

MFS GOVERNMENT MARKETS INCOME TRUST  
Form N-CSR  
January 27, 2017  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF**  
**REGISTERED MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-05078

**MFS GOVERNMENT MARKETS INCOME TRUST**

(Exact name of registrant as specified in charter)

**111 Huntington Avenue, Boston, Massachusetts 02199**

(Address of principal executive offices) (Zip code)

**Christopher R. Bohane**

**Massachusetts Financial Services Company**

**111 Huntington Avenue**

**Boston, Massachusetts 02199**

(Name and address of agents for service)

Registrant's telephone number, including area code: (617) 954-5000

Date of fiscal year end: November 30

Date of reporting period: November 30, 2016

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**ITEM 1. REPORTS TO STOCKHOLDERS.**

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**ANNUAL REPORT**

November 30, 2016

**MFS® GOVERNMENT MARKETS INCOME TRUST**

MGF-ANN

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**MANAGED DISTRIBUTION POLICY DISCLOSURE**

The MFS Government Markets Income Trust's (the fund) Board of Trustees adopted a managed distribution policy. The fund seeks to pay monthly distributions based on an annual rate of 7.25% of the fund's average monthly net asset value. The primary purpose of the managed distribution policy is to provide shareholders with a constant, but not guaranteed, fixed minimum rate of distribution each month. You should not draw any conclusions about the fund's investment performance from the amount of the current distribution or from the terms of the fund's managed distribution policy. The Board may amend or terminate the managed distribution policy at any time without prior notice to fund shareholders. The amendment or termination of the managed distribution policy could have an adverse effect on the market price of the fund's shares.

With each distribution, the fund will issue a notice to shareholders and an accompanying press release which will provide detailed information regarding the amount and composition of the distribution and other related information. The amounts and sources of distributions reported in the notice to shareholders are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the fund's investment experience during its fiscal year and may be subject to changes based on tax regulations. The fund will send you a Form 1099-DIV for the calendar year that will tell you how to report these distributions for federal income tax purposes. Please refer to "Tax Matters and Distributions" under Note 2 of the Notes to Financial Statements for information regarding the tax character of the fund's distributions.

Under a managed distribution policy the fund may at times distribute more than its net investment income and net realized capital gains; therefore, a portion of your distribution may result in a return of capital. A return of capital may occur, for example, when some or all of the money that you invested in the fund is paid back to you. Any such returns of capital will decrease the fund's total assets and, therefore, could have the effect of increasing the fund's expense ratio. In addition, in order to make the level of distributions called for under its managed distribution policy, the fund may have to sell portfolio securities at a less than opportune time. A return of capital does not necessarily reflect the fund's investment performance and should not be confused with "yield" or "income". The fund's total return in relation to changes in net asset value is presented in the Financial Highlights.

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**MFS® GOVERNMENT MARKETS INCOME TRUST**

New York Stock Exchange Symbol: **MGF**

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**NOT FDIC INSURED MAY LOSE VALUE NO BANK GUARANTEE**

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**LETTER FROM THE CHAIRMAN**

Dear Shareholders:

Despite June's unexpected vote by the United Kingdom to leave the European Union and the surprising result in November's U.S. presidential election, most markets have

proved resilient. U.S. share prices quickly reversed post-Brexit declines, and indices reached new highs following the November elections. U.S. bond yields rose after Trump's victory on hopes that his proposed policy mix of lower taxes, increased spending on infrastructure and a lower regulatory burden on businesses will lift both U.S. economic growth and inflation. However, even after a recent rise in bond yields, interest rates in most developed markets remain very low, with major central banks maintaining extremely accommodative monetary policies.

Globally, economic growth has shown signs of recovery of late, led by the United States and the eurozone. Despite better growth,

there are few immediate signs of worrisome inflation. Emerging market economies are recovering at a somewhat slower pace amid fears that restrictive U.S. trade policies could further hamper the already slow pace of global trade growth.

At MFS®, we believe in a patient, long-term approach to investing. Viewing investments with a long lens makes it possible to filter out short-term market noise and focus on achieving solid risk-adjusted returns over a full market cycle.

In our view, such an approach, along with the professional guidance of a financial advisor, will help you reach your investment objectives.

Respectfully,

**Robert J. Manning**

Executive Chairman

MFS Investment Management

January 13, 2017

The opinions expressed in this letter are subject to change and may not be relied upon for investment advice. No forecasts can be guaranteed.

