2 346
525	Diamond 1 Finance Corporation, Senior Notes, 7.125%, 06/15/24 (g)	Ba2 580
350	Match Group, Inc., Senior Notes, 6.375%, 06/01/24	Ba3 370
575	Match Group, Inc., Senior Notes, 6.75%, 12/15/22	Ba3 604
350	Micron Technology, Inc., Senior Notes, 5.25%, 08/01/23 (g)	Ba3 351
675	Microsemi Corporation, Senior Notes, 9.125%, 04/15/23 (g)	B2 786
575	RP Crown Parent LLC, Senior Notes, 7.375%, 10/15/24 (g)	Caa1 595
350	SS&C Technologies Holdings, Inc., Senior Notes, 5.875%, 07/15/23	B3 363
800	Veritas Bermuda Ltd., Senior Notes, 7.50%, 02/01/23 (g)	B2 755
400	Veritas Bermuda Ltd., Senior Notes, 10.50%, 02/01/24 (g)	Caa2 365
1,000	Western Digital Corporation, Senior Notes, 7.375%, 04/01/23 (g)	Ba1 1,106
1,964	Western Digital Corporation, Senior Notes, 10.50%, 04/01/24 (g)	Ba2 2,318
650	Zebra Technologies Corporation, Senior Notes, 7.25%, 10/15/22	B2 705
		<u>13,299</u>
Lodging — .97%		
850	Hilton Worldwide Finance, Senior Notes, 5.625%, 10/15/21	Ba3 876

The accompanying notes are an integral part of these financial statements.

Schedule of Investments — December 31, 2016 — Continued (Dollar Amounts in Thousands)

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
CORPORATE DEBT SECURITIES — continued		
\$ 1,325	Playa Resorts Holding B.V., Senior Notes, 8%, 08/15/20 (g) Caa1	\$ 1,371 <u>2,247</u>
Manufacturing — 2.77%		
700	Accudyne Industries Borrower S.C.A., Senior Notes, 7.75%, 12/15/20 (g) Caa3	585
825	Apex Tool Group, Senior Notes, 7%, 02/01/21 (g) Caa1	738
700	Gardner Denver Inc., Senior Notes, 6.875%, 08/15/21 (g) Caa2	698
150	Manitowoc Food Service, Senior Notes, 9.50%, 02/15/24 Caa1	174
600	Milacron LLC, Senior Notes, 7.75%, 02/15/21 (g) Caa1	618
700	Pfleiderer GmbH, Senior Notes, 7.875%, 08/01/19 (EUR) B3	768
700	Sensata Technologies UK Financing Company plc, Senior Notes, 6.25%, 02/15/26 (g) Ba3	729
700	SPX Flow, Inc, Senior Notes, 5.625%, 08/15/24 (g) B1	705
700	SPX Flow, Inc, Senior Notes, 5.875%, 08/15/26 (g) B1	700
675	Terex Corporation, Senior Notes, 6%, 05/15/21 B2	694 <u>6,409</u>
Metals & Mining — 8.89%		
225	AK Steel Corporation, Senior Notes, 7.625%, 05/15/20 Caa1	231
100	AK Steel Corporation, Senior Notes, 7.625%, 10/01/21 Caa1	107
300	Alcoa Nederland Holding B.V., Senior Notes, 6.75%, 09/30/24 (g) Ba3	325
200	Alcoa Nederland Holding B.V., Senior Notes, 7%, 09/30/26 (g) Ba3	219
300	Aleris International, Inc., Senior Notes, 7.875%, 11/01/20 (g) B2	322

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
\$ 275	Aleris International, Inc., Senior Notes, 9.50%, 04/01/21 Caa2	\$ 274
825	BlueScope Steel (Finance) Limited, Senior Notes, 6.50%, 05/15/21 (g) Ba1	870
1,125	Constellium NV, Senior Notes, 7.875%, 04/01/21 (g) B2	1,204
250	Constellium NV, Senior Notes, 8%, 01/15/23 (g) Caa1	260
1,175	FMG Resources, Senior Notes, 9.75%, 03/01/22 (g) Ba1	1,357
475	Freeport McMoran, Inc., Senior Notes, 2.375%, 03/15/18 B1	471
325	Freeport McMoran, Inc., Senior Notes, 4%, 11/14/21 B1	316
450	Freeport McMoran, Inc., Senior Notes, 5.40%, 11/14/34 B1	380
600	Grinding Media, Inc., Senior Notes, 7.375%, 12/15/23 (g) B2	630
300	HudBay Minerals, Inc., Senior Notes, 7.25%, 01/15/23 (g) B3	311
1,450	HudBay Minerals, Inc., Senior Notes, 7.625%, 01/15/25 (g) B3	1,512
825	Lundin Mining Corporation, Senior Notes, 7.50%, 11/01/20 (g) B1	878
274	Lundin Mining Corporation, Senior Notes, 7.875%, 11/01/22 (g) B1	298
1,125	New Gold Inc., Senior Notes, 6.25%, 11/15/22 (g) B3	1,153
325	Novelis, Inc., Senior Notes, 5.875%, 09/30/26 (g) B2	328
1,617	Novelis, Inc., Senior Notes, 6.25%, 08/15/24 (g) B2	1,706
275	Nyrstar Netherlands Holdings B.V., Senior Notes, 8.50%, 09/15/19 (EUR) Caa1	314
875	Nyrstar Netherlands Holdings B.V., Senior Notes, 8.50%, 09/15/19 (g) (EUR) Caa1	999

The accompanying notes are an integral part of these financial statements.

Schedule of Investments — December 31, 2016 — Continued (Dollar Amounts in Thousands)

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
CORPORATE DEBT SECURITIES — continued		
\$ 1,550	Ryerson Inc., Senior Secured Notes, 11%, 05/15/22 (g)	Caa1 \$ 1,707
325	Teck Resources Limited, Senior Notes, 8%, 06/01/21 (g)	Ba3 356
100	United States Steel Corporation, Senior Notes, 6.875%, 04/01/21	Caa1 101
75	United States Steel Corporation, Senior Notes, 7.375%, 04/01/20	Caa1 80
616	Vale Overseas Limited, Senior Notes, 5.875%, 06/10/21	Ba3 643
625	Vale Overseas Limited, Senior Notes, 6.25%, 08/10/26	Ba3 652
1,460	Wise Metals Group L.L.C., Senior Notes, 8.75%, 12/15/18 (g)	Caa3 1,511
925	Zekelman Industries, Senior Notes, 9.875%, 06/15/23 (g)	Caa1 1,029
		<u>20,544</u>
Other Telecommunications — 3.62%		
1,250	Century Link Inc., Senior Notes, 7.50%, 04/01/24	Ba3 1,311
475	Equinix, Inc., Senior Notes, 5.375%, 01/01/22	B1 499
250	Equinix, Inc., Senior Notes, 5.75%, 01/01/25	B1 259
875	Frontier Communications, Inc., Senior Notes, 8.875%, 09/15/20	B1 932
750	Frontier Communications, Inc., Senior Notes, 10.50%, 09/15/22	B1 791
675	Inception Merger Sub, Inc., Senior Notes, 8.625%, 11/15/24 (g)	B3 714
350	Level 3 Communications, Inc., Senior Notes, 5.75%, 12/01/22	B2 359
225	Level 3 Financing, Inc., Senior Notes, 5.25%, 03/15/26 (g)	B1 222

