Home Federal Bancorp, Inc.
Form 425
February 07, 2014

Filed by Cascade Bancorp
Pursuant to Rule 425 Under the Securities Act of 1933
And Deemed Filed Pursuant to Rule 14a-12
Under the Securities Exchange Act of 1934
Subject Company: Home Federal Bancorp, Inc.
Commission File Number for the Related Registration Statement on Form S-4: 333-192865

February 5, 2014 / 2:00 PM PST, CACB - Transcript of Cascade Bancorp Q4 and Full Year 2013 Earnings Conference Call

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PRESENTATION
OPERATOR: Good day, ladies and gentlemen and welcome to the Quarterly Earnings Conference Call. At this time, all lines have been placed on a listen-only mode and the floor will be open for your questions and comments following the presentation. At this time, it is my pleasure to turn the floor to Andrew Gerlicher. Sir, the floor is all yours.

ANDREW GERLICHER: Thank you. Good morning and welcome to the Cascade Bancorp's Fourth Quarter and Full-Year 2013 Earnings Conference Call. Our presentation today will include forward-looking statements. Those statements include descriptions of management's plans, objectives or goals for future operations, products or services, forecast of financial or other performance measures and statements about Cascade's general outlook for economic and other conditions, statements about the expected timing, completion and effects of the proposed merger with Home Federal Bancorp constitutes forward-looking statements.

We also may make other forward-looking statements in the question-and-answer period following management's discussion. These forward-looking statements are subject to a number of risks and uncertainties and the actual results may differ materially from those discussed today. Information on the risk factors that could cause the actual results to differ are contained in the press release that was released yesterday, as well as the Form 8-K filing of the investor presentation which will be reviewed during today's conference call, and the risk factors section of Cascade's most recent annual report on Form 10-K filed with the SEC on March 29, 2013.

These risks as well as other risks associated with the merger are more fully discussed in the preliminary joint proxy statement, perspectives included in the amendment to the preliminary registration statement on Form S-4 and it’s 333-192865 that was filed with the SEC on January 22, 2014 in connection with the merger. Forward-looking statements are effective only as of the date they're made and Cascade assumes no obligation to update or publish, revise forward-looking statements to reflect the occurrence of unanticipated events or circumstances after the date hereof.

This presentation does not constitute an offer to sell or the solicitation of an offer to buy any securities or solicitation of any voter approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

In connection with the proposed merger between Cascade and Home, Cascade has filed with the SEC a preliminary registration statement on Form S-4 which will include a joint preliminary proxy statement of Cascade and Home that also constitutes a prospectus. After the registration statement has been declared effective by the SEC, Cascade and Home will deliver a definitive joint proxy statement, prospectus to their respective shareholders.

Cascade and Home urge investors and security holders to read the joint proxy statement, prospectus regarding the proposed merger when it becomes available, as well as other documents filed with the SEC because they will contain important information about the proposed merger. You may obtain copies of all documents filed with the SEC regarding this transaction free of charge at the SEC's Web site, www.sec.gov.

I will now turn the proceedings over to Cascade Bancorp's President and CEO, Terry Zink.

TERRY ZINK, PRESIDENT AND CEO, CASCADE BANCORP: Thanks, Andy. Good afternoon, everyone and thanks for joining Cascade Bancorp's fourth-quarter and full-year of 2013 earnings call. With me today, I'd like to point out I have Chip Reeves, our Chief Banking Officer, Dan Lee, our Chief Credit Officer and our CFO, Greg Newton who will discuss our quarterly and full-year financial results in greater detail. After our prepared remarks, we will open the lines up for your questions.

2013 was a transformational year for Cascade and I'm very pleased with the progress we've made. During the call, I'm going to review some of the operational successes we achieved this past year, including progress made remediating our legacy credit issues, as well as provide you an update on our previously announced acquisition of Home Federal Bancorp.

To start, our 2013 financial results clearly highlight the renewed momentum in Cascade's core operations. Net income for the fourth quarter and the full year of 2013 was $1.2 million and $50.8

million respectively. Our gross loans for the year increased almost 17 percent, well outpacing our peers. For those who have followed the Cascade story over the years, the dramatic turnaround in the company is underscored when one considers the 2013's return to loan growth. It was the first year-over-year increase for Cascade since the onset of the great recession almost 6 years ago.

In addition to expanding our loan portfolio, we also grew total deposits by almost 8-1/2 percent. Our amicable core deposit franchise remains over 50 percent in checking balances with the cost of total deposits improving to just 14 basis points. We also completed the turnaround in our credit quality during 2013. Our substandard legacy loans were reduced by $85.5 million and now stand at a slightly better than peer group average.

This is illustrated by a dramatic improvement in the classified covered ratio which improved to 26.7 percent at year-end, compared to 74.6 percent from year-earlier. This ratio is defined as the classified assets as a percentage of regulatory capital plus allowance. Other credit metrics showed marked improvements to levels consistent with the bank and a safe and sound credit quality position.

Lastly, we believe that revenue and efficiencies are poised for continued improvement as we continue to streamline cost and diversify revenue sources. FTE today is nearly 10 percent below year ago levels and importantly, we believe that the cost of remediating legacy problem assets is clearly in the rear view mirror now. It's important to highlight that our significant improvements in financial condition and risk profile this past year enabled the removal of all legacy regulatory restrictions which is – was an essential precursor to any acquisition strategy we had.

At this juncture, I'd like to share just a quick review of my time at the bank. When I joined Cascade in 2012 after spending most of my career running various businesses at Wells Fargo and later, Fifth Third, I saw company with a long history of being one of the premier community banks in the Pacific Northwest, had a strong track record of profitability and growth. However, like many of its peers, Cascade ran into significant problems through the great recession which necessitated to capital infusion and a series of difficult actions to obtain the turnaround.

The first thing I did when I came on board was to recruit top-notch bankers to help me build a solid franchise in the Pacific Northwest. Together with the new executive management team, we constructed a five-year plan that had the expressed focus of not only returning Cascade to health but also re-engineering the company by providing a solid foundation that can support growth for years to come.

I am again very happy to report that over the past years, we have successfully executed on the turnaround phase of the five-year plan. Importantly, the executive team who worked with me to set these course and priorities does not consist of typical turnaround management consultancy. Rather, these individuals collectively averaged 30 years of experience and entail significant roles in various positions across community, regional and national banks.

Many of us have led banks or business units with assets over $100 billion. I do look forward to introducing investors to this team over the next few quarters and years. The remarkable turnaround enabled us to enter into an agreement for the acquisition of Home Federal Bancorp this past October and embarked on the second stage of our five-year plan which includes growing assets to $5 billion or greater.

The pending acquisition of Home would've been unthinkable just 12 months ago given the many challenges we faced and without the culture of teamwork that extends from our individual branch locations all the way to the executive level. Today, we are waiting regulatory and shareholder approval and are targeting the acquisition to close sometime around March 31, 2014. This acquisition will create a community bank with over $2.3 billion in assets.

We will be a top five small business lender in our core Central Oregon and Boise, Idaho markets. We will also hold a top five Community Bank, defined as banks under $10 billion in assets deposit market share in the Pacific Northwest. Importantly, our franchise will have the scale and market share in a region of the country that has experienced faster growth than the national average.

Post-close, Home will solidify our number one share in Central Oregon, provide us with number one Community Bank share in Boise and will add to our footprint in Southern Oregon where our deposits will rise by 50 percent. We also believe this acquisition represents low customer risk given our proximity of our branches and a significant overlap in our core markets. It is this proximity and common geography combined with our respective management teams being familiar with each other's organizations which should help minimize any customer disruption and increase our ability to execute flawlessly.

The on the market share and core deposit benefits we see significant opportunities to right size branch delivery channel. Fifty percent of our branches are within close proximity to one another. I had mentioned this before but $1.4 billion in assets, Cascade carry an infrastructure capable of supporting a much larger institution.

We did this in anticipation of a strong growth cycle. The Home transaction is an ideal first step in this growth strategy. We see that acquisition as an opportunity to begin the drive of real scale efficiencies and estimate cost synergies to be about 24 percent of the combined bank's core non-interest in expense or another way to look at it, it is about $26 million.