**Table of Contents****PORTFOLIO COMPOSITION****Portfolio structure (i)****Fixed income sectors (i)**

Mortgage-Backed Securities	51.5%
U.S. Treasury Securities	23.5%
Investment Grade Corporates	10.9%
U.S. Government Agencies	10.0%
Emerging Markets Bonds	3.4%
Commercial Mortgage-Backed Securities	2.5%
High Yield Corporates	0.4%
Municipal Bonds	0.4%
Collateralized Debt Obligations	0.4%
Non-U.S. Government Bonds	0.1%
Asset-Backed Securities	0.1%

**Composition including fixed income credit quality (a)(i)**

AAA	1.6%
AA	2.4%
A	2.7%
BBB	10.5%
BB	0.7%
B	0.3%
U.S. Government	19.8%
Federal Agencies	61.5%
Not Rated	3.7%
Cash & Cash Equivalents	0.5%
Other	(3.7)%

**Portfolio facts (i)**

Average Duration (d)	5.6
Average Effective Maturity (m)	8.0 yrs.

(a) For all securities other than those specifically described below, ratings are assigned to underlying securities utilizing ratings from Moody's, Fitch, and Standard & Poor's rating agencies and applying the following hierarchy: If all three agencies provide a rating, the middle rating (after dropping the highest and lowest ratings) is assigned; if two of the three agencies rate a security, the lower of the two is assigned. Ratings are shown in the S&P and Fitch scale (e.g., AAA). Securities rated BBB or higher are considered investment grade. All ratings are subject to change. U.S. Government includes securities issued by the U.S. Department of the Treasury. Federal Agencies includes rated and unrated U.S. Agency fixed-income securities, U.S. Agency mortgage-backed securities, and collateralized mortgage obligations of U.S. Agency mortgage-backed securities. Not Rated includes fixed income securities, including fixed income futures contracts, which have not been rated by any rating agency. The fund may or may not have held all of these instruments on this date. The fund is not rated by these agencies.

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*Portfolio Composition continued*

- (d) Duration is a measure of how much a bond's price is likely to fluctuate with general changes in interest rates, e.g., if rates rise 1.00%, a bond with a 5-year duration is likely to lose about 5.00% of its value due to the interest rate move.
- (i) For purposes of this presentation, the components include the value of securities, and reflect the impact of the equivalent exposure of derivative positions, if any. These amounts may be negative from time to time. Equivalent exposure is a calculated amount that translates the derivative position into a reasonable approximation of the amount of the underlying asset that the portfolio would have to hold at a given point in time to have the same price sensitivity that results from the portfolio's ownership of the derivative contract. When dealing with derivatives, equivalent exposure is a more representative measure of the potential impact of a position on portfolio performance than value. The bond component will include any accrued interest amounts.
- (m) In determining an instrument's effective maturity for purposes of calculating the fund's dollar-weighted average effective maturity, MFS uses the instrument's stated maturity or, if applicable, an earlier date on which MFS believes it is probable that a maturity-shortening device (such as a put, pre-refunding or prepayment) will cause the instrument to be repaid. Such an earlier date can be substantially shorter than the instrument's stated maturity. Where the fund holds convertible bonds, these are treated as part of the equity portion of the portfolio.

Cash & Cash Equivalents includes any cash, investments in money market funds, short-term securities, and other assets less liabilities. Please see the Statement of Assets and Liabilities for additional information related to the fund's cash position and other assets and liabilities.

Other includes equivalent exposure from currency derivatives and/or any offsets to derivative positions and may be negative.

Percentages are based on net assets as of 11/30/16.

The portfolio is actively managed and current holdings may be different.



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**MANAGEMENT REVIEW**

**Summary of Results**

MFS Government Markets Income Trust ( fund ) is a closed-end fund. The fund's investment objective is to seek high current income, but may also consider capital appreciation. MFS normally invests at least 80% of the fund's net assets, including borrowings for investment purposes, in U.S. and foreign government securities. MFS may invest the fund's assets in other types of debt instruments. MFS generally invests substantially all of the fund's assets in investment grade debt instruments. MFS invests the fund's assets in U.S. and foreign securities, including emerging market securities.

For the twelve months ended November 30, 2016, the fund provided a total return of 1.84%, at net asset value and a total return of 3.82%, at market value. This compares with a return of 1.26% for the fund's benchmark, the Bloomberg Barclays U.S. Government/Mortgage Bond Index (formerly Barclays U.S. Government/Mortgage Bond Index). Over the same period, the fund's other benchmark, the MFS Government Markets Income Trust Blended Index ( Blended Index ), generated a return of 1.84%. The Blended Index reflects the blended returns of various fixed income market indices, with percentage allocations to each index designed to resemble the fixed income allocations of the fund. The market indices and related percentage allocations used to compile the Blended Index are set forth in the Performance Summary.