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
\$ 1,725	Level 3 Financing, Inc., Senior Notes, 5.375%, 01/15/24	B1 \$ 1,744
275	Level 3 Financing, Inc., Senior Notes, 5.375%, 05/01/25	B1 279
250	Level 3 Financing, Inc., Senior Notes, 5.625%, 02/01/23	B1 256
950	Zayo Group, LLC, Global Notes, 6.375%, 05/15/25	B3 988
		<u>8,354</u>
Publishing — .51%		
250	Harland Clarke Holdings Corporation, Senior Notes, 6.875%, 03/01/20 (g)	B1 241
325	Harland Clarke Holdings Corporation, Senior Notes, 9.75%, 08/01/18 (g)	B1 332
600	McGraw Hill Global, Senior Notes, 7.875%, 05/15/24 (g)	B3 605
		<u>1,178</u>
Real Estate Investment Trust Securities — .11%		
250	VEREIT Operating Partnership, L.P., Senior Securities, 4.125%, 06/01/21	Ba1 254
Restaurants — 1.30%		
425	1011778 B.C. United Liability Company, Senior Notes, 4.625%, 01/15/22 (g)	Ba3 435
1,225	KFC Holding Company, Senior Notes, 5%, 06/01/24 (g)	B1 1,251
450	KFC Holding Company, Senior Notes, 5.25%, 06/01/26 (g)	B1 457
300	P.F. Chang's China Bistro, Inc., Senior Notes, 10.25%, 06/30/20 (g)	Caa1 293
575	Seminole Hard Rock Entertainment Inc., Senior Notes, 5.875%, 05/15/21 (g)	B2 568
		<u>3,004</u>

The accompanying notes are an integral part of these financial statements.

Schedule of Investments — December 31, 2016 — Continued (Dollar Amounts in Thousands)

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
CORPORATE DEBT SECURITIES — continued		
Retail — 2.95%		
\$ 150	Claire's Stores, Inc., Senior Subordinated Notes, 10.50%, 06/01/17	C \$ 75
550	JC Penney Corporation, Inc., Senior Notes, 5.875%, 07/01/23 (g)	Ba2 567
750	JC Penney Corporation, Inc., Senior Notes, 8.125%, 10/01/19	B3 809
1,775	JoAnn Stores Holdings, Inc., Senior Notes, 9.75%, 10/15/19 (g)	Caa1 1,693
258	JoAnn Stores LLC, Senior Notes, 8.125%, 03/15/19 (g)(e)	(e) 256
400	Kirk Beauty One GmbH, Senior Notes, 8.75%, 07/15/23 (g) (EUR)	Caa1 461
625	New Look Secured Issuer Plc, Senior Notes, 6.50%, 07/01/22 (g)(GBP)	B1 734
125	New Look Senior Issuer Plc, Senior Notes, 8%, 07/01/23 (g)(GBP)	Caa1 132
1,150	PetSmart, Inc., Senior Notes, 7.125%, 03/15/23 (g)	B3 1,173
925	The Men's Warehouse, Inc., Senior Notes, 7%, 07/01/22	B2 909
		<u>6,809</u>
Satellites — 2.59%		
1,075	Hughes Satellite Systems, Inc., Senior Notes, 6.625%, 08/01/26 (g)	B3 1,080
775	Hughes Satellite Systems, Inc., Senior Notes, 7.625%, 06/15/21	B3 851
825	Intelsat Jackson Holdings Ltd., Senior Notes, 7.25%, 10/15/20	Caa2 639
1,900	Intelsat Jackson Holdings Ltd., Senior Notes, 8%, 02/15/24 (g)	B1 1,952

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
\$ 1,300	Intelsat Jackson Holdings Ltd., Senior Notes, 9.50%, 09/30/22 (g)	B1 \$ 1,451
		<u>5,973</u>
Services — 7.46%		
75	The ADT Corporation, Senior Notes, 4.125%, 06/15/23	Ba2 72
475	The ADT Corporation, Senior Notes, 4.875%, 07/15/32 (g)	Ba2 390
600	The ADT Corporation, Senior Notes, 6.25%, 10/15/21	Ba2 651
700	Advanced Disposal Services, Inc., Senior Notes, 5.625%, 11/15/24 (g)	Caa1 698
550	Alliance Data Systems Company, Senior Notes, 5.375%, 08/01/22 (g)	(e) 529
550	Alliance Data Systems Company, Senior Notes, 5.875%, 11/01/21 (g)	(e) 556
825	Avis Budget Car, Senior Notes, 5.25%, 03/15/25 (g)	B1 769
541	BLK Knight Infoserve, Senior Notes, 5.75%, 04/15/23	Baa3 565
675	Blueline Rental Finance, Senior Notes, 7%, 02/01/19 (g)	B3 662
200	Carlson Travel Inc., Senior Notes, 6.75%, 12/15/23 (g)	B2 208
1,625	CEB, Inc., Senior Notes, 5.625%, 06/15/23 (g)	B1 1,576
750	First Data Corporation, Senior Notes, 5.375%, 08/15/23 (g)	Ba3 774
4,425	First Data Corporation, Senior Notes, 7%, 12/01/23 (g)	B3 4,729
675	H&E Equipment Services, Senior Notes, 7%, 09/01/22	B3 711
450	Iron Mountain Canada, Senior Notes, 5.375%, 09/15/23 (g) (CAD)	Ba3 340
425	MSCI, Inc., Senior Notes, 5.25%, 11/15/24 (g)	Ba2 443

The accompanying notes are an integral part of these financial statements.

Schedule of Investments — December 31, 2016 — Continued (Dollar Amounts in Thousands)

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
CORPORATE DEBT SECURITIES — continued		
\$ 325	Nord Anglia Education Finance LLC, Senior Notes, 5.75%, 07/15/22 (g) (CHF) B1	\$ 337
300	Prime Security Services Borrower, LLC, Senior Notes, 9.25%, 05/15/23 (g) B3	327
950	Ritchie Bros. Auctioneers Inc., Senior Notes, 5.375%, 01/15/25 (g) B2	969
225	Sabre GLBL, Inc., Senior Notes, 5.375%, 04/15/23 (g) Ba2	230
650	Transworld Systems, Inc., Senior Notes, 9.50%, 08/15/21 (g) Caa2	397
375	United Rentals (North America), Inc., Senior Notes, 5.50%, 05/15/27 B1	373
975	West Corporation, Senior Notes, 5.375%, 07/15/22 (g) B3	941
		<u>17,247</u>
Supermarkets — 1.83%		
725	Albertsons Companies, LLC, Senior Notes, 6.625%, 06/15/24 (g) B3	758
450	Albertsons Companies, LLC, Senior Notes, 5.75%, 03/15/25 (g) B3	444
325	New Albertson's Inc., Senior Notes, 7.45%, 08/01/29 (e)	308
200	New Albertson's Inc., Senior Notes, 8%, 05/01/31 (e)	192
1,510	Rite Aid Corporation, Senior Notes, 6.125%, 04/01/23 (g) B3	1,627
850	Rite Aid Corporation, Senior Notes, 6.75%, 06/15/21 B3	891
		<u>4,220</u>
Transportation — .33%		
325	Kenan Advantage Group, Inc., Senior Notes, 7.875%, 07/31/23 (g) Caa1	328
425	Watco Companies, LLC, Senior Notes, 6.375%, 04/01/23 (g) B3	439
		<u>767</u>