To deliver this, we plan to optimize our branch delivery channel by initially closing about 13 branches in the combined company, as well as leveraging infrastructure such as IT, operations and administration. We intend to keep the best locations and as such, closures will be divided among Home and Cascade branches. We also see the potential for revenue synergies which we have identified but had not yet publicly quantified.

We believe that opportunities exist in such areas as asset class optimization, cross sell opportunities and further scale efficiencies. As you can see, the acquisition of Home is a key step in our achieving the successful execution of this second phase of our strategic five-year plan. To become the leading Community Bank in the Pacific Northwest, we're going to see ongoing priority of the M&A as an integral part of this goal and we plan to be opportunistic if attractive deals present themselves.

We believe that one of the tenants of our success is a critical mass in market share opens the door to efficiency and revenue opportunities. The Home transaction meets its test, solidifying our number one Community Bank share in both Bend and Boise, and accordingly, our organic growth rate will target growth well above peer banks.

The last point I will make on the Home acquisition is an interesting aside, we are successful – we were successful I should say in the Home transaction by being – having a proactive response to their 25 day go shop clause. I believe this success is very unique in the history of bank M&A and it illustrates the strength and the experience of Cascade's leadership and our ability to effectively mobilize and manage against multiple priorities.

We have the team to achieve our ambitious five-year goals and I view our success winning the Home acquisition as a clear example of significant competitive advantage our people create. To wrap up before turning over to Greg, I am very excited with the terrific progress you made in strengthening Cascade and completing the return to sound credit quality.

What is sometimes overshadowed in all this is the fact that we also have the bandwidth to revitalize the sales culture at Cascade. With double-digit loan growth, a loan cost deposit franchise did grew at almost 9 percent in 2013 and continued innovation like our new advanced online system that includes mobile banking. The future for the combined organizations look bright.

I continue to believe that we have the right people and the right foundation to drive future growth work organically and through strategic acquisitions. I feel this is very exciting time for Cascade. Now, what I'd like to do is turn it over to Greg Newton, our CFO and have them comment on our financial picture. Greg?

GREG NEWTON, EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER & SECRETARY, CASCADE BANCORP: Thank you, Terry. Hopefully – and good afternoon to all of our listeners. Hopefully, you all have time to review our earnings release from last night so I'll just stick to the few highlights and we can get to the question-and-answer period.

Total loans were up about 6 percent or $56 million for the linked quarter and as Terry mentioned, nearly 17 percent year-over-year. We're extremely pleased that our improving trend in organic loan growth was a very direct result of a change in our sales culture. That change was directed by our Chief Banking Officer, Chip Reeves who Terry previously introduced to this group.

Before joining Cascade, Chip had major leadership roles also at Fifth Third including as President of its large health Chicago affiliate. Chip's decisive leadership has led to a turnaround in sales activity by our branches, as well as our commercial team. And on a personal note, it's clear to us that Chip had certain advantages in engineering these changes at Cascade. At six foot six, he was captain of his college basketball team and really has an imposing presence and personality. His full-court presence intensity has had more than a little to do with how rapidly our banking culture has responded to his leadership.

Improving loan growth also highlights an improving economy. Terry mentioned this by real estate and employment in Oregon and Idaho continue to recover and there's evidence clearly that the banking footprint of Cascade looks to be a top tier franchise with respect to a higher rate of population growth and end migration in the future.

As I mentioned, we're pleased about our organic growth for the fourth quarter. About three quarters of that growth was organic in nature. The remainder relates to a strategy we introduced to build a shared national credits portfolio which is a relatively unique aspect among Community Banks and also illustrates the strength and expertise of the new Cascade team, shared national credits or loan participations of nationally familiar businesses such as Express Scripts, Heinz, Tempur-Pedic and Burger King.

These loans float with LIBOR so in addition to adding revenue, they strengthen overall asset quality in our interest rate risk profile. In addition, they improve – they're very marketable so improved liquidity and help us diversify our earning assets.

The point being, we've been able to recruit a strong and experienced treasurer, John Lorberau who's not on the call but also our chief – combined with our Chief Credit Officer, Dan Lee and Chief Banking Officer who have the depth of expertise and experience to take advantage and implement effectively this kind of strategy.

Next, we're pleased with deposit growth which is also strong in 2013, up almost – about 8-1/2 percent year-over-year. I will note that deposits eased by 2.4 percent during the fourth quarter because as we mentioned at less quarter's call, expected some seasonal factors to generate some run-off as well as certain municipal customers would likely redeploy some bond issuance proceeds they had on deposit at the bank previously.

We – I expect frankly that this trend could run into the first quarter until seasonal factors reverse in the spring. With about 50 percent of our total deposits in checking accounts, our cost of funds for the quarter was at 14 basis points, a 1 basis point improvement versus the prior quarter.

On the income statement, I've highlight the linked quarter progress on net interest income which was up $1 million in the fourth quarter or about 8 percent. A good portion of that increase does relate to the full recovery of interest from the prepayment of the previously non-accrual loan.

While this is not a recurring item, perhaps it's just that having cleaned up our credit quality, Cascade is also in position to benefit from future recoveries which at least could minimize future provision expense. This interest recovery also void our net interest margin which was reported that 4.11 percent for the fourth quarter excluding the effective de-interest recovery, we were stable at about 3.8 percent min.

Non-interest income for the fourth quarter was up 8 percent from the linked quarter to nearly $4 million. This is the highest quarterly total during the year. Importantly, this was accomplished despite a – about a half-million dollar decline in mortgage fee revenue on a linked quarter basis.

We were able to plan and then effectively offset anticipated lower mortgage revenue with card related fees and the success of our rollout of a customer interest rate swap product. Overall again, I would – looking forward, I expect some seasonal decline in non-interest income for the first quarter of 2014 particularly further easing of residential loan volume.

Moving on to non-interest expense, our fourth quarter was up about $1.2 million from the linked quarter. This was due to nearly $1 million in merger-related costs and an increase of about $0.9 million in comp and benefits, the latter being related to year-end true up of incentive plans and health care expense.

Finally, net income for the fourth quarter at $1.2 million or 3 cents a share was similar to the linked quarter. Again, this quarter included merger costs, compensation and health care true ups partially offset by the recovery of interest from the payoff of a previously charged off loan. While there's certainly a fair share of noise in the quarter, we believe that the platform and foundation that are in place were stable and improving earnings.

And now just a couple of remarks on Home and Terry mentioned it, it really does represent a transformational opportunity for Cascade. To that end, we're progressing on many fronts including the identification of overlapping markets and choosing the best locations in banking teams to achieve efficient scale in branch delivery.

Just as a point of interest, we also engaged the consulting group from KPMG to help us with project management and assist our conversion planning. This is to clearly ensure that we minimize customer integration impacts but at the same time, to maximize IT and back-office efficiency.

Beyond integration, another priority is capitalizing on cross sale opportunities. Terry mentioned that we'd upgraded our Internet and mobile banking capacities just recently and that will be a positive and welcomed improvement for Home customers. Additionally, we expect revenue opportunities to exist in terms of increasing residential mortgage production, card oriented revenue, more penetration of – or deeper penetration of interest rates, swaps for customers and SBA lending as well.

So together, we take – we take the Cascade and Home together and look at opportunities that are really focused and summarize best by dramatic improvements in efficiency, leveraging cross sales and also, optimizing our balance sheets by building on our loan growth momentum. So I totally and wholeheartedly concur with Terry that the future was very exciting for Cascade. With that, I'd like to open this call up for questions.

ZINK: Patrick, if we could go ahead and open it up for questions, that would be great.

OPERATOR: Oh certainly. And ladies and gentlemen, the floor is open for questions. If you do have a question, please press star, one on your telephone keypad at this time. Once again, if you do have a question, please press star, one on your telephone keypad at this time. You do have a question from Jeff Rulis. Your line is now open.

JEFF RULIS: Thanks. Good afternoon.

ZINK: Hey, Jeff.

RULIS: Just a question on sort of loan growth expectations for the coming year, a pretty strong finish to 2013. In any of that production, do you expect that, that cannibalizes any production? Is it rolling to the coming year and maybe just kind of also thoughts on where you're seeing strengths by category and region on a loan growth front? Thanks.