The performance commentary below is based on the net asset value performance of the fund which reflects the performance of the underlying pool of assets held by the fund. The total return at market value represents the return earned by owners of the shares of the fund which are traded publicly on the exchange.

**Market Environment**

Sluggish global growth weighed on both developed and emerging market ( EM ) economies during the reporting period. The US Federal Reserve began its long-anticipated monetary tightening cycle toward the end of the period, but the tightening cycle has proved to be more gradual than initially anticipated. Globally, central bank policy remained highly accommodative, which forced many government, and even some corporate, bond yields into negative territory. During the second half of the period, the United Kingdom voted to leave the European Union ( EU ), beginning a multi-year process of negotiation in order to achieve Brexit. While markets initially reacted to the vote with alarm, the spillover to European and EM economies was relatively short-lived, although risks of further hits to EU cohesiveness could re-emerge. Late in the period, the surprising US presidential election outcome prompted a significant rally in equities and a rise in bond yields in anticipation of a reflationary policy mix from the incoming Trump administration.

During much of the reporting period, US earnings headwinds expanded beyond the energy, materials and industrial sectors, to include most sectors of the market. Headwinds eased somewhat at the end of the period as stabilizing oil prices pushed energy earnings higher relative to expectations. The sharp rise in the US dollar also weighed on earnings. US consumer spending held up well during the second half of the period amid a modest increase in real wages and low gasoline prices. Demand for autos reached near-record territory before plateauing late in the period, while the

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### *Management Review continued*

housing market continued its recovery. Slow global trade continued to mirror slow global growth, particularly for many EM countries. That said, EM countries began to show signs of a modest upturn in activity along with adjustment in their external accounts. These improved conditions appeared to have reassured investors and contributed to record inflows into the asset class during July and August as negative yields for an increasing share of developed market bonds drove yield-hungry investors further out on the risk spectrum. Similar investor inflows were experienced in the investment grade and high yield corporate markets. Late in the reporting period, however, new challenges emerged for emerging markets debt ( EMD ) as a result of the US presidential election, which raised concerns about the potential for a protectionist turn in US trade policy which could negatively impact EM economies. These concerns, along with rising expectations for US growth, inflation and rates, have turned the tables on flows into EMD. Since the election, flows have reversed. As of the end of the period, the markets seemed to be in wait-and-see mode, looking for evidence to either confirm or refute the repricing of risk that has occurred since Election Day.

While US Treasury yields finished slightly higher relative to where they started the reporting period, Treasuries experienced significant volatility during that time. According to data from the Fed, 10-year US Treasury yields started the reporting period at 2.21%, fell to as low as 1.37% in the wake of Brexit and finished the reporting period at 2.37%.

A significant portion of the increase in yields occurred in the wake of the results of the US presidential election, as President-elect Donald Trump and Republicans, who remained in control of both houses of Congress, discussed the prospects for greater-than-expected fiscal stimulus. The prospects for fiscal stimulus raised the possibility of stronger growth and higher inflation in the near-to-medium-term, which pushed Treasury yields higher.

### **Contributors to Performance**

Relative to the Blended Index, the fund's greater exposure to *B-rated* issues was a primary contributor to relative performance. Additionally, the fund's lesser exposure to the *industrials* sector was an area of relative strength. A greater exposure to Chinese issued bonds further supported relative results.

The fund's shorter duration<sup>(d)</sup> stance relative to the benchmark contributed to relative returns as interest rates rose during the period. The fund's yield curve<sup>(y)</sup> positioning, particularly the fund's lesser exposure to shifts in the middle (centered around maturities of 7 years) portion of the curve, also contributed to performance during the reporting period.

### **Detractors from Performance**

The portion of the fund's return derived from yield, which was less than that of the Blended Index, was a primary detractor from relative performance. Additionally, the fund's greater exposure to both the *mortgage* and *finance* sectors further hindered relative results.