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
Utilities — 3.39%		
\$ 2,850	AES Corporation, Senior Notes, 5.50%, 03/15/24 Ba3	\$ 2,893
400	AES Corporation, Senior Notes, 6%, 05/15/26 Ba3	406
625	Calpine Corporation, Senior Notes, 5.375%, 01/15/23 B2	611
775	DPL Inc., Senior Notes, 7.25%, 10/15/21 Ba3	794
1,150	NRG Energy, Inc., Senior Notes, 6.625%, 03/15/23 B1	1,156
275	NRG Energy, Inc., Senior Notes, 6.625%, 01/15/27 (g) B1	260
1,350	NRG Energy, Inc., Senior Notes, 7.25%, 05/15/26 (g) B1	1,347
250	TerraForm Power Operating LLC, Senior Notes, 6.375%, 02/01/23 (g) Caa1	253
100	TerraForm Power Operating LLC, Senior Notes, 6.625%, 06/15/25 (g) Caa1	103
		<u>7,823</u>

Wireless Communications — 5.96%		
675	Arqiva Broadcasting, Senior Notes, 9.50%, 03/31/20 (g)(GBP) B3	880
400	Digicel Group Limited, Senior Notes, 6%, 04/15/21 (g) B1	362
250	Digicel Group Limited, Senior Notes, 7.125%, 04/01/22 (g) Caa1	194
2,175	Digicel Group Limited, Senior Notes, 8.25%, 09/30/20 (g) Caa1	1,860
500	OTE Plc, Senior Notes, 7.875%, 02/07/18 (EUR) Caa2	557
825	Sable International Finance Limited, Senior Notes, 6.875%, 08/01/22 (g) Ba3	866
1,075	Sprint Capital Corporation, Senior Notes, 8.75%, 03/15/32 Caa1	1,185
1,000	Sprint Communications, Inc., Senior Notes, 7%, 08/15/20 Caa1	1,059

The accompanying notes are an integral part of these financial statements.

Schedule of Investments — December 31, 2016 — Continued (Dollar Amounts in Thousands)

Principal Amount/Units	Moody's Rating (Unaudited)	Value (Note 1)
CORPORATE DEBT SECURITIES — continued		
\$ 1,725 Sprint Communications, Inc., Senior Notes, 11.50%, 11/15/21	Caa1	\$ 2,113
1,500 Sprint Corporation, Senior Notes, 7.25%, 09/15/21	Caa1	1,594
325 TBG Global Pte. Ltd., Senior Notes, 5.25%, 02/10/22	(e)	324
275 T-Mobile, USA, Inc., Senior Notes, 6%, 04/15/24	Ba3	289
300 T-Mobile, USA, Inc., Senior Notes, 6.375%, 03/01/25	Ba3	320
175 T-Mobile, USA, Inc., Senior Notes, 6.50%, 01/15/24	Ba3	187
180 VB S1 Issuer LLC, Senior Notes, 6.901%, 06/15/46 (g)	(e)	186
305 Vimpelcom Holdings, Senior Notes, 5.20%, 02/13/19 (g)	Ba2	314
1,425 Wind Acquisition Holdings Finance S.A., Senior Notes, 7.375%, 04/23/21 (g)	Caa1	1,478
		<u>13,768</u>
Total Corporate Debt Securities (Total cost of \$303,978)		<u>309,739</u>

BANK DEBT SECURITIES — .23% (d)(f)

Energy — .23%		
685 Hercules Offshore Inc., 10.50%, 05/06/20 (a)(b)	(e)	534
Total Bank Debt Securities (Total cost of \$492)		<u>534</u>

CONVERTIBLE DEBT SECURITIES — .13% (d)(f)

Energy — .13%		
350 Comstock Resources, Inc., Senior Notes, 7.75%, 04/01/19	Caa3	293
Total Convertible Debt Securities (Total cost of \$297)		<u>293</u>

Shares	Moody's Rating (Unaudited)	Value (Note 1)
PREFERRED STOCK — .74% (d)(f)		
Health Care — .18%		
539 Allergan Plc, Convertible, 5.50%	(e)	\$ 411
Utilities — .26%		
12,550 Nextera Energy, Inc. 6.123%	(e)	615
Wireless Communications — .30%		
2,207 American Tower Corporation, Convertible, 5.25%	(e)	231
2,159 American Tower Corporation, Convertible, 5.50%	(e)	225
2,476 T-Mobile US, Inc., Convertible, 5.50%	(e)	234
		<u>690</u>
Total Preferred Stock (Total cost of \$1,738)		<u>1,716</u>

COMMON STOCK — 1.94% (d)(f)

3,326 Crown Castle International Corp.		289
17,400 First Data Corporation (c)		247
3,000 Howard Hughes Corporation (c)		342
6,025 Liberty Broadband Corporation (c)		446
31,226 NRG Energy, Inc.		383
2,900 Pacific Exploration & Production Corporation (c) (CAD)		127
6,750 Pacific Exploration & Production Corporation (c)		295
13,362 Pacific Exploration & Production Corporation (c)		585
26,400 Rowan Companies plc (c)		499
15,600 T-Mobile US, Inc. (c)		897
21,900 YPF S.A. ADR		361
		<u>4,471</u>
Total Common Stock (Total cost of \$5,284)		<u>4,471</u>

TOTAL INVESTMENTS —

137.07% (d) (Total cost of \$311,789)	<u>316,753</u>
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CASH AND OTHER ASSETS

LESS LIABILITIES — (37.07)% (d)	<u>(85,661)</u>
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NET ASSETS — 100.00%	<u>\$231,092</u>
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The accompanying notes are an integral part of these financial statements.

Schedule of Investments — December 31, 2016 — Continued (Dollar Amounts in Thousands)

- (a) Denotes income is not being accrued.
 - (b) Denotes issuer is in bankruptcy proceedings.
 - (c) Non-income producing.
 - (d) Percentages indicated are based on total net assets to common shareholders of \$231,092.
 - (e) Not rated.
 - (f) All of the Fund's investments and other assets are pledged as collateral in accordance with a credit agreement with The Bank of Nova Scotia.
 - (g) Securities are exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be resold, normally to qualified institutional buyers in transactions exempt from registration. Unless otherwise noted, 144A Securities are deemed to be liquid. See Note 1 of the Note to Schedule of Investments for valuation policy. Total market value of Rule 144A securities amounted to \$189,351 as of December 31, 2016.
- (CAD) Canadian Dollar
(CHF) Swiss Franc
(EUR) Euro
(GBP) British Pound

The accompanying notes are an integral part of these financial statements.