ZINK: OK. Jeff I think what I'll do, I'd like to have Chip Reeves, our Chief Banking Officer answer that for you. And Chip, could you?

CHIP REEVES, EXECUTIVE VICE PRESIDENT & CHIEF BANKING OFFICER, CASCADE BANCORP: Sure and hi, Jeff. As you saw in the fourth quarter, we had a very strong linked quarter growth resulting in a 16 percent year-over-year. As we look into 2014, what we really see is that we will achieve a loan growth at an above peer group average. Our pipelines continue to suggest that as we look into Q1 and Q2 right now. We obviously have opportunity as well as we integrate Home Federal here at the late first quarter, early second quarter.

As far as where we saw the strength, it's really across-the-board and I would say that I think the key to the fourth quarter loan growth was – it was not dominated by any one specific region. It really came across from Portland to Central Oregon and in the Treasure Valley and really across all asset classes. So we're very pleased with what we had occurred in Q4.

RULIS: OK. And then on the – Greg, I think you mentioned the core margin was 3.8% for the quarter, what was it sequentially?

NEWTON: It was a 3.81% I think the –- in the prior quarter on the third quarter so compare that to…

RULIS: To 3.8%.

REEVES: Exactly the same, yes because most of them are 3.81%, yes.

RULIS: OK. And then I guess just you know you've had the – have we seen all of the prepayment benefit and then as we roll into potentially the closure of the Home deal, I guess as you see margins in the coming year, any comment there?

NEWTON: This is Greg. I suppose you – we would have giving you a different answer if interest rates had held where they were at year-end as opposed to where they are declined to now. My bet is that we will see some modest ease just simply from the slightly flatter curve but it's – and so in my models, I am sticking right around this 3.80% to 3.90% level given that we'll also have some fair value marks and discount accretions that'll affect the final outcome once we bring Home together.

RULIS: Sure. OK. And maybe just one – quick one on – the last one on the – just on the Home transaction. Have you received any approvals yet as fore filed, anything that we could check off the list there?

ZINK: Actually, Andy Gerlicher, our General Counsel is actually spearheading that, Jeff. So Andy, is there any update on the…

GERLICHER: We have indeed filed the S-4 and we're waiting for – and an S-4A and we're waiting for comments on that at the moment, so.

RULIS: And no state or other approvals up from the regulatory?

GERLICHER: Not the ones we're – not the approvals – we did get approved for the transfer of the covered loan portfolio.

RULIS: Right. Got it. And I guess as you look at the – sort of the spread between these stocks is still pretty wide with unexpected closure as little as two months away. Any speculation as to why the disparity?

ZINK: You know Jeff, this is Terry. I wish I knew. You know I think that I will be a wealthy man if I could predict the stock market but yes, I just think that there's been a lot of volatility in bank stocks and I think as we get closer to the closing date, we will see a – I would suspect anyway, we would see some movement that would tighten that up a little bit, but right now, it's just very difficult to predict. You know the bank stocks have all pretty much acted the same way. They've gone up and down on you know the rumors around the stimulus package and everything that's happening, I think the transaction probably is in the forefront.

One of the things with our stock as you know it – going into this transaction, it has fairly limited float. Coming out, it'll start having a lot more aspect to the float side of steps. So you know I just think it's the times. I don't know that there's anything specific.

RULIS: OK, fair enough. Thank you.

OPERATOR: OK, thank you. Our next question comes from Jackie Chimera. Your line is now open.

ZINK: Hi, Jackie.

JACKIE CHIMERA: Hi, everyone.

ZINK: Hi.

CHIMERA: I wonder if the timing – I noticed that on an ended period basis, cash balances were down and obviously you had significant loan growth in the quarter, what was the timing on those two things?

NEWTON: Jackie, it's Greg. I think I'll cut the question in terms of the timing of the growth on the loan side. If you…

CHIMERA: And then some of the cash deployment you had in the quarter and would obviously, that was an impact of one in the other but…

NEWTON: So the – a lot of the loan volume was coming towards the latter part of the year. So we should see some benefit from that prospectively. That's in – when those loans are occurring for the entire first quarter certainly.

CHIMERA: OK. And if you exclude the – it was a little difficult for me to calculate without an average loan balance, if you exclude the interest recovery that you received in the quarter, how did your loan yield compared to the prior quarter?

NEWTON: Let's see, they were just – they eased just slightly. So let me get back to you. Here I can check my numbers but yield out of loans, we were about 475 for the linked quarter and I believe this had the $1 million that was – the special recovery had about that 20 basis point effect so they were pretty stable.

CHIMERA: OK. And was there any tax impact on the $1.2 million in merger-related charges?

NEWTON: You know it was relatively de minimis at this stage of our process but you point out a – you bring out a good point, that will have some – certainly some bearing in increasing impact and will provide some specific considerations around that as the larger items come into the – into our field division.

CHIMERA: OK. Yes, that would be really helpful. Thank you. I appreciate that.

NEWTON: You bet.

CHIMERA: And then I guess just lastly, just looking at the decrease in deposits. I know that it was seasonal and you had some muni deposits low out. How many deposits came in with the American West versus what you had expected when the branch transaction was announced?

ZINK: It pretty much was identical to what we had announced, Jackie. I don't – there really wasn't too much run off on any of that.

CHIMERA: OK. So right around $35 million or so?

REEVES: It was about $27 million.

NEWTON: $27 million, yes.

CHIMERA: $27 million? OK.

NEWTON: And Chip, it was a good experience for those customers and we did hold the customers in the transaction pretty well.

REEVES: It was a seamless effort over that weekend and the customer accounts have remained stable to growing.

NEWTON: Yes.

CHIMERA: OK. And then just lastly, as I look at the loan growth you've been having, obviously, you still have some pretty substantial reserves given that your credit profile continues to improve. Do you think we should see reserves continue on low through next year?

ZINK: Yes, can you see that on my time Jackie. Will we see reserves do what?

CHIMERA: I meant provisioning, not reserves. Do you think we'll see a low-level of provisioning just given you know the selling coverage that you have in your classified assets and NPAs?

ZINK: Yes, I think so. I think two things are going to drive that for us. One is the fact that the credit metrics have improved dramatically. The other thing is as Greg mentioned in his presentation is that we continue to see recoveries. We've been fairly aggressive in remediating the classified assets we had. And so, we've got the good fortune right now of running in a positive nature as far as recoveries go.

So as you know those roll right into provision. So we – I don't see us having to take provision in the immediate future. I also don't think that we would be releasing any provision either. I think that we're going to let things roll along as they are and see where we end up. We might take a look at it at midyear.

RULIS: OK. And that's all I had. Thank you very much.

ZINK: Thanks, Jackie.

OPERATOR: Thank you and once again ladies and gentlemen, if you have a question, please press star, one on your telephone keypad at this time. And we do have another question from Jeff Rulis. Your line is now open.

RULIS: Thanks. Just a quick follow-up on the – so on the tax rate, Greg, I guess in the coming year expectations on that front.

NEWTON: I knew you're going to ask that, John. I am still – I am – again, we're firming up a lot of the elements as projected so I am still using a 39 percent rate given the – that some of the expenses we incur will be nondeductible. But net-net, I'm right around that 39.

RULIS: Sure. And then maybe even on the – I guess some of the dialogue in the release on kind of expenses, I guess if you back out merger cost, do you guys have some efficiency targets that you'd like to – and obviously you've got a hurdle with Home coming in but just kind of what are your longer-term of – even medium-term expectations on the efficiency ratio?

NEWTON: Yes, it's Greg. The way we are really thinking about this deal ends up being that – and you guys are – know this to be true that there's going to be considerable noise as one-time items and the marks come through on the Home deal. So we're really, really focused on executing our integration strategies and achieving the efficiencies in a way that the fourth quarter really sets a strong benchmark for our go forward run rate.

Apologize, I'm just kind of putting in as a context. So in that design then, the goals we have set for ROI metrics would be to be at or above peer levels which I was just looking at a very close peer group of ours you know peer average recently of that group was about 94 basis points they're about. So you can imagine we probably target a round number in that regard. And then number two, we'd like to be below, beat the 70 percent efficiency if at all possible on our way to that outcome.