Respectfully,

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*Management Review continued*

Geoffrey Schechter  
Portfolio Manager

Ward Brown  
Portfolio Manager

Robert Persons  
Portfolio Manager

Matt Ryan  
Portfolio Manager

- (d) Duration is a measure of how much a bond's price is likely to fluctuate with general changes in interest rates, e.g., if rates rise 1.00%, a bond with a 5-year duration is likely to lose about 5.00% of its value.
- (r) Bonds rated BBB-, Baa, or higher are considered investment grade; bonds rated BB-, Ba, or below are considered non-investment grade. The source for bond quality ratings is Moody's Investors Service, Standard & Poor's and Fitch, Inc. and are applied using the following hierarchy: If all three agencies provide a rating, the middle rating (after dropping the highest and lowest ratings) is assigned; if two of the three agencies rate a security, the lower of the two is assigned. Ratings are shown in the S&P and Fitch scale (e.g., AAA). For securities which are not rated by any of the three agencies, the security is considered Not Rated.
- (y) A yield curve graphically depicts the yields of different maturity bonds of the same credit quality and type; a normal yield curve is upward sloping, with short-term rates lower than long-term rates.

The views expressed in this report are those of the portfolio managers only through the end of the period of the report as stated on the cover and do not necessarily reflect the views of MFS or any other person in the MFS organization. These views are subject to change at any time based on market or other conditions, and MFS disclaims any responsibility to update such views. These views may not be relied upon as investment advice or an indication of trading intent on behalf of any MFS portfolio. References to specific securities are not recommendations of such securities, and may not be representative of any MFS portfolio's current or future investments.

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**PERFORMANCE SUMMARY THROUGH 11/30/16**

The following chart presents the fund's historical performance in comparison to its benchmark(s). Investment return and principal value will fluctuate, and shares, when sold, may be worth more or less than their original cost; current performance may be lower or higher than quoted. The performance shown does not reflect the deduction of taxes, if any, that a shareholder would pay on fund distributions or the sale of fund shares. Performance data shown represents past performance and is no guarantee of future results.

**Price Summary for MFS Government Markets Income Trust**

		Date	Price
	Net Asset Value	11/30/16	\$5.35
		11/30/15	\$5.67
	New York Stock Exchange Price	11/30/16	\$5.06
Year		3/31/16 (high) (t)	\$5.50
Ended		11/15/16 (low) (t)	\$4.99
11/30/16		11/30/15	\$5.26

**Total Returns vs Benchmarks**

	MFS Government Markets Income Trust at	
	New York Stock Exchange Price (r)	3.82%
	Net Asset Value (r)	1.84%
Year	Bloomberg Barclays U.S. Government/Mortgage Bond Index (f)	1.26%
Ended	MFS Government Markets Income Trust Blended Index (f)(w)	1.84%
11/30/16	Bloomberg Barclays U.S. Credit Bond Index (f)	4.19%

(f) Source: FactSet Research Systems Inc.

(r) Includes reinvestment of dividends and capital gain distributions.

(t) For the period December 1, 2015 through November 30, 2016.

(w) As of November 30, 2016, the MFS Government Markets Income Trust Blended Index was comprised of 80% Bloomberg Barclays U.S. Government/Mortgage Bond Index and 20% Bloomberg Barclays U.S. Credit Bond Index.

**Benchmark Definitions**

Bloomberg Barclays U.S. Credit Bond Index (formerly Barclays U.S. Credit Bond Index) – a market capitalization-weighted index that measures the performance of publicly issued, SEC-registered, U.S. corporate and specified foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.

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*Performance Summary continued*

Bloomberg Barclays U.S. Government/Mortgage Bond Index (formerly Barclays U.S. Government/Mortgage Bond Index) measures debt issued by the U.S. Government, and its agencies, as well as mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

It is not possible to invest directly in an index.

**Notes to Performance Summary**

The fund's shares may trade at a discount or premium to net asset value. When fund shares trade at a premium, buyers pay more than the net asset value underlying fund shares, and shares purchased at a premium would receive less than the amount paid for them in the event of the fund's concurrent liquidation.

The fund's monthly distributions may include a return of capital to shareholders to the extent that the fund's net investment income and net capital gains, determined in accordance with federal income tax regulations, are insufficient to meet the fund's target annual distribution rate. Distributions that are treated for federal income tax purposes as a return of capital will reduce each shareholder's basis in his or her shares and, to the extent the return of capital exceeds such basis, will be treated as gain to the shareholder from a sale of shares. It may also result in a recharacterization of what economically represents a return of capital to ordinary income in those situations where a fund has long term capital gains and a capital loss carryforward. Returns of shareholder capital have the effect of reducing the fund's assets and increasing the fund's expense ratio.