Statement of Assets and Liabilities

December 31, 2016

(Dollars in thousands, except shares and per share amounts)

Assets:	
INVESTMENTS IN SECURITIES, at value (Identified cost of \$311,789 see Schedule of Investments and Note 1)	\$316,753
CASH	2,182
RECEIVABLES:	
Interest and dividends	5,653
PREPAID EXPENSES	94
UNREALIZED GAIN ON FORWARD CURRENCY EXCHANGE CONTRACTS (Notes 1 and 7)	<u>50</u>
Total assets	<u>\$324,732</u>
Liabilities:	
CREDIT AGREEMENT (Note 4)	\$ 91,000
PAYABLES:	
Dividend on common stock	2,342
Interest on loan (Note 4)	17
ACCRUED EXPENSES (Note 3)	254
UNREALIZED LOSS ON CURRENCY AND FORWARD CURRENCY EXCHANGE CONTRACTS (Notes 1 and 7)	<u>27</u>
Total liabilities	<u>\$ 93,640</u>
Net Assets	<u><u>\$231,092</u></u>
Represented By:	
COMMON STOCK:	
\$0.01 par value, 40,000,000 shares authorized, 23,368,918 shares issued and outstanding	\$ 234
CAPITAL IN EXCESS OF PAR VALUE	266,442
UNDISTRIBUTED NET INVESTMENT INCOME (Note 2)	444
ACCUMULATED NET REALIZED LOSS FROM SECURITIES TRANSACTIONS (Note 2)	(41,015)
NET UNREALIZED APPRECIATION ON INVESTMENTS AND FORWARD CURRENCY EXCHANGE CONTRACTS	<u>4,987</u>
Net Assets Applicable To Common Stock (Equivalent to \$9.89 per share, based on 23,368,918 shares outstanding)	<u><u>\$231,092</u></u>

Statement of Operations

For the Year Ended

December 31, 2016 (Dollars in thousands)

Investment Income: (Note 1)	
Interest income	\$21,028
Dividend income	127
Other income	<u>271</u>
Total investment income	<u>\$21,426</u>
Expenses:	
Cost of leverage:	
Interest expense (Note 4)	\$ 1,217
Loan fees (Note 4)	<u>20</u>
Total cost of leverage	<u>\$ 1,237</u>
Professional services:	
Investment Advisor (Note 3)	\$ 1,072
Custodian and transfer agent	334
Legal	307
Audit	<u>59</u>
Total professional services	<u>\$ 1,772</u>
Administrative:	
General administrative (Note 6)	\$ 466
Directors	313
Insurance	135
Shareholder communications	38
Miscellaneous	31
NYSE	<u>25</u>
Total administrative	<u>\$ 1,008</u>
Total expenses	<u>\$ 4,017</u>
Net investment income	<u>\$17,409</u>
Realized and Unrealized Gain (Loss) on Investment Activities:	
Realized loss on investments and currencies, net	\$(1,719)
Change in net unrealized appreciation/(depreciation) on investments and other financial instruments	<u>\$26,581</u>
Net gain on investments	<u>\$24,862</u>
Net increase in net assets resulting from operations	<u><u>\$42,271</u></u>

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Net Assets (Dollars in thousands, except shares and per share amounts)

	For the Year Ended December 31, 2016	For the Year Ended December 31, 2015
From Operations:		
Net investment income	\$ 17,409	\$ 17,773
Realized loss on investments and currencies, net	(1,719)	(8,653)
Change in net unrealized appreciation/(depreciation) on investments and other financial instruments	<u>26,581</u>	<u>(19,470)</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ 42,271</u>	<u>\$ (10,350)</u>
Distributions to Common Stockholders:		
From net investment income (\$.76 and \$.81 per share in 2016 and 2015, respectively)	<u>\$ (17,702)</u>	<u>\$ (18,869)</u>
Total net increase (decrease) in net assets	<u>\$ 24,569</u>	<u>\$ (29,219)</u>
Net Assets Applicable to Common Stock:		
Beginning of period	<u>\$206,523</u>	<u>\$235,742</u>
End of period (Including \$444 and \$82 of undistributed net investment income at December 31, 2016 and December 31, 2015, respectively)	<u>\$231,092</u>	<u>\$206,523</u>

The accompanying notes are an integral part of these financial statements.

Financial Highlights**Selected Per Share Data and Ratios****For Each Share of Common Stock Outstanding Throughout the Period**

	For the Years Ended December 31,				
	2016	2015	2014	2013	2012
NET ASSET VALUE:					
Beginning of period	\$ 8.84	\$10.09	\$10.58	\$10.49	\$ 9.58
NET INVESTMENT INCOME75	.76	.80	.83	.93
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND OTHER FINANCIAL INSTRUMENTS	1.06	(1.20)	(.45)	.12	.96
DISTRIBUTIONS FROM NET INVESTMENT INCOME RELATED TO PREFERRED STOCK: (b)	—	—	—	—	(.01)
TOTAL FROM INVESTMENT OPERATIONS	1.81	(.44)	.35	.95	1.88
DISTRIBUTIONS TO COMMON SHAREHOLDERS:					
From net investment income	(.76)	(.81)	(.84)	(.86)	(.97)
TOTAL DISTRIBUTIONS	(.76)	(.81)	(.84)	(.86)	(.97)
NET ASSET VALUE:					
End of period	<u>\$ 9.89</u>	<u>\$ 8.84</u>	<u>\$10.09</u>	<u>\$10.58</u>	<u>\$10.49</u>
PER SHARE MARKET VALUE:					
End of period	<u>\$ 9.26</u>	<u>\$ 7.66</u>	<u>\$ 8.94</u>	<u>\$ 9.65</u>	<u>\$10.45</u>
TOTAL INVESTMENT RETURN†	<u>31.68%</u>	<u>(5.68)%</u>	<u>1.02%</u>	<u>.73%</u>	<u>12.18%</u>

† Total investment return is calculated assuming a purchase of \$1,000 of common stock at the current market value on the first day and a sale at the current market value on the last day of each year reported. Dividends and distributions are assumed for purposes of this calculation to be reinvested at prices obtained under the dividend reinvestment plan. This calculation does not reflect brokerage commissions.

The accompanying notes are an integral part of these financial statements.

Financial Highlights

Selected Per Share Data and Ratios

For Each Share of Common Stock Outstanding Throughout the Period — Continued

	For the Years Ended December 31,				
	2016	2015	2014	2013	2012
NET ASSETS, END OF PERIOD, APPLICABLE TO COMMON STOCK (a)	<u>\$231,092</u>	<u>\$206,523</u>	<u>\$235,742</u>	<u>\$247,288</u>	<u>\$244,631</u>
EXPENSE RATIOS:					
Ratio of interest expense to average net assets*	.55%	.42%	.40%	.43%	.06%
Ratio of preferred and other leverage expenses to average net assets*	.01%	.01%	—	—	.04%
Ratio of operating expenses to average net assets*	1.26%	1.20%	1.14%	1.23%	1.38%
RATIO OF TOTAL EXPENSES TO AVERAGE NET ASSETS*	<u>1.82%</u>	<u>1.63%</u>	<u>1.54%</u>	<u>1.66%</u>	<u>1.48%</u>
RATIO OF NET INVESTMENT INCOME TO AVERAGE NET ASSETS*	7.90%	7.65%	7.41%	7.82%	9.07%
RATIO OF TOTAL EXPENSES TO AVERAGE NET ASSETS APPLICABLE TO COMMON AND PREFERRED STOCK (b)	—	—	—	—	1.13%
RATIO OF NET INVESTMENT INCOME TO AVERAGE NET ASSETS APPLICABLE TO COMMON AND PREFERRED STOCK (b)	—	—	—	—	6.94%
PORTFOLIO TURNOVER RATE	77.10%	71.73%	48.26%	63.65%	69.91%

(a) Dollars in thousands.

(b) In November 2012, the preferred stock was redeemed.

* Ratios calculated on the basis of expenses and net investment income applicable to the common shares relative to the average net assets of the common stockholders only.

The accompanying notes are an integral part of these financial statements.