RULIS: OK, great. Thank you.

OPERATOR: OK, and at this time, there are no further questions.

ZINK: OK. Well, I want to thank you guys for joining us for the call. If anything does come up, please feel free to send us an e-mail and we'll be able to get back to you with any answers that we can come up with. Once again, I think we're – we continue to be excited about the future of the bank and we look forward to seeing what this merger is going to do for the combined companies. We are optimistic as Greg said that we're going to be performing above the peer average and we're setting our sights for that. So with that, thanks again and we'll talk to you guys later. Bye.

OPERATOR: Thank you and ladies and gentlemen, this does conclude today's conference call. We thank you for your participation. You may now disconnect your lines and have a great day.

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$4,378,464 Chemicals - 3.2% Celanese U.S. Holdings LLC, 5.875%, 6/15/21 $92,000 $96,370 Evolution Escrow Issuer Co., 7.5%, 3/15/22 (n) 245,000 197,225 Flash Dutch 2 B.V./U.S. Coatings Acquisition, 7.375%, 5/01/21 (n) 300,000 320,970 Hexion U.S. Finance Corp., 6.625%, 4/15/20 155,000 144,538 Hexion U.S. Finance Corp./Hexion Nova Scotia Finance, 8.875%, 2/01/18 265,000 230,550 Huntsman International LLC, 8.625%, 3/15/21 115,000 120,165 INEOS Group Holdings S.A., 6.125%, 8/15/18 (n) 200,000 200,250 Tronox Finance LLC, 6.375%, 8/15/20 440,000 360,800 W.R. Grace & Co., 5.125%, 10/01/21 (n) 245,000 248,063

$1,918,931 Computer Software - 0.6% Syniverse Holdings, Inc., 9.125%, 1/15/19 $98,000 $85,015 VeriSign, Inc., 4.625%, 5/01/23 260,000 253,500

$338,515

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Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value ($)
Bonds - continued		
Computer Software - Systems - 1.1%		
CDW LLC/CDW Finance Corp., 6%, 8/15/22	$ 140,000	$ 146,825
CDW LLC/CDW Finance Corp., 5.5%, 12/01/24	125,000	123,750
Sabre GLBL, Inc., 5.375%, 4/15/23 (n)	415,000	406,700
		$ 677,275
Conglomerates - 3.7%		
Amsted Industries Co., 5%, 3/15/22 (n)	$ 495,000	$ 495,000
ATS Automation Tooling Systems, Inc., 6.5%, 6/15/23 (n)	95,000	95,713
BC Mountain LLC, 7%, 2/01/21 (n)	315,000	264,600
EnerSys, 5%, 4/30/23 (n)	400,000	386,000
Enpro Industries, Inc., 5.875%, 9/15/22	305,000	306,525
Entegris, Inc., 6%, 4/01/22 (n)	345,000	349,313
Renaissance Acquisition, 6.875%, 8/15/21 (n)	350,000	311,500
		$ 2,208,651
Construction - 0.1%		
Empresas ICA S.A.B. de C.V., 8.9%, 2/04/21	$ 135,000	$ 63,450
Consumer Products - 1.1%		
Prestige Brands, Inc., 8.125%, 2/01/20	$ 79,000	$ 83,740
Prestige Brands, Inc., 5.375%, 12/15/21 (n)	200,000	198,500
Spectrum Brands, Inc., 6.375%, 11/15/20	215,000	227,631
Spectrum Brands, Inc., 6.125%, 12/15/24 (n)	40,000	41,600
Spectrum Brands, Inc., 5.75%, 7/15/25 (n)	105,000	108,150
		$ 659,621
Consumer Services - 3.8%		
ADT Corp., 6.25%, 10/15/21	$ 510,000	$ 526,575
ADT Corp., 4.125%, 6/15/23	85,000	77,988
CEB, Inc., 5.625%, 6/15/23 (n)	210,000	210,000
Garda World Security Corp., 7.25%, 11/15/21 (n)	130,000	121,550
Garda World Security Corp., 7.25%, 11/15/21 (n)	180,000	168,300
Interval Acquisition Corp., 5.625%, 4/15/23 (n)	420,000	414,750
Monitronics International, Inc., 9.125%, 4/01/20	300,000	280,500
Service Corp. International, 7%, 6/15/17	255,000	274,125
Service Corp. International, 5.375%, 5/15/24	190,000	197,600
		$ 2,271,388
Containers - 5.8%		
Ardagh Packaging Finance PLC, 9.125%, 10/15/20 (n)	$ 600,000	$ 627,300
Ball Corp., 5%, 3/15/22	255,000	258,825
Berry Plastics Group, Inc., 5.5%, 5/15/22	335,000	324,113
Crown American LLC, 4.5%, 1/15/23	511,000	500,141
Multi-Color Corp., 6.125%, 12/01/22 (n)	320,000	326,000
Reynolds Group, 5.75%, 10/15/20	130,000	134,063
Reynolds Group, 8.25%, 2/15/21	510,000	524,663
Sealed Air Corp., 4.875%, 12/01/22 (n)	335,000	335,000
Sealed Air Corp., 5.125%, 12/01/24 (n)	95,000	96,128
Signode Industrial Group, 6.375%, 5/01/22 (n)	330,000	318,450
		$ 3,444,683
Electrical Equipment - 0.1%		
Avaya, Inc., 10.5%, 3/01/21 (n)	$ 95,000	$ 62,938

Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value ($)
Bonds - continued		
Electronics - 2.2%		
Advanced Micro Devices, Inc., 6.75%, 3/01/19	$ 230,000	$ 162,150
Advanced Micro Devices, Inc., 7.5%, 8/15/22	70,000	45,150
Advanced Micro Devices, Inc., 7%, 7/01/24	140,000	90,300
Micron Technology, Inc., 5.875%, 2/15/22	155,000	152,675
Micron Technology, Inc., 5.5%, 2/01/25	140,000	130,200
NXP B.V., 5.75%, 2/15/21 (n)	200,000	208,750
NXP B.V., 5.75%, 3/15/23 (n)	245,000	253,575
Sensata Technologies B.V., 5.625%, 11/01/24 (n)	115,000	117,875
Sensata Technologies B.V., 5%, 10/01/25 (n)	170,000	164,900
		$ 1,325,575
Energy - Independent - 8.0%		
American Energy-Permian Basin LLC, 7.375%, 11/01/21 (n)	$ 195,000	$ 98,475
Baytex Energy Corp., 5.625%, 6/01/24 (n)	295,000	246,183
Bonanza Creek Energy, Inc., 6.75%, 4/15/21	190,000	140,600
Chaparral Energy, Inc., 7.625%, 11/15/22	410,000	176,300
Chesapeake Energy Corp., 5.75%, 3/15/23	380,000	283,294
Concho Resources, Inc., 6.5%, 1/15/22	245,000	249,951
Concho Resources, Inc., 5.5%, 4/01/23	305,000	301,313
EP Energy LLC, 9.375%, 5/01/20	205,000	198,543
EP Energy LLC, 7.75%, 9/01/22	475,000	437,000
Halcon Resources Corp., 8.875%, 5/15/21	345,000	113,850
Linn Energy LLC/Linn Energy Finance Corp., 8.625%, 4/15/20	140,000	56,350
Linn Energy LLC/Linn Energy Finance Corp., 7.75%, 2/01/21	334,000	131,095
Linn Energy LLC/Linn Energy Finance Corp., 6.5%, 9/15/21	145,000	55,463
MEG Energy Corp., 6.5%, 3/15/21 (n)	175,000	146,213
MEG Energy Corp., 7%, 3/31/24 (n)	105,000	85,838
Noble Energy, Inc., 5.625%, 5/01/21	290,000	292,761
Northern Blizzard Resources, Inc., 7.25%, 2/01/22 (n)	255,000	209,100
Oasis Petroleum, Inc., 6.875%, 3/15/22	225,000	186,750
QEP Resources, Inc., 5.25%, 5/01/23	465,000	402,318
RSP Permian, Inc., 6.625%, 10/01/22 (n)	285,000	279,300
Sanchez Energy Corp., 6.125%, 1/15/23	320,000	240,000
SM Energy Co., 6.5%, 11/15/21	295,000	286,150
SM Energy Co., 6.125%, 11/15/22	140,000	134,400
		$ 4,751,247
Entertainment - 2.8%		
Activision Blizzard, Inc., 6.125%, 9/15/23 (n)	$ 220,000	$ 236,500
Carmike Cinemas, Inc., 6%, 6/15/23 (n)	115,000	117,588
Cedar Fair LP, 5.25%, 3/15/21	260,000	264,550
Cedar Fair LP, 5.375%, 6/01/24	95,000	96,425
Cinemark USA, Inc., 5.125%, 12/15/22	165,000	165,000
Cinemark USA, Inc., 4.875%, 6/01/23	190,000	185,250
NCL Corp. Ltd., 5.25%, 11/15/19 (n)	270,000	279,366
Six Flags Entertainment Corp., 5.25%, 1/15/21 (n)	320,000	324,800
		$ 1,669,479
Financial Institutions - 7.6%		
Aircastle Ltd., 4.625%, 12/15/18	$ 175,000	$ 179,813
Aircastle Ltd., 5.125%, 3/15/21	125,000	127,813
Aircastle Ltd., 5.5%, 2/15/22	160,000	165,600
Aviation Capital Group, 4.625%, 1/31/18 (n)	140,000	143,850
Aviation Capital Group, 6.75%, 4/06/21 (n)	175,000	198,188
CIT Group, Inc., 6.625%, 4/01/18 (n)	319,000	341,330

Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value ($)
Bonds - continued		
Financial Institutions - continued		
CIT Group, Inc., 5.5%, 2/15/19 (n)	$ 340,000	$ 357,425
CIT Group, Inc., 5%, 8/15/22	430,000	436,988
Credit Acceptance Co., 7.375%, 3/15/23 (n)	285,000	292,125
Icahn Enterprises LP, 6%, 8/01/20	245,000	253,538
Icahn Enterprises LP, 5.875%, 2/01/22	320,000	323,280
Nationstar Mortgage LLC/Capital Corp., 6.5%, 8/01/18	140,000	134,400
Nationstar Mortgage LLC/Capital Corp., 7.875%, 10/01/20	555,000	524,475
Navient Corp., 5.875%, 3/25/21	100,000	89,750
PHH Corp., 6.375%, 8/15/21	150,000	138,375
SLM Corp., 8%, 3/25/20	515,000	521,438
SLM Corp., 7.25%, 1/25/22	230,000	216,775
SLM Corp., 6.125%, 3/25/24	105,000	89,250
		$ 4,534,413
Food & Beverages - 0.9%		
Darling Ingredients, Inc., 5.375%, 1/15/22	$ 190,000	$ 187,625
Sun Merger Sub, Inc., 5.875%, 8/01/21 (n)	350,000	363,125
		$ 550,750
Forest & Paper Products - 0.3%		
Appvion, Inc., 9%, 6/01/20 (n)	$ 175,000	$ 98,000
Tembec Industries, Inc., 9%, 12/15/19 (n)	135,000	86,400
		$ 184,400
Gaming & Lodging - 4.1%		
Boyd Gaming Corp., 6.875%, 5/15/23	$ 175,000	$ 179,813
CCM Merger, Inc., 9.125%, 5/01/19 (n)	255,000	271,575
Eldorado Resorts, Inc., 7%, 8/01/23 (n)	50,000	49,625
Greektown Holdings LLC, 8.875%, 3/15/19 (n)	285,000	297,825
Hilton Worldwide Finance LLC/Hilton Worldwide Finance Corp., 5.625%, 10/15/21	415,000	432,638
Isle of Capri Casinos, Inc., 8.875%, 6/15/20	80,000	85,800
Isle of Capri Casinos, Inc., 5.875%, 3/15/21	325,000	334,750
MGM Resorts International, 6.625%, 12/15/21	180,000	191,250
MGM Resorts International, 6%, 3/15/23	185,000	187,775
RHP Hotel Properties, 5%, 4/15/23 (n)	80,000	79,200
Ryman Hospitality Properties, Inc., REIT, 5%, 4/15/21	340,000	340,680
		$ 2,450,931
Industrial - 2.0%		
Anixter, Inc., 5.125%, 10/01/21	$ 240,000	$ 239,400
Dematic S.A., 7.75%, 12/15/20 (n)	385,000	392,700
Howard Hughes Corp., 6.875%, 10/01/21 (n)	375,000	390,938
SPL Logistics Escrow LLC, 8.875%, 8/01/20 (n)	175,000	186,375
		$ 1,209,413
Machinery & Tools - 1.7%		
Ashtead Capital, Inc., 5.625%, 10/01/24 (n)	$ 265,000	$ 263,179
H&E Equipment Services Co., 7%, 9/01/22	370,000	368,150
Jurassic Holdings III, Inc., 6.875%, 2/15/21 (n)	295,000	207,238
Light Tower Rentals, Inc., 8.125%, 8/01/19 (n)	230,000	154,100
		$ 992,667
Major Banks - 2.1%		
Bank of America Corp., FRN, 6.1%, 12/29/49	$ 645,000	$ 629,681
JPMorgan Chase & Co., 6% to 8/01/23, FRN to 12/29/49	405,000	400,950
Royal Bank of Scotland Group PLC, 7.5% to 8/10/2020, FRN to 12/29/49	200,000	200,500

$ 1,231,131

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Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value ($)
Bonds - continued		
Medical & Health Technology & Services - 7.3%		
CHS/Community Health Systems, Inc., 5.125%, 8/01/21	$ 55,000	$ 56,513
CHS/Community Health Systems, Inc., 6.875%, 2/01/22	430,000	457,008
Davita Healthcare Partners, Inc., 5%, 5/01/25	235,000	230,300
Davita, Inc., 5.125%, 7/15/24	185,000	184,191
HCA, Inc., 4.25%, 10/15/19	185,000	188,700
HCA, Inc., 7.5%, 2/15/22	380,000	435,932
HCA, Inc., 5.875%, 3/15/22	465,000	505,688
HCA, Inc., 5%, 3/15/24	160,000	163,800
HCA, Inc., 5.375%, 2/01/25	125,000	126,875
HealthSouth Corp., 5.125%, 3/15/23	305,000	301,950
HealthSouth Corp., 5.75%, 11/01/24 (n)	150,000	152,085
LifePoint Hospitals, Inc., 5.5%, 12/01/21	335,000	349,028
Tenet Healthcare Corp., 8%, 8/01/20	430,000	448,813
Tenet Healthcare Corp., 4.5%, 4/01/21	250,000	251,250
Tenet Healthcare Corp., 8.125%, 4/01/22	160,000	177,200
Tenet Healthcare Corp., 6.75%, 6/15/23	90,000	92,700
Universal Health Services, Inc., 7.625%, 8/15/20	245,000	236,272
		$ 4,358,305
Medical Equipment - 1.6%		
Alere, Inc., 6.375%, 7/01/23 (n)	$ 205,000	$ 210,125
DJO Finco, Inc., 8.125%, 6/15/21 (n)	240,000	248,280
Hologic, Inc., 5.25%, 7/15/22 (n)	250,000	254,688
Teleflex, Inc., 5.25%, 6/15/24	225,000	225,563
		$ 938,656
Metals & Mining - 4.4%		
Century Aluminum Co., 7.5%, 6/01/21 (n)	$ 300,000	$ 285,000
Commercial Metals Co., 4.875%, 5/15/23	210,000	185,850
Consol Energy, Inc., 5.875%, 4/15/22	355,000	253,825
Consol Energy, Inc., 8%, 4/01/23 (n)	195,000	147,225
First Quantum Minerals Ltd., 7.25%, 10/15/19 (n)	400,000	288,000
GrafTech International Co., 6.375%, 11/15/20	270,000	213,300
Hudbay Minerals, Inc., 9.5%, 10/01/20	190,000	172,368
Lundin Mining Corp., 7.5%, 11/01/20 (n)	105,000	103,688
Lundin Mining Corp., 7.875%, 11/01/22 (n)	150,000	147,750
Steel Dynamics, Inc., 5.125%, 10/01/21	100,000	98,050
Steel Dynamics, Inc., 5.25%, 4/15/23	215,000	208,819
Steel Dynamics, Inc., 5.5%, 10/01/24	100,000	97,125
Suncoke Energy Partners LP/Suncoke Energy Partners Finance Corp., 7.375%, 2/01/20 (n)	90,000	81,675
Suncoke Energy Partners LP/Suncoke Energy Partners Finance Corp., 7.375%, 2/01/20 (n)	215,000	195,113
Suncoke Energy, Inc., 7.625%, 8/01/19	29,000	29,580
TMS International Corp., 7.625%, 10/15/21 (n)	155,000	148,025
		$ 2,655,393
Midstream - 7.7%		
AmeriGas Finance LLC, 6.75%, 5/20/20	$ 425,000	$ 438,813
Blue Racer Midstream LLC/Blue Racer Finance Corp., 6.125%, 11/15/22 (n)	155,000	151,900
Colorado Interstate Gas Co., 6.8%, 11/15/15	91,000	92,018
Crestwood Midstream Partners LP, 6%, 12/15/20	225,000	212,625
Crestwood Midstream Partners LP, 6.125%, 3/01/22	135,000	122,850
Crestwood Midstream Partners LP, 6.25%, 4/01/23 (n)	43,000	38,915
El Paso Corp., 7.75%, 1/15/32	500,000	537,566
Energy Transfer Equity LP, 7.5%, 10/15/20	390,000	417,795
Ferrellgas LP/Ferrellgas Finance Corp., 6.5%, 5/01/21	230,000	220,800

Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value ($)
Bonds - continued		
Midstream - continued		
Ferrellgas LP/Ferrellgas Finance Corp., 6.75%, 1/15/22	$ 295,000	$ 284,675
MarkWest Energy Partners LP/MarkWest Energy Finance Corp., 5.5%, 2/15/23	230,000	225,400
MarkWest Energy Partners LP/MarkWest Energy Finance Corp., 4.5%, 7/15/23	290,000	268,250
Sabine Pass Liquefaction LLC, 5.625%, 2/01/21	200,000	197,000
Sabine Pass Liquefaction LLC, 5.625%, 4/15/23	450,000	437,063
Sabine Pass Liquefaction LLC, 5.75%, 5/15/24	135,000	131,963
Sabine Pass Liquefaction LLC, 5.625%, 3/01/25 (n)	170,000	164,369
Summit Midstream Holdings LLC/Summit Midstream Finance Corp., 7.5%, 7/01/21	130,000	130,000
Summit Midstream Holdings LLC/Summit Midstream Finance Corp., 5.5%, 8/15/22	160,000	141,600
Targa Resources Partners LP/Targa Resources Finance Corp., 5%, 1/15/18 (n)	80,000	79,200
Targa Resources Partners LP/Targa Resources Finance Corp., 4.125%, 11/15/19 (n)	240,000	226,200
Targa Resources Partners LP/Targa Resources Finance Corp., 5.25%, 5/01/23	65,000	61,100
		$ 4,580,102
Network & Telecom - 1.9%		
Centurylink, Inc., 6.45%, 6/15/21	$ 155,000	$ 154,783
Centurylink, Inc., 7.65%, 3/15/42	245,000	209,475
Citizens Communications Co., 9%, 8/15/31	215,000	189,603
Frontier Communications Corp., 8.125%, 10/01/18	95,000	102,600
Frontier Communications Corp., 6.25%, 9/15/21	75,000	68,468
Frontier Communications Corp., 7.125%, 1/15/23	100,000	90,300
Telecom Italia Capital, 6%, 9/30/34	70,000	68,600
Telecom Italia S.p.A., 5.303%, 5/30/24 (n)	250,000	251,875
		$ 1,135,704
Oil Services - 1.2%		
Bristow Group, Inc., 6.25%, 10/15/22	$ 373,000	$ 328,240
Pacific Drilling S.A., 5.375%, 6/01/20 (n)	290,000	208,800
Shale-Inland Holdings LLC/Finance Co., 8.75%, 11/15/19 (n)	220,000	162,800
		$ 699,840
Oils - 0.9%		
CITGO Holding, Inc., 10.75%, 2/15/20 (n)	$ 215,000	$ 212,313
CITGO Petroleum Corp., 6.25%, 8/15/22 (n)	340,000	329,800
		$ 542,113
Other Banks & Diversified Financials - 0.5%		
Groupe BPCE S.A., 12.5% to 9/30/19, FRN to 8/29/49 (n)	$ 225,000	$ 295,454
Pharmaceuticals - 3.0%		
Endo Finance LLC/Endo Finco, Inc., 7.75%, 1/15/22 (n)	$ 425,000	$ 453,688
Mallinckrodt International Finance S.A., 5.75%, 8/01/22 (n)	220,000	224,730
Mallinckrodt International Finance S.A., 5.5%, 4/15/25 (n)	30,000	29,775
Valeant Pharmaceuticals International, Inc., 7%, 10/01/20 (n)	390,000	403,650
Valeant Pharmaceuticals International, Inc., 7.25%, 7/15/22 (n)	230,000	242,075
Valeant Pharmaceuticals International, Inc., 5.5%, 3/01/23 (n)	105,000	106,444
Vantage Point Imaging, 7.5%, 7/15/21 (n)	125,000	134,219
VRX Escrow Corp., 5.875%, 5/15/23 (n)	175,000	178,500
		$ 1,773,081
Pollution Control - 0.3%		
Abengoa Finance S.A.U., 7.75%, 2/01/20 (n)	$ 300,000	$ 178,500
Precious Metals & Minerals - 1.1%		
Aurico Gold, Inc., 7.75%, 4/01/20 (n)	$ 400,000	$ 360,000
Eldorado Gold Corp., 6.125%, 12/15/20 (n)	335,000	288,100
		$ 648,100

Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value ($)
Bonds - continued		
Printing & Publishing - 2.0%		
American Media, Inc., 13.5%, 6/15/18 (z)	$ 28,207	$ 28,983
Gannett Co., Inc., 5.125%, 7/15/20	185,000	191,475
Gannett Co., Inc., 4.875%, 9/15/21 (n)	100,000	98,750
Gannett Co., Inc., 6.375%, 10/15/23	195,000	204,263
Nielsen Finance LLC, 5%, 4/15/22 (n)	440,000	433,950
Outdoor Americas Capital LLC/Outfront Media Capital Corp., 5.625%, 2/15/24	195,000	199,631
Outfront Media Cap LLC, 5.625%, 2/15/24 (n)	15,000	15,450
		$ 1,172,502
Real Estate - Healthcare - 0.7%		
MPT Operating Partnership LP, REIT, 6.875%, 5/01/21	$ 150,000	$ 157,500
MPT Operating Partnership LP, REIT, 6.375%, 2/15/22	255,000	268,706
		$ 426,206
Real Estate - Other - 1.2%		
DuPont Fabros Technology LP, REIT, 5.875%, 9/15/21	$ 360,000	$ 371,700
Felcor Lodging LP, REIT, 5.625%, 3/01/23	315,000	324,450
		$ 696,150
Retailers - 3.1%		
Best Buy Co., Inc., 5.5%, 3/15/21	$ 445,000	$ 472,813
Bon Ton Stores, Inc., 8%, 6/15/21	150,000	97,500
DriveTime Automotive Group, Inc./DT Acceptance Corp., 8%, 6/01/21 (n)	215,000	198,875
Family Tree Escrow LLC, 5.75%, 3/01/23 (n)	360,000	377,100
Jo-Ann Stores Holdings, Inc., 9.75%, 10/15/19 (n)(p)	175,000	147,000
Neiman Marcus Group Ltd., 8%, 10/15/21 (n)	190,000	200,450
Rite Aid Corp., 9.25%, 3/15/20	155,000	166,916
Rite Aid Corp., 6.75%, 6/15/21	65,000	68,575
Rite Aid Corp., 6.125%, 4/01/23 (n)	140,000	143,675
		$ 1,872,904
Specialty Chemicals - 1.3%		
Chemtura Corp., 5.75%, 7/15/21	$ 465,000	$ 466,163
Univar USA, Inc., 6.75%, 7/15/23 (n)	305,000	303,475
		$ 769,638
Specialty Stores - 1.6%		
Argos Merger Sub, Inc., 7.125%, 3/15/23 (n)	$ 290,000	$ 303,775
Group 1 Automotive, Inc., 5%, 6/01/22	335,000	332,488
Michaels Stores, Inc., 5.875%, 12/15/20 (n)	290,000	303,775
		$ 940,038
Telecommunications - Wireless - 6.3%		
Crown Castle International Corp., 4.875%, 4/15/22	$ 90,000	$ 92,363
Crown Castle International Corp., 5.25%, 1/15/23	245,000	256,331
Digicel Group Ltd., 7.125%, 4/01/22 (n)	200,000	174,250
Digicel Group Ltd., 6.75%, 3/01/23 (n)	225,000	206,438
Eileme 2 AB, 11.625%, 1/31/20 (n)	200,000	218,750
Sprint Capital Corp., 6.875%, 11/15/28	285,000	245,100
Sprint Corp., 7.875%, 9/15/23	300,000	288,375
Sprint Corp., 7.125%, 6/15/24	410,000	379,123
Sprint Nextel Corp., 9%, 11/15/18 (n)	150,000	167,063
Sprint Nextel Corp., 6%, 11/15/22	205,000	184,500
T-Mobile USA, Inc., 6.125%, 1/15/22	35,000	36,094
T-Mobile USA, Inc., 6.5%, 1/15/24	95,000	97,613
T-Mobile USA, Inc., 6.464%, 4/28/19	85,000	87,444

Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value ($)
Bonds - continued		
Telecommunications - Wireless - continued		
T-Mobile USA, Inc., 6.25%, 4/01/21	$ 500,000	$ 516,400
T-Mobile USA, Inc., 6.633%, 4/28/21	125,000	130,625
Wind Acquisition Finance S.A., 4.75%, 7/15/20 (n)	250,000	251,875
Wind Acquisition Finance S.A., 7.375%, 4/23/21 (n)	405,000	414,113
		$ 3,746,457
Telephone Services - 0.6%		
Level 3 Financing, Inc., 8.625%, 7/15/20	$ 80,000	$ 84,760
Level 3 Financing, Inc., 5.375%, 5/01/25 (n)	305,000	294,706
		$ 379,466
Transportation - Services - 2.2%		
Jack Cooper Holdings Corp., 10.25%, 6/01/20 (n)	$ 335,000	$ 304,850
Navios Maritime Acquisition Corp., 8.125%, 11/15/21 (n)	260,000	248,300
Navios Maritime Holding, Inc., 7.375%, 1/15/22 (n)	285,000	236,550
Stena AB, 7%, 2/01/24 (n)	400,000	350,000
Syncreon Group BV/Syncre, 8.625%, 11/01/21 (n)	200,000	143,000
Ultrapetrol (Bahamas) Ltd., 8.875%, 6/15/21	55,000	42,900
		$ 1,325,600
Utilities - Electric Power - 2.5%		
Calpine Corp., 5.5%, 2/01/24	$ 260,000	$ 250,900
Covanta Holding Corp., 7.25%, 12/01/20	265,000	276,607
Covanta Holding Corp., 6.375%, 10/01/22	70,000	71,925
Covanta Holding Corp., 5.875%, 3/01/24	80,000	78,000
NRG Energy, Inc., 8.25%, 9/01/20	280,000	289,100
NRG Energy, Inc., 6.25%, 7/15/22	25,000	24,375
NRG Energy, Inc., 6.625%, 3/15/23	305,000	299,663
TerraForm Power Operating LLC, 6.125%, 6/15/25 (n)	195,000	183,788
		$ 1,474,358
Total Bonds		**$ 75,624,092**
Floating Rate Loans (g)(r) - 3.8%		
Aerospace - 0.2%		
TransDigm, Inc., Term Loan C, 3.75%, 2/28/20	$ 130,680	$ 129,233
Building - 0.3%		
ABC Supply Co., Inc., Term Loan, 3.5%, 4/16/20	$ 199,385	$ 198,305
Cable TV - 0.2%		
Cequel Communications LLC, Term Loan B, 3.5%, 2/14/19	$ 106,840	$ 106,150
Conglomerates - 0.2%		
Entegris, Inc., Term Loan B, 3.5%, 4/30/21	$ 133,806	$ 132,635
Consumer Services - 0.2%		
Realogy Corp., Term Loan B, 3.75%, 3/05/20	$ 131,564	$ 131,276
Containers - 0.2%		
Berry Plastics Holding Corp., Term Loan E, 3.75%, 1/06/21	$ 93,214	$ 92,411
Electronics - 0.3%		
Avago Technologies Cayman Ltd., Term Loan B, 3.75%, 5/06/21	$ 193,840	$ 193,570

Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value ($)
Floating Rate Loans (g)(r) - continued		
Energy - Independent - 0.2%		
MEG Energy Corp., Term Loan, 3.75%, 3/31/20	$ 118,126	$ 109,828
Entertainment - 0.2%		
Cedar Fair LP, Term Loan B, 3.25%, 3/06/20	$ 80,134	$ 80,335
Gaming & Lodging - 0.3%		
Hilton Worldwide Finance LLC, Term Loan B2, 3.5%, 10/25/20	$ 167,027	$ 166,687
Medical & Health Technology & Services - 0.3%		
DaVita HealthCare Partners, Inc., Term Loan B, 3.5%, 6/24/21	$ 166,263	$ 165,916
Printing & Publishing - 0.2%		
CBS Outdoor Americas Capital LLC, Term Loan B, 3%, 1/31/21	$ 129,188	$ 128,489
Retailers - 0.1%		
Rite Aid Corp., Second Lien Term Loan, 4.87%, 6/21/21	$ 79,361	$ 79,336
Transportation - Services - 0.6%		
Commercial Barge Line Co., First Lien Term Loan, 7.5%, 9/15/19	$ 338,424	$ 337,155
Utilities - Electric Power - 0.3%		
Calpine Construction Finance Co. LP, Term Loan B1, 3%, 5/03/20	$ 200,251	$ 196,162
Total Floating Rate Loans		**$ 2,247,488**
Common Stocks - 0.0%		
Automotive - 0.0%		
Accuride Corp. (a)	4,099	$ 13,896
Money Market Funds - 3.7%		
MFS Institutional Money Market Portfolio, 0.11%, at Net Asset Value (v)	2,181,461	$ 2,181,461
Total Investments		**$ 80,066,937**
Other Assets, Less Liabilities - (34.4)%		(20,484,639)
Net Assets - 100.0%		**$ 59,582,298**

(a) Non-income producing security.
(g) The rate shown represents a weighted average coupon rate on settled positions at period end, unless otherwise indicated.
(n) Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be sold in the ordinary course of business in transactions exempt from registration, normally to qualified institutional buyers. At period end, the aggregate value of these securities was $30,540,539 representing 51.3% of net assets.
(p) Payment-in-kind security.
(r) Remaining maturities of floating rate loans may be less than stated maturities shown as a result of contractual or optional prepayments by the borrower. Such prepayments cannot be predicted with certainty. These loans may be subject to restrictions on resale. Floating rate loans generally have rates of interest which are determined periodically by reference to a base lending rate plus a premium.
(v) Underlying affiliated fund that is available only to investment companies managed by MFS. The rate quoted for the MFS Institutional Money Market Portfolio is the annualized seven-day yield of the fund at period end.
(z) Restricted securities are not registered under the Securities Act of 1933 and are subject to legal restrictions on resale. These securities generally may be resold in transactions exempt from registration or to the public if the securities are subsequently registered. Disposal of these securities may involve time-consuming negotiations and prompt sale at an acceptable price may be difficult. The fund holds the following restricted securities:

Restricted Securities	**Acquisition Date**	**Cost**	**Value**
American Media, Inc., 13.5%, 6/15/18	12/22/10	$28,426	$28,983
% of Net assets			0%

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Portfolio of Investments (unaudited) continued

The following abbreviations are used in this report and are defined:

FRN Floating Rate Note. Interest rate resets periodically and the current rate may not be the rate reported at period end.
PLC Public Limited Company
REIT Real Estate Investment Trust
Abbreviations indicate amounts shown in currencies other than the U.S. dollar. All amounts are stated in U.S. dollars unless otherwise indicated. A list of abbreviations is shown below:

EUR Euro

Derivative Contracts at 8/31/15

Forward Foreign Currency Exchange Contracts at 8/31/15

Type	Currency	Counterparty	Contracts to Deliver/Receive	Settlement Date Range	In Exchange For	Contracts at Value	Net Unrealized Appreciation (Depreciation)
Liability Derivatives							
SELL	EUR	UBS AG	157,614	10/09/15	$ 172,477	$ 176,964	$ (4,487)

Futures Contracts at 8/31/15

Description	Currency	Contracts	Value	Expiration Date	Unrealized Appreciation (Depreciation)
Asset Derivatives					
Interest Rate Futures					
U.S. Treasury Note 10 yr (Short)	USD	5	$635,313	December - 2015	$138

At August 31, 2015, the fund had cash collateral of $6,750 to cover any commitments for certain derivative contracts.