The fund's target annual distribution rate is calculated based on an annual rate of 7.25% of the fund's average monthly net asset value, not a fixed share price, and the fund's dividend amount will fluctuate with changes in the fund's average monthly net assets.

Net asset values and performance results based on net asset value do not include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles and may differ from amounts reported in the Statement of Assets and Liabilities or the Financial Highlights.

From time to time the fund may receive proceeds from litigation settlements, without which performance would be lower.

In accordance with Section 23(c) of the Investment Company Act of 1940, the fund hereby gives notice that it may from time to time repurchase shares of the fund in the open market at the option of the Board of Trustees and on such terms as the Trustees shall determine.

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**PORTFOLIO MANAGERS PROFILE**

<b>Portfolio Manager</b>	<b>Primary Role</b>	<b>Since</b>	<b>Title and Five Year History</b>
Geoffrey Schechter	Lead and U.S. Government Securities Portfolio Manager	2006	Investment Officer of MFS; employed in the investment management area of MFS since 1993.
Ward Brown	Emerging Markets Debt Instruments Portfolio Manager	2012	Investment Officer of MFS; employed in the investment management area of MFS since 2005.
Robert Persons	Investment Grade Debt Instruments Portfolio Manager	2012	Investment Officer of MFS; employed in the investment management area of MFS since 2000.
Matt Ryan	Emerging Markets Debt Instruments Portfolio Manager	2012	Investment Officer of MFS; employed in the investment management area of MFS since 1997.

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**DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN**

The fund offers a Dividend Reinvestment and Cash Purchase Plan (the Plan) that allows common shareholders to reinvest either all of the distributions paid by the fund or only the long-term capital gains. Generally, purchases are made at the market price unless that price exceeds the net asset value (the shares are trading at a premium). If the shares are trading at a premium, purchases will be made at a price of either the net asset value or 95% of the market price, whichever is greater. You can also buy shares on a quarterly basis in any amount \$100 and over. The Plan Agent will purchase shares under the Cash Purchase Plan on the 15th of January, April, July, and October or shortly thereafter.

If shares are registered in your own name, new shareholders will automatically participate in the Plan, unless you have indicated that you do not wish to participate. If your shares are in the name of a brokerage firm, bank, or other nominee, you can ask the firm or nominee to participate in the Plan on your behalf. If the nominee does not offer the Plan, you may wish to request that your shares be re-registered in your own name so that you can participate. There is no service charge to reinvest distributions, nor are there brokerage charges for shares issued directly by the fund. However, when shares are bought on the New York Stock Exchange or otherwise on the open market, each participant pays a pro rata share of the transaction expenses, including commissions. Dividends and capital gains distributions are taxable whether received in cash or reinvested in additional shares – the automatic reinvestment of distributions does not relieve you of any income tax that may be payable (or required to be withheld) on the distributions.

If your shares are held directly with the Plan Agent, you may withdraw from the Plan at any time by going to the Plan Agent's website at [www.computershare.com/investor](http://www.computershare.com/investor), by calling 1-800-637-2304 any business day from 9 a.m. to 5 p.m. Eastern time or by writing to the Plan Agent at P.O. Box 43078, Providence, RI 02940-3078. Please have available the name of the fund and your account number. For certain types of registrations, such as corporate accounts, instructions must be submitted in writing. Please call for additional details. When you withdraw from the Plan, you can receive the value of the reinvested shares in one of three ways: your full shares will be held in your account, the Plan Agent will sell your shares and send the proceeds to you, or you may transfer your full shares to your investment professional who can hold or sell them. Additionally, the Plan Agent will sell your fractional shares and send the proceeds to you.

If you have any questions or for further information or a copy of the Plan, contact the Plan Agent Computershare Trust Company, N.A. (the Transfer Agent for the fund) at 1-800-637-2304, at the Plan Agent's website at [www.computershare.com/investor](http://www.computershare.com/investor), or by writing to the Plan Agent at P.O. Box 43078, Providence, RI 02940-3078.

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11/30/16

The Portfolio of Investments is a complete list of all securities owned by your fund. It is categorized by broad-based asset classes.