**Information Regarding
Senior Securities**

	As of December 31,				
	2016	2015	2014	2013	2012
TOTAL AMOUNT OUTSTANDING:					
Credit Agreement	\$91,000,000	\$80,000,000	\$90,000,000	\$100,000,000	\$85,425,000
ASSET COVERAGE:					
Per \$1,000 borrowed under Credit Agreement (1)	\$ 3,539	\$ 3,582	\$ 3,619	\$ 3,473	\$ 3,864
Credit Agreement Asset Coverage (2)	354%	358%	362%	347%	386%

(1) Calculated by subtracting the Fund's total liabilities excluding the amount borrowed under the credit facility, from the Fund's total assets and dividing such amount by the amount borrowed under the credit facility, (per \$1,000 of amount borrowed).

(2) Calculated by subtracting the Fund's total liabilities excluding the amount borrowed under the credit facility, from the Fund's total assets and dividing such amount by the amount borrowed under the credit facility.

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows (Dollars in thousands)

	For the Year Ended December 31, 2016
Cash Flows From Operating Activities:	
Purchases of portfolio securities	\$(243,950)
Sales of portfolio securities	232,320
Net purchases, sales and maturities of short-term securities	23
Interest and dividends received	20,780
Operating expenses paid	<u>(4,059)</u>
Net cash provided by operating activities	<u>\$ 5,114</u>
Cash Flows From Financing Activities:	
Credit facility increase	11,000
Common stock dividends	<u>(17,600)</u>
Net cash used by financing activities	<u>\$ (6,600)</u>
Net Decrease in Cash	<u>\$ (1,486)</u>
Cash at Beginning of Period	<u>3,668</u>
Cash at End of Period	<u>\$ 2,182</u>
Reconciliation of Net Increase in Net Assets Resulting from Operations	
to Net Cash Provided by Operating Activities:	
Purchases of portfolio securities	\$(243,950)
Sales of portfolio securities	232,320
Net purchases, sales and maturities of short-term securities	23
Net increase in net assets resulting from operations	42,271
Amortization of interest	(270)
Net realized loss on investments and currencies	1,719
Change in net unrealized appreciation/(depreciation) on investments and other financial instruments	(26,581)
Increase in interest and dividend receivable	(376)
Decrease in prepaid expenses	1
Decrease in accrued expenses and other payables	<u>(43)</u>
Net cash provided by operating activities	<u>\$ 5,114</u>

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements December 31, 2016

(1) Significant Accounting and Other Policies

The New America High Income Fund, Inc. (the Fund) was organized as a corporation in the state of Maryland on November 19, 1987 and is registered with the Securities and Exchange Commission as a diversified, closed-end investment company under the Investment Company Act of 1940. The Fund follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standard Codification Topic 946 “Financial Services Investment Companies.” The Fund commenced operations on February 26, 1988. The investment objective of the Fund is to provide high current income while seeking to preserve stockholders’ capital through investment in a professionally managed, diversified portfolio of “high yield” fixed-income securities.

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

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

The Fund’s financial statements have been prepared in conformity with accounting principles generally accepted in the United States for investment companies that require the management of the Fund to, among other things, make estimates and assumptions that affect the

reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

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

(a) *Valuation of Investments*—Except as otherwise described below, the Fund’s investments are valued based on evaluated bid prices provided by an independent pricing service. Independent pricing services provide prices based primarily on quotations from dealers and brokers, market transactions, data accessed from quotations services, offering sheets obtained from dealers and various relationships among similar securities. Investments whose primary market is on an exchange are valued at the last sale price on the day of valuation. Short-term investments with original maturities of 60 days or less are stated at amortized cost, which approximates the fair value of such investments. Following procedures approved by the Board of Directors, investments for which market prices are not yet provided by an independent pricing service (primarily newly issued fixed-income corporate bonds and notes) shall be valued at the most recently quoted bid price provided by a principal market maker for the security. Other investments for which market quotations are not readily available are valued in good faith at fair value using methods approved by the Board of Directors. Fair value measurement is further discussed in section (f) of this footnote.

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

Notes to Financial Statements — Continued

December 31, 2016

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transaction, 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 of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the fair values of assets and liabilities, other than investments in securities at fiscal period end, resulting from changes in exchange rates.

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

(d) *Securities Transactions and Net Investment Income*—Securities transactions are recorded on trade

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

(e) *Federal Income Taxes*—It is the Fund's policy to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders each year. Accordingly, no federal income tax provision is required.

(f) *Fair Value Measurement*—The Fund applies ASC 820 "Fair Value Measurements and Disclosures". This standard establishes the definition of fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements.

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

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

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

Notes to Financial Statements — Continued
December 31, 2016

Level 3—Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

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

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

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

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

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

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

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

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

The following is a summary of the inputs used as of December 31, 2016 in valuing the Fund’s investments:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Value</u>
	<u>Quoted</u>	<u>Significant</u>	<u>Significant</u>	
	<u>Prices</u>	<u>Observable</u>	<u>Unobservable</u>	
		<u>Inputs</u>	<u>Inputs</u>	
	<u>(000’s)</u>	<u>(000’s)</u>	<u>(000’s)</u>	<u>(000’s)</u>
Investments				
Debt Securities*	\$ —	\$310,566	\$—	\$310,566
Preferred Stock				
Health Care	411	—	—	411
Utilities	615	—	—	615
Wireless				
Communications	690	—	—	690
Common Stock				
Building & Real				
Estate	342	—	—	342
Cable	446	—	—	446
Energy	1,867	—	—	1,867
Services	247	—	—	247
Utilities	383	—	—	383
Wireless				
Communications	1,186	—	—	1,186
Total Investments	\$6,187	\$310,566	\$—	\$316,753

Notes to Financial Statements — Continued
December 31, 2016

	Level 1	Level 2	Level 3	Total Value
	Quoted Prices (000's)	Significant Observable Inputs (000's)	Significant Unobservable Inputs (000's)	(000's)
Forward Currency Exchange Contracts	\$ —	\$ 33	\$—	\$ 33

* Debt Securities — Type of debt and industries are shown on the Schedule of Investments.

Level 1 and Level 2 assets are evaluated on a quarterly basis for changes in listings or delistings on national exchanges.

Transfers between levels are recognized at the value at the end of the reporting period. During the year ended December 31, 2016, the Fund recognized no transfers between Levels 1 and 2.

(2) Tax Matters and Distributions

At December 31, 2016, the total cost of securities (including temporary cash investments) for federal income tax purposes was approximately \$311,935,000. Aggregate gross unrealized gain on securities in which there was an excess of value over tax cost was approximately \$11,304,000. Aggregate gross unrealized loss on securities in which there was an excess of tax cost over value was approximately \$6,485,000. Net unrealized gain on investments for tax purposes at December 31, 2016 was approximately \$4,819,000.

At December 31, 2016, the Fund had approximate capital loss carryovers available to offset future capital gains, if any, to the extent provided by regulations:

Carryover Available	Character	Expiration Date
\$26,830,000		December 31, 2017
6,668,000	Short-term	None
<u>7,480,000</u>	Long-term	None
<u>\$40,978,000</u>		

As a result of the passage of the Regulated Investment Company Modernization Act of 2010 (the “Act”), losses incurred in the 2015 fiscal year and beyond retain their character as short-term or long-term, have no expiration date and are utilized before the capital losses incurred prior to the enactment of the Act. At December 31, 2016, the Fund had total capital loss carryforwards of \$40,978,000.

It is the policy of the Fund to reduce future distributions of realized gains to shareholders to the extent of the unexpired capital loss carry forward.