See attached supplemental information. For more information see notes to financial statements as disclosed in the most recent semiannual or annual report.

Supplemental Information

8/31/15 (unaudited)

The fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946 Financial Services Investment Companies.

(1) Investment Valuations

Debt instruments and floating rate loans, including restricted debt instruments, are generally valued at an evaluated or composite bid as provided by a third-party pricing service. Equity securities, including restricted equity securities, are generally valued at the last sale or official closing price as provided by a third-party pricing service on the market or exchange on which they are primarily traded. Equity securities, for which there were no sales reported that day, are generally valued at the last quoted daily bid quotation as provided by a third-party pricing service on the market or exchange on which such securities are primarily traded. Short-term instruments with a maturity at issuance of 60 days or less may be valued at amortized cost, which approximates market value. Futures contracts are generally valued at last posted settlement price as provided by a third-party pricing service on the market on which they are primarily traded. Futures contracts for which there were no trades that day for a particular position are generally valued at the closing bid quotation as provided by a third-party pricing service on the market on which such futures contracts are primarily traded. Forward foreign currency exchange contracts are generally valued at the mean of bid and asked prices for the time period interpolated from rates provided by a third-party pricing service for proximate time periods. Open-end investment companies are generally valued at net asset value per share. Securities and other assets generally valued on the basis of information from a third-party pricing service may also be valued at a broker/dealer bid quotation. Values obtained from third-party pricing services can utilize both transaction data and market information such as yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data. The values of foreign securities and other assets and liabilities expressed in foreign currencies are converted to U.S. dollars using the mean of bid and asked prices for rates provided by a third-party pricing service.

The Board of Trustees has delegated primary responsibility for determining or causing to be determined the value of the fund s investments (including any fair valuation) to the adviser pursuant to valuation policies and procedures approved by the Board. If the adviser determines that reliable market quotations are not readily available, investments are valued at fair value as determined in good faith by the adviser in accordance with such procedures under the oversight of the Board of Trustees. Under the fund s valuation policies and procedures, market quotations are not considered to be readily available for most types of debt instruments and floating rate loans and many types of derivatives. These investments are generally valued at fair value based on information from third-party pricing services. In addition, investments may be valued at fair value if the adviser determines that an investment s value has been materially affected by events occurring after the close of the exchange or market on which the investment is principally traded (such as foreign exchange or market) and prior to the determination of the fund s net asset value, or after the halting of trading of a specific security where trading does not resume prior to the close of the exchange or market on which the security is principally traded. The adviser generally relies on third-party pricing services or other information (such as the correlation with price movements of similar securities in the same or other markets; the type, cost and investment characteristics of the security; the business and financial condition of the issuer; and trading and other market data) to assist in determining whether to fair value and at what value to fair value an investment. The value of an investment for purposes of calculating the fund s net asset value can differ depending on the source and method used to determine value. When fair valuation is used, the value of an investment used to determine the fund s net asset value may differ from quoted or published prices for the same investment. There can be no assurance that the fund could obtain the fair value assigned to an investment if it were to sell the investment at the same time at which the fund determines its net asset value per share.

Various inputs are used in determining the value of the fund s assets or liabilities. These inputs are categorized into three broad levels. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fund s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 includes other significant observable market-based inputs (including quoted prices for similar securities, interest rates, prepayment speed, and credit risk). Level 3 includes unobservable inputs, which may include the adviser s own assumptions in determining the fair value of investments. Other

Supplemental Information (unaudited)   continued

financial instruments are derivative instruments not reflected in total investments, such as futures contracts and forward foreign currency exchange contracts, swap agreements, and written options. The following is a summary of the levels used as of August 31, 2015 in valuing the fund s assets or liabilities:

Investments at Value	Level 1	Level 2	Level 3	Total
Equity Securities	$13,896	$	$	$13,896
U.S. Corporate Bonds		64,245,868		64,245,868
Commercial Mortgage-Backed Securities		39,658		39,658
Foreign Bonds		11,338,566		11,338,566
Floating Rate Loans		2,247,488		2,247,488
Mutual Funds	2,181,461			2,181,461
Total Investments	$2,195,357	$77,871,580	$	$80,066,937
Other Financial Instruments				
Futures Contracts	$138	$	$	$138
Forward Foreign Currency Exchange Contracts		(4,487)		(4,487)

For further information regarding security characteristics, see the Portfolio of Investments.

(2) Portfolio Securities

The cost and unrealized appreciation and depreciation in the value of the investments owned by the fund, as computed on a federal income tax basis, are as follows:

Aggregate cost	$84,814,369
Gross unrealized appreciation	611,682
Gross unrealized depreciation	(5,359,114)
Net unrealized appreciation (depreciation)	$(4,747,432)

The aggregate cost above includes prior fiscal year end tax adjustments, if applicable.

(3) Transactions in Underlying Affiliated Funds   Affiliated Issuers

An affiliated issuer may be considered one in which the fund owns 5% or more of the outstanding voting securities, or a company which is under common control. For the purposes of this report, the fund assumes the following to be an affiliated issuer:

Underlying Affiliated Fund	Beginning Shares/Par Amount	Acquisitions Shares/Par Amount	Dispositions Shares/Par Amount	Ending Shares/Par Amount
MFS Institutional Money Market Portfolio	1,428,474	15,665,716	(14,912,729)	2,181,461

Underlying Affiliated Fund	Realized Gain (Loss)	Capital Gain Distributions	Dividend Income	Ending Value
MFS Institutional Money Market Portfolio	$	$	$1,795	$2,181,461

ITEM 2. CONTROLS AND PROCEDURES.

(a) Based upon their evaluation of the effectiveness of the registrant s disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the Act)) as conducted within 90 days of the filing date of this Form N-Q, the registrant s principal financial officer and principal executive officer have concluded that those disclosure controls and procedures provide reasonable assurance that the material information required to be disclosed by the registrant on this report is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms.

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

ITEM 3. EXHIBITS.

File as exhibits as part of this Form a separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Act (17 CFR 270.30a-2): Attached hereto.

Notice

A copy of the Agreement and Declaration of Trust, as amended, of the Registrant is on file with the Secretary of State of The Commonwealth of Massachusetts and notice is hereby given that this instrument is executed on behalf of the Registrant by an officer of the Registrant as an officer and not individually and the obligations of or arising out of this instrument are not binding upon any of the Trustees or shareholders individually, but are binding only upon the assets and property of the respective constituent series of the Registrant.

SIGNATURES

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

Registrant: MFS INTERMEDIATE HIGH INCOME FUND

By (Signature and Title)* ROBIN A. STELMACH
Robin A. Stelmach, President

Date: October 15, 2015

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

By (Signature and Title)* ROBIN A. STELMACH
Robin A. Stelmach, President

(Principal Executive Officer)

Date: October 15, 2015

By (Signature and Title)* DAVID L. DILORENZO
David L. DiLorenzo, Treasurer

(Principal Financial Officer

and Accounting Officer)

Date: October 15, 2015

* Print name and title of each signing officer under his or her signature.