<b>Bonds - 98.8%</b>		
<b>Issuer</b>	<b>Shares/Par</b>	<b>Value (\$)</b>
<b>U.S. Bonds - 94.4%</b>		
<b>Agency - Other - 7.0%</b>		
Financing Corp., 10.7%, 10/06/2017	\$ 4,095,000	\$ 4,429,288
Financing Corp., 9.4%, 2/08/2018	3,085,000	3,387,046
Financing Corp., 10.35%, 8/03/2018	3,820,000	4,401,328
		\$ 12,217,662
<b>Asset-Backed &amp; Securitized - 2.9%</b>		
Citigroup Commercial Mortgage Trust, FRN, 5.9%, 12/10/2049	\$ 1,000,000	\$ 1,010,502
Citigroup/Deutsche Bank Commercial Mortgage Trust, 5.322%, 12/11/2049	70,119	70,082
CNH Equipment Trust, 2015-C, A2B, FRN, 1.008%, 12/17/2018	108,495	108,617
Commercial Mortgage Trust, 2015-DC1, A5, 3.35%, 2/10/2048	327,000	331,358
Credit Suisse Commercial Mortgage Trust, A4, FRN, 6.133%, 9/15/2039	312,132	317,468
Credit Suisse Commercial Mortgage Trust, AM, FRN, 5.876%, 6/15/2039	398,459	404,357
Credit Suisse Commercial Mortgage Trust, C4, FRN, 6.133%, 9/15/2039	378,313	386,546
CWCapital Cobalt Ltd., A4, FRN, 5.954%, 5/15/2046	480,579	487,468
Dryden XXIII Senior Loan Fund, 2012-23A, A1R, FRN, 2.13%, 7/17/2023 (n)	286,505	286,069
Fortress Credit BSL Ltd., 2013-1A, A, FRN, 2.057%, 1/19/2025 (n)	342,461	341,743
JPMorgan Chase Commercial Mortgage Securities Corp., A4, FRN, 5.753%, 6/15/2049	872,120	879,356
Morgan Stanley Capital I Trust, AM, FRN, 5.871%, 4/15/2049	431,000	420,531
		\$ 5,044,097
<b>Automotive - 0.1%</b>		
Ford Motor Credit Co. LLC, 2.551%, 10/05/2018	\$ 241,000	\$ 242,556
<b>Building - 0.0%</b>		
Martin Marietta Materials, Inc., 4.25%, 7/02/2024	\$ 82,000	\$ 82,939
<b>Business Services - 0.7%</b>		
Cisco Systems, Inc., 2.6%, 2/28/2023	\$ 299,000	\$ 295,223
Fidelity National Information Services, Inc., 3.875%, 6/05/2024	1,000,000	1,019,246
		\$ 1,314,469

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**Table of Contents***Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
<b>Bonds - continued</b>		
U.S. Bonds - continued		
Cable TV - 0.9%		
Charter Operating/CCO Capital Corp., 4.908%, 7/23/2025 (n)	\$ 242,000	\$ 252,612
Comcast Corp., 4.2%, 8/15/2034	96,000	97,979
Time Warner Cable, Inc., 8.25%, 4/01/2019	1,000,000	1,128,647
Time Warner Cable, Inc., 4.5%, 9/15/2042	100,000	88,022
		\$ 1,567,260
Computer Software - 0.1%		
Microsoft Corp., 3.125%, 11/03/2025	\$ 124,000	\$ 125,392
Computer Software - Systems - 0.3%		
Apple, Inc., 3.25%, 2/23/2026	\$ 400,000	\$ 402,513
Apple, Inc., 4.375%, 5/13/2045	121,000	123,722
		\$ 526,235
Consumer Products 0.2%		
Newell Rubbermaid, Inc., 3.15%, 4/01/2021	\$ 369,000	\$ 375,472
Food & Beverages - 0.4%		
Anheuser-Busch InBev Worldwide, Inc., 3.3%, 2/01/2023	\$ 167,000	\$ 168,714
Anheuser-Busch InBev Worldwide, Inc., 4.7%, 2/01/2036	219,000	229,665
J.M. Smucker Co., 4.25%, 3/15/2035	164,000	165,185
Kraft Heinz Foods Co., 5.2%, 7/15/2045	120,000	127,610
Tyson Foods, Inc., 5.15%, 8/15/2044	38,000	39,315
		\$ 730,489
Food & Drug Stores - 0.3%		
CVS Health Corp., 3.5%, 7/20/2022	\$ 277,000	\$ 284,430
CVS Health Corp., 5.125%, 7/20/2045	270,000	296,214
		\$ 580,644
Insurance - 0.1%		
American International Group, Inc., 4.7%, 7/10/2035	\$ 108,000	\$ 111,833
Insurance - Health - 0.4%		
UnitedHealth Group, Inc., 4.625%, 7/15/2035	\$ 672,000	\$ 724,543
Insurance - Property & Casualty - 0.1%		
Liberty Mutual Group, Inc., 4.85%, 8/01/2044 (n)	\$ 99,000	\$ 96,899
Local Authorities - 1.1%		
New Jersey Turnpike Authority Rev. (Build America Bonds), F , 7.414%, 1/01/2040	\$ 32,000	\$ 46,188
State of California (Build America Bonds), 7.6%, 11/01/2040	925,000	1,385,585
University of California Rev. (Build America Bonds), 5.77%, 5/15/2043	450,000	549,063
		\$ 1,980,836