The tax character of distributions paid to common shareholders in 2016 and 2015 of approximately \$17,702,000 and \$18,869,000, respectively, was from ordinary income.

As of December 31, 2016, the components of distributable earnings on a tax basis were approximately:

Undistributed Ordinary income	\$ 585,000
Unrealized Gain Investments and Currencies	4,809,000
Capital Losses Carry Forward	<u>(40,978,000)</u>
	<u>\$(35,584,000)</u>

The difference between components of distributable earnings on a tax basis and the amounts reflected in the Statement of Assets and Liabilities are primarily due to market discount adjustments, wash sales and recognition of unrealized gain on currency forward contracts. The Fund has recorded several reclassifications in the capital accounts to present undistributed net investment income and accumulated net realized losses on a tax basis. These reclassifications have no impact on the net asset value of the Fund. For the year ended December 31, 2016, permanent differences between book and tax accounting have been reclassified as follows:

Increase (decrease) in:	
Undistributed net investment income	\$ 655,000
Capital in excess of par value	\$(2,079,000)
Accumulated net realized loss from securities transactions	\$ 1,424,000

Notes to Financial Statements — Continued

December 31, 2016

Distributions on common stock are declared based upon annual projections of the Fund's investment company taxable income. The Fund records all dividends and distributions payable to shareholders on the ex-dividend date and declares and distributes income dividends monthly.

The Fund is required to amortize market discounts and premiums for financial reporting purposes. This results in additional interest income in some years and decreased interest income in others for financial reporting purposes only. The Fund does not amortize market discounts or premiums for tax purposes. Therefore, the additional or decreased interest income for financial reporting purposes does not result in additional or decreased common stock dividend income.

The Fund recognizes the tax benefits of uncertain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. Management has analyzed the Fund's tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years 2013-2015, or expected to be taken in the Fund's 2016 tax returns. The Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

(3) Investment Advisory Agreement

T. Rowe Price Associates, Inc. (T. Rowe Price), the Fund's Investment Advisor, earned approximately \$1,072,000 in management fees during the year ended December 31, 2016. Management fees paid by the Fund to T. Rowe Price were calculated at 0.50% on the first \$50,000,000 of the Fund's average weekly net assets, 0.40% on the next \$50 million and 0.30% on average weekly net assets in excess of \$100 million. T. Rowe Price's fee is calculated based on assets attributable to the Fund's common stock and senior securities. At

December 31, 2016, the fee payable to T. Rowe Price was approximately \$95,000, which was included in accrued expenses on the accompanying statement of assets and liabilities.

(4) Bank Credit Agreement

The Fund has a credit agreement with The Bank of Nova Scotia pursuant to which the Fund may borrow up to an aggregate amount of \$100,000,000. During the year ended December 31, 2016 the Fund had a net loan increase of \$11,000,000. On December 31, 2016 the total amount outstanding on the loan was \$91,000,000. The term of the facility has been extended to October 2017. Amounts borrowed under the credit facility bear interest at an adjustable rate based on a margin above LIBOR. The rate paid on these borrowings is approximately 1.66% and will be in effect until January 31, 2017 at which time the rate will be reset. For the year ended December 31, 2016 the weighted average rate on the loan was approximately 1.40% and the maximum amount borrowed during the period was \$91,000,000.

The Fund pays a commitment fee to The Bank of Nova Scotia at a rate of .15% per annum for any unused portion of borrowings not to exceed \$100,000,000. For the year ended December 31, 2016 the Fund paid approximately \$20,000 for this commitment.

The Fund has granted to The Bank of Nova Scotia a security interest in the investments and other assets of the Fund in accordance with the Credit Agreement.

(5) Purchases and Sales of Securities

Purchases and proceeds of sales or maturities of long-term securities during the year ended December 31, 2016 were approximately:

Cost of purchases	\$243,870,000
Proceeds of sales or maturities	\$230,803,000

Notes to Financial Statements — Continued
December 31, 2016

(6) Related Party Transactions

The Fund paid approximately \$211,000 during the year ended December 31, 2016 to an officer of the Fund for the provision of certain administrative services.

(7) Derivative Contracts (Currency Amounts in Thousands)

Forward Currency Exchange Contracts—As of December 31, 2016 the Fund had forward currency exchange contracts outstanding as follows:

Counterparty	Settlement Date		Receive (Deliver)	Asset	Liability	Unrealized Appreciation (Depreciation)
Royal Bank of Scotland	1/13/17	GBP	100	\$ 123	\$ 122	\$ 1
Bank of America	1/13/17	GBP	(268)	342	330	12
Citibank	1/13/17	GBP	(2,467)	3,025	3,041	(16)
Barclays	1/13/17	GBP	(153)	187	188	(1)
Bank of America	1/13/17	GBP	(106)	133	131	2
Citibank	2/15/17	CHF	(346)	347	341	6
Citibank	2/24/17	EUR	(9,565)	10,115	10,093	22
Royal Bank of Canada	3/31/17	CAD	(2,100)	1,573	1,566	7
Net unrealized gain on open forward currency exchange contracts						\$ 33

Notes to Financial Statements — Continued
December 31, 2016

Fair Value of Derivative Instruments—The fair value of derivative instruments as of December 31, 2016 was as follows:

	Asset Derivatives	
	December 31, 2016	
	Statement of Assets and Liabilities Location	Fair Value
Forward currency contracts	Unrealized gain on currency and forward currency exchange contracts	\$ 50
	Unrealized loss on currency and forward currency exchange contracts	(17)

The effect of derivative instruments that are included on the Statement of Operations for the year ended December 31, 2016 was as follows:

Amount of Realized Gain on Derivatives

	Realized gain on investments and currencies, net
Forward currency contracts	\$1,403

Change in Unrealized Appreciation on Derivatives

	Change in net unrealized appreciation (depreciation) on investments and other financial instruments
Forward currency contracts	\$(372)

(8) Recent Accounting Pronouncement

In May 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2015-07 “Disclosure for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)”. The amendments in ASU No. 2015-07 remove the requirement to categorize within the fair value hierarchy investments measured using the NAV practical expedient. The ASU also removes certain disclosure requirements for investments that qualify, but do not utilize, the NAV practical expedient. The amendments in the ASU are effective for fiscal years beginning after December 15, 2015, and interim periods within those years. Management has adopted this pronouncement and there is no impact on the Fund’s financial statements and related disclosures.

(9) Subsequent Events

The Fund has evaluated the need for additional disclosures and/or adjustments resulting from subsequent events through the date the financial statements were issued. Based on this evaluation, no adjustments were required to the financial statements as of December 31, 2016.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
The New America High Income Fund, Inc.

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of The New America High Income Fund, Inc., as of December 31, 2016, and the related statements of operations and cash flows for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (US). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2016, by correspondence with the custodian and brokers and other alternate procedures when broker confirmations were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of The New America High Income Fund, Inc. as of December 31, 2016, the results of its operations and cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania
February 17, 2017

Notes to Financial Statements — Continued
Supplemental Information (Unaudited)

Availability of Portfolio Holdings

The Fund provides a complete schedule of its portfolio holdings quarterly. The lists of holdings as of the end of the second and fourth quarters appear in the Fund's semi-annual and annual reports to shareholders, respectively. The schedules of portfolio holdings as of the end of the first and third quarters are filed with the Securities and Exchange Commission (the "SEC") on Form N-Q (the "Forms") within 60 days of the end of the first and third quarters. Shareholders can look up the Forms on the SEC's web site at www.sec.gov. The Forms may also be reviewed and copied at the SEC's public reference room in Washington, D.C. You may call the SEC at 1-800-SEC-0330 for information about the SEC's web site and their public reference room. In addition, the Forms may be reviewed on the Fund's web site at www.newamerica-hyb.com.