**Table of Contents***Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
<b>Bonds - continued</b>		
U.S. Bonds - continued		
Major Banks - 0.4%		
Bank of America Corp., 7.625%, 6/01/2019	\$ 170,000	\$ 191,418
Goldman Sachs Group, Inc., 3.625%, 1/22/2023	446,000	456,678
Goldman Sachs Group, Inc., 4.8%, 7/08/2044	94,000	98,096
		\$ 746,192
Medical & Health Technology & Services - 0.2%		
Becton, Dickinson and Co., 4.685%, 12/15/2044	\$ 179,000	\$ 183,542
Laboratory Corp. of America Holdings, 4.7%, 2/01/2045	106,000	105,425
		\$ 288,967
Medical Equipment - 0.5%		
Medtronic, Inc., 4.625%, 3/15/2045	\$ 237,000	\$ 251,572
Zimmer Holdings, Inc., 4.45%, 8/15/2045	607,000	572,562
		\$ 824,134
Metals & Mining - 0.3%		
Freeport-McMoRan Copper & Gold, Inc., 3.875%, 3/15/2023	\$ 500,000	\$ 470,000
Midstream - 1.0%		
Energy Transfer Partners LP, 5.15%, 3/15/2045	\$ 220,000	\$ 198,264
Enterprise Products Operating LLC, 3.9%, 2/15/2024	29,000	29,624
Kinder Morgan Energy Partners LP, 6.85%, 2/15/2020	1,000,000	1,113,705
Kinder Morgan Energy Partners LP, 5.4%, 9/01/2044	358,000	342,153
		\$ 1,683,746
Mortgage-Backed - 51.4%		
Fannie Mae, 5.05%, 1/01/2017	\$ 471,054	\$ 471,172
Fannie Mae, 1.9%, 6/01/2017	154,701	154,695
Fannie Mae, 6%, 8/01/2017 - 7/01/2037	1,203,743	1,378,893
Fannie Mae, 5.5%, 9/01/2017 - 3/01/2038	4,001,967	4,485,883
Fannie Mae, 4.88%, 3/01/2020	115,040	120,999
Fannie Mae, 3.87%, 7/01/2022	183,708	195,525
Fannie Mae, 2.152%, 1/25/2023	401,000	395,418
Fannie Mae, 2.41%, 5/01/2023	129,522	129,487
Fannie Mae, 2.55%, 5/01/2023	111,493	112,337
Fannie Mae, 2.59%, 5/01/2023	70,539	71,225
Fannie Mae, 3.78%, 10/01/2023	64,273	68,419
Fannie Mae, 2.7%, 7/01/2025	200,000	199,002
Fannie Mae, 3.43%, 6/01/2026	198,829	206,212
Fannie Mae, 3.59%, 9/01/2026	73,688	77,686
Fannie Mae, 3%, 4/01/2027 - 11/01/2046	7,624,313	7,771,728
Fannie Mae, 6.5%, 5/01/2031 - 2/01/2037	724,771	832,394
Fannie Mae, 5%, 6/01/2035 - 3/01/2042	780,756	857,292
Fannie Mae, 4.5%, 1/01/2040 - 4/01/2044	5,975,695	6,464,089