Compliance with CFTC Regulation of Transactions in Commodity Interests

The Fund does not currently intend to engage in transactions in commodity interests such as futures contracts, options on futures contracts, and swaps. However, the Fund may in the future enter into interest rate transactions, such as swaps, caps, collars and floors for the purpose or with the effect of hedging its portfolio and/or its payment obligations with respect to senior securities. In addition, the Fund has reserved the right, subject to the approval of the Board of Directors, to purchase and sell financial futures contracts and options on such futures contracts for the purpose of hedging its portfolio securities (or portfolio securities which it expects to acquire) against anticipated changes in prevailing interest rates. To the extent it engages in transactions in commodity interests, the Fund expects their use to be limited such that the Fund may claim the exclusion from the definition of the term "commodity pool operator" available under Regulation 4.5 of the Commodity Futures Trading Commission under the Commodity Exchange Act, and will not therefor be subject to regulation as a pool operator under the Commodity Exchange Act.

Common Stock Transactions

The Fund may purchase shares of its Common Stock in the open market when the Common Stock trades at a discount to net asset value or at other times if the Fund determines such purchases are advisable. There can be no assurance that the Fund will take such action in the event of a market discount to net asset value or that Fund purchases will reduce a discount.

Notes to Financial Statements — Continued

Supplemental Information (Unaudited)

Information About the Review and Approval of the Fund's Investment Advisory Agreement

The Investment Company Act of 1940, as amended (the "1940 Act"), provides, in substance, that each investment advisory agreement between a registered fund and its investment adviser will continue in effect from year to year only if its continuation is approved at least annually by the fund's board of directors, including a majority of the directors who are not "interested persons" of the fund within the meaning of the 1940 Act, voting in person at a meeting called for the purpose of considering such approval.

On October 20, 2016, the Board of Directors, including all of the Directors who are not "interested persons" of the Fund (the "Independent Directors"), approved the continuation of the Advisory Agreement with the Adviser. Prior to taking this action, the Directors reviewed information relating to the Fund and the Adviser that was prepared in response to specific inquiries made on behalf of the Board to assist it with its consideration of the Advisory Agreement. This information included, among other things: information about the Adviser's organization, operations and personnel; the services the Adviser provides to the Fund; the Adviser's portfolio management practices; and the performance and the expenses of the Fund relative to other high yield debt funds and high yield debt indices, as detailed in a comparative analysis prepared by an independent data provider. The Directors also took into account information regarding the Fund and the Adviser provided throughout the year at meetings of the Board and its committees.

Based on all of the above-mentioned information, and such other factors and conclusions as the Directors deemed relevant, including those described below (but with no single factor or conclusion being determinative and with each Director not necessarily attributing the same weight to each factor), the Directors concluded that approval of the Advisory Agreement would be in the interests of the Fund and its shareholders.

Nature, Extent and Quality of Services. In considering the nature, extent and quality of the services provided by the Adviser, the Directors reviewed information relating to various aspects of the Adviser's operations and personnel, including: its organizational and management structure; the qualifications, education and experience of the individual investment professionals whose responsibilities include portfolio management and investment research for the Fund; and the portfolio management and trading practices employed in managing the Fund. In the course of their deliberations, the Directors also evaluated, among other things: (a) the nature, extent and quality of services rendered by the Adviser in prior years; (b) the Adviser's financial condition and its ability to devote the resources necessary to provide the services required under the Advisory Agreement; and (c) the Adviser's dedication to maintaining appropriate compliance programs with respect to the Fund. After consideration of the foregoing, the Directors concluded that: (1) the Adviser is a large, well-capitalized organization with substantial resources and personnel; (2) the Adviser possesses the capability and resources to perform the duties required of it under the Advisory Agreement; (3) the Adviser's personnel are qualified to manage the Fund's assets in accordance with its investment objectives and policies; (4) the Adviser's disciplined but flexible investment approach in managing high yield investments is appropriate for the Fund; (5) the Adviser has demonstrated an appropriate awareness of the special requirements associated with the Fund's closed-end, leveraged structure; and (6) the Adviser has demonstrated its commitment to the maintenance of appropriate compliance policies and practices.

Notes to Financial Statements — Continued
Supplemental Information (Unaudited)

Fund Performance. The Board evaluated the Fund's performance relative to the performance of: (a) a peer group of comparable leveraged closed-end high yield debt funds identified by an independent data provider; (b) a composite designed to present the aggregate investment results for the other high yield debt account mandates managed by the Adviser; and (c) various third-party indices tracking the high yield debt market. The Directors also took note of the conditions in the high yield debt market during the period since the Adviser was retained, the Adviser's responsiveness to the Board's emphasis on maintaining dividend stability, and the limitations imposed on portfolio management by the asset coverage requirements for the Fund's credit facility. On the basis of the foregoing, among other considerations associated with the Fund's performance, the Directors concluded that the Fund's performance has been satisfactory given the investment/risk profile the Fund has sought to maintain and conditions in the high yield debt market.

Advisory Fee. In considering the fee payable to the Adviser under the Advisory Agreement, the Directors reviewed comparative information presented in the report of an independent data provider relating to the fees paid by a peer group of comparable leveraged closed-end high yield debt funds selected by an independent data provider. The Directors also considered the fees charged by the Adviser to other registered funds and institutional separate accounts with a high yield debt mandate comparable to the Fund's. The Directors concluded that, in light of the nature, extent and quality of the services provided by the Adviser and the Fund's performance, the Fund's advisory fee is reasonable.

Profitability. In considering the continuation of the Advisory Agreement, the Directors considered information provided by the Adviser with respect to the profitability of its investment advisory business, while acknowledging the Adviser's representations as to the difficulty of measuring the specific profitability to the Adviser of its relationship with the Fund. The Directors took into account that the Adviser's initial selection by the Fund's Board was conducted on an arm's length basis through a competitive process that included other investment management firms, and that each annual continuation of the Advisory Agreement had likewise been conducted on an arm's length basis. In this regard, it was noted that none of the Directors, officers or other Fund personnel serves as a director, officer or employee of the Adviser or any of its affiliates. On the basis of the foregoing, and taking into account the nature extent and quality of the services rendered to the Fund by the Adviser, the Directors concluded that the profits realized by the Adviser are reasonable.

Fallout Benefits. On the basis of information provided by the Adviser and the other factors noted above, the Board concluded that the Adviser did not appear to receive a material benefit from the Fund other than its receipt of the advisory fee. Accordingly, the Directors determined that any fallout or ancillary benefits were not a material factor for consideration in connection with the continuation of the Advisory Agreement.

Economies of Scale. In reviewing the Fund's advisory fee, the Directors considered the extent to which the Adviser, on the one hand, and the Fund, on the other hand, can expect to realize benefits from economies of scale in the event the assets of the Fund increase. Taking into account the Fund's closed-end structure and its current and expected asset levels, the Directors concluded that the structure of the advisory fee, which includes breakpoints at several asset levels, will allow the Fund to continue to benefit from economies of scale in the future.