**Table of Contents***Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
<b>Bonds - continued</b>		
U.S. Bonds - continued		
Mortgage-Backed - continued		
Fannie Mae, 4%, 9/01/2040 - 2/01/2045	\$ 10,929,137	\$ 11,537,831
Fannie Mae, 3.5%, 4/01/2043 - 5/01/2046	5,491,606	5,653,323
Fannie Mae, TBA, 3%, 12/01/2031	910,000	935,878
Fannie Mae, TBA, 3.5%, 12/01/2046	500,000	513,496
Fannie Mae, TBA, 4%, 1/01/2047	1,200,000	1,262,250
Freddie Mac, 2.699%, 5/25/2018	791,560	804,069
Freddie Mac, 2.412%, 8/25/2018	1,137,394	1,152,451
Freddie Mac, 2.303%, 9/25/2018	275,000	278,774
Freddie Mac, 2.323%, 10/25/2018	498,949	506,794
Freddie Mac, 2.13%, 1/25/2019	1,566,818	1,581,661
Freddie Mac, 5.085%, 3/25/2019	752,000	803,915
Freddie Mac, 2.456%, 8/25/2019	383,000	390,403
Freddie Mac, 4.186%, 8/25/2019	600,000	637,078
Freddie Mac, 3.808%, 8/25/2020	219,000	233,292
Freddie Mac, 3.034%, 10/25/2020	291,000	302,682
Freddie Mac, 2.856%, 1/25/2021	400,000	413,842
Freddie Mac, 6%, 5/01/2021 - 10/01/2038	632,054	730,662
Freddie Mac, 2.791%, 1/25/2022	517,000	532,589
Freddie Mac, 2.716%, 6/25/2022	399,000	408,755
Freddie Mac, 2.355%, 7/25/2022	500,000	502,276
Freddie Mac, 2.682%, 10/25/2022	189,000	192,711
Freddie Mac, 2.51%, 11/25/2022	496,000	501,020
Freddie Mac, 3.32%, 2/25/2023	433,000	456,240
Freddie Mac, 3.3%, 4/25/2023	429,471	452,275
Freddie Mac, 3.06%, 7/25/2023	181,000	187,871
Freddie Mac, 2.454%, 8/25/2023	379,000	379,294
Freddie Mac, 3.458%, 8/25/2023	367,000	389,046
Freddie Mac, 4.5%, 9/01/2024 - 5/01/2042	1,338,142	1,442,335
Freddie Mac, 5.5%, 10/01/2024 - 6/01/2036	883,346	993,033
Freddie Mac, 2.67%, 12/25/2024	827,000	828,565
Freddie Mac, 2.811%, 1/25/2025	642,000	650,295
Freddie Mac, 3.329%, 5/25/2025	678,000	708,736
Freddie Mac, 3.01%, 7/25/2025	225,000	229,792
Freddie Mac, 2.745%, 1/25/2026	629,000	627,013
Freddie Mac, 2.673%, 3/25/2026	900,000	891,223
Freddie Mac, 6.5%, 5/01/2037	181,399	212,929
Freddie Mac, 5%, 4/01/2040 - 7/01/2041	2,476,762	2,715,034
Freddie Mac, 4%, 1/01/2041 - 9/01/2045	2,307,031	2,427,037
Freddie Mac, 3.5%, 5/01/2042 - 4/01/2046	8,163,927	8,399,169
Freddie Mac, 3%, 4/01/2043 - 11/01/2046	4,986,192	4,983,318
Ginnie Mae, 5.5%, 7/15/2033 - 1/20/2042	1,249,359	1,416,992
Ginnie Mae, 4%, 8/15/2040 - 4/20/2041	204,638	218,007
Ginnie Mae, 4.5%, 9/20/2041	239,262	260,860

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*Portfolio of Investments continued*

<b>Issuer</b>	<b>Shares/Par</b>	<b>Value (\$)</b>
<b>Bonds - continued</b>		
U.S. Bonds - continued		
Mortgage-Backed - continued		
Ginnie Mae, 3.5%, 4/15/2042 - 5/20/2046	\$ 5,750,792	\$ 6,004,000
Ginnie Mae, 3%, 7/20/2043	858,760	875,950
Ginnie Mae, 6.286%, 4/20/2058	25,179	26,743
		\$ 89,643,965
Municipals - 0.4%		
State of California, 5%, 8/01/2027	\$ 360,000	\$ 424,447
State of Illinois, AGM 5.1%, 6/01/2033	245,000	240,242
		\$ 664,689
Network & Telecom - 1.0%		
Verizon Communications, Inc., 5.05%, 3/15/2034	\$ 750,000	\$ 784,462
Verizon Communications, Inc., 6.55%, 9/15/2043	793,000	988,402
		\$ 1,772,864
Oils - 0.1%		
Valero Energy Corp., 4.9%, 3/15/2045	\$ 130,000	\$ 120,405
Other Banks & Diversified Financials - 0.6%		
Discover Bank, 4.25%, 3/13/2026	\$ 1,000,000	\$ 1,024,527
Pharmaceuticals - 0.2%		
Actavis Funding SCS, 4.55%, 3/15/2035	\$ 261,000	\$ 257,223