Directors

Robert F. Birch
Joseph L. Bower
Bernard J. Korman
Stuart A. McFarland
Marguerite A. Piret
Oleg M. Pohotsky
Ellen E. Terry

Officer

Ellen E. Terry – President, Treasurer, Secretary

Investment Advisor

T. Rowe Price Associates, Inc.
100 E. Pratt Street
Baltimore, Maryland 21202

Administrator

The New America High Income Fund, Inc.
33 Broad Street
Boston, MA 02109
(617) 263-6400

Custodian

State Street Corporation
One Lincoln Street
Boston, MA 02111

Independent Registered Public Accountants

Tait, Weller & Baker LLP
1818 Market Street
Philadelphia, PA 19103

Transfer Agent

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, NY 11219
(800) 937-5449
Web site: www.amstock.com

Listed: NYSE
Symbol: HYB
Web site: www.newamerica-hyb.com

Information About the Fund's Directors and Officers — February 17, 2017

Independent Directors

Name, Address¹, and Date of Birth	Term of Office² and Length of Time Served	Principal Occupation(s) During Past 5 Years (and Other Relevant Experience, Attributes and Skills)³	Other Directorships Held by Director
Robert F. Birch DOB: 3/12/36	Lead Director Since 2013 Director since 1992	President of The New America High Income Fund, Inc. (1992-April 2013), Director of Brookfield/Helios Funds (1998-2011); Director of Brandywine Funds (2001-2008); Chairman of Board and Co-Founder of The China Business Group, Inc. (strategic management consulting firm) (1995-2008); Director and Strategic Planning Consultant at Dewe Rogerson, Ltd. (1992-1998) (public relations firm); Director and Chief Executive Officer of Memtek Corporation (manufacturer of capital equipment to treat liquid toxic waste) (1989-1992); President and Chief Executive Officer of Gardner and Preston Moss, Inc. (investment management firm) (1969-1987); Manager at Arthur Andersen and Company (audit and management consulting) (1960-1968).	
Joseph L. Bower DOB: 09/21/38	Director since 1988	Professor, Harvard Business School 1963-2014 – as Donald K. David Professor of Business Administration 1986-2007; Baker Foundation Professor 2007-2014; and Donald K. David Professor Emeritus since July 2014. Senior Associate Dean, Chair of the Doctoral Programs, Chair of the General Management Area, Chair of the General Manager and Corporate Leader Programs, Consultant on leadership, strategy, and organizational development.	Director of Anika Therapeutics since 1992, Brown Shoe 1982-2012, and Loews Corporation since 2002. Life Trustee of New England Conservatory of Music
Bernard J. Korman DOB: 10/13/31	Director since 1987	Chairman of the Board of Directors of Philadelphia Health Care Trust (non-profit corporation supporting healthcare delivery, education and research) (1995-2010); Director of Medical Nutrition USA, INC (develops and distributes nutritional products) (2004-2010);	Director of Omega Healthcare Investors, Inc. (real estate investment trust) since 1993 and Chairman since 2004.

Information About the Fund's Directors and Officers — February 17, 2017 — Continued

Name, Address¹, and Date of Birth	Term of Office² and Length of Time Served	Principal Occupation(s) During Past 5 Years (and Other Relevant Experience, Attributes and Skills)³	Other Directorships Held by Director
Stuart A. McFarland DOB: 04/05/47	Director since 2013	Managing Partner, Federal City Capital Advisors, LLC since 1997; Chairman, Federal City Bancorp (2004-2007); Director, Brandywine Funds (2001-2013); President and CEO, Pedestal Inc. (internet enabled mortgage securities exchange) (1999-2003); EVP and General Manager, GE Capital Mortgage Services (1990-1996); President and CEO, GE Capital Asset Management Corporation (1990-1996); President and CEO, Skyline Financial Services Corp. (1988-1990) President and CEO, National Permanent Federal Savings Bank (1986-1988). Executive Vice President – Operations and Chief Financial Officer with Federal National Mortgage Association (Fannie Mae) (1980-1985); and President and Director, Ticor Mortgage Insurance Company (1972-1980).	Director, Brookfield Funds (7 funds) since 2008; Director, United Guaranty Corporation 2011-2016; Director New Senior Investment Group since 2014; Director, Drive Shack (golf course management and entertainment) since 2002 (prior to 2017 operated as Newcastle Investment Corp., a real estate investment trust).
Marguerite A. Piret DOB: 5/10/48	Director since 2004	President and Chief Executive Officer of Newbury Piret Company (an investment bank) (1981-Present); Member, Board of Governors, Investment Company Institute (1996-2004).	Trustee of Pioneer Funds (46 funds) since 1980.
Oleg M. Pohotsky DOB: 3/28/47	Director since 2013	Consultant and Managing Partner, Right Bank Partners (corporate governance and strategy consultancy) since 2002; SVP and Director of Mergers and Acquisitions, First Albany Bank (1991-2002); General Partner, Strategic Capital Associates (1989-1991).	Director, Avangardco Investments Public Holdings (agricultural production) since 2011; Advisor, Board of Advisors, Kaufman & Co. LLC (investment banking) since 2007; Trustee since 2000 and Chairman since 2012 of Tekla Healthcare Investors, Tekla Life Sciences Investors, Tekla Healthcare Opportunities Fund since 2014 and Tekla World Healthcare Fund since 2015.

Information About the Fund's Directors and Officers — February 17, 2017 — Continued

Interested Directors and Officers

Name, Address¹, and Date of Birth	Term of Office² and Length of Time Served	Principal Occupation(s) During Past 5 Years (and Other Relevant Experience, Attributes and Skills)³	Other Directorships Held by Director
Ellen E. Terry ⁴ DOB: 4/9/59	Director Since 2014	President of the New America High Income Fund, Inc. since April 2013; Treasurer of the Fund since 1991; and Chief Compliance Officer of the Fund since 2004. She served as Vice President of the Fund from 1992 to April 2013.	

1 The address for each Director is c/o The New America High Income Fund, Inc., 33 Broad Street, Boston, MA 02109.

2 Each Director serves as such until the next annual meeting of the Fund's stockholders and until the Director's successor shall have been duly elected and qualified.

3 The information reported includes the principal occupation during the last five years for each Director and other information relating to the professional experiences, attributes and skills relevant to each Director's qualifications to serve as a Director.

4 Ms. Terry is an interested person of the Fund on the basis of her positions with the Fund.

PRIVACY POLICY

The New America High Income Fund Inc., (the “Fund”) receives nonpublic personal information about individuals from the following sources:

- Information the Fund receives from an individual who chooses to register Fund shares in the individual’s own name (a “registered holder”) as provided on applications, forms, and otherwise;
- Information generated by a registered holder’s Fund transaction and other account activity; and
- Information provided by individuals who make inquiries to the Fund via letter, E-mail or phone call (“correspondents”)

The Fund does not disclose any nonpublic personal information about registered holders, former registered holders or correspondents to anyone, except as required by law or allowed under certain limited federal privacy law exceptions that relate, for example, to the maintenance and servicing of the Fund relationship. The Fund limits access to nonpublic personal information about these individuals to those Fund employees and third-party service providers who need the information in connection with Fund-related activities the Fund has asked them to perform. The Fund also maintains physical, electronic, and procedural safeguards that comply with federal standards to protect the security of registered holders’ and correspondents’ nonpublic personal information.

The New America High Income Fund, Inc.

American Stock Transfer & Trust Company
59 Maiden Lane
New York, NY 10038



Annual

Report

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