

FORT DEARBORN INCOME SECURITIES INC
Form N-Q
August 29, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number: 811-02319

Fort Dearborn Income Securities, Inc.

(Exact name of registrant as specified in charter)

One North Wacker Drive, Chicago, IL 60606-2807

(Address of principal executive offices) (Zip code)

Joseph J. Alessie, Esq.
UBS Global Asset Management (Americas) Inc.
1285 Avenue of the Americas
New York, NY 10019
(Name and address of agent for service)

Copy to:
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2600 One Commerce Square
Philadelphia, PA 19103
Registrant's telephone number, including area code: 212-821 3000

Date of fiscal year end: September 30

Date of reporting period: June 30, 2013

Item 1. Schedule of Investments**Fort Dearborn Income Securities, Inc.****Industry diversification (unaudited)**

As a percentage of net assets

As of June 30, 2013

Bonds	
Corporate bonds	
Automobiles	0.86%
Banks	0.34
Beverages	0.15
Building materials	0.76
Building products	0.08
Capital markets	5.01
Chemicals	1.45
Commercial banks	6.28
Commercial services & supplies	0.22
Communications equipment	0.40
Consumer finance	1.87
Distributors	0.70
Diversified financial services	8.86
Diversified telecommunication services	3.09
Electric utilities	0.81
Electronic equipment, instruments & components	1.01
Energy equipment & services	1.10
Food & staples retailing	0.55
Gas utilities	0.61
Health care providers & services	0.46
Hotels, restaurants & leisure	0.48
Insurance	2.65
Leisure equipment & products	0.16
Life sciences tools & services	0.11
Machinery	0.81
Media	2.11
Metals & mining	2.20
Office electronics	0.44
Oil, gas & consumable fuels	8.34
Paper & forest products	0.92
Pharmaceuticals	0.29
Real estate investment trust (REIT)	0.68
Tobacco	2.27
Trading companies & distributors	0.59
Wireless telecommunication services	0.62
Total corporate bonds	57.28%
Asset-backed security	0.21
Commercial mortgage-backed securities	3.54
Mortgage & agency debt securities	3.72
Municipal bonds	5.42
US government obligations	21.71
Non-US government obligations	2.35
Total bonds	94.23%
Common stock	0.01
Preferred stocks	0.10
Short-term investment	6.44

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Total investments	100.78%
Liabilities, in excess of cash and other assets	(0.78)
Net assets	100.00%

Fort Dearborn Income Securities, Inc.
Portfolio of investments June 30, 2013 (unaudited)

	Face amount	Value
Bonds 94.23%		
Corporate bonds 57.28%		
Brazil 1.96%		
Caixa Economica Federal, 2.375%, due 11/06/17 ¹	\$ 1,000,000	\$ 926,300
Petrobras International Finance Co., 5.375%, due 01/27/21	1,130,000	1,136,724
6.875%, due 01/20/40	675,000	674,014
Total Brazil corporate bonds		2,737,038
Canada 2.19%		
Anadarko Finance Co., Series B, 7.500%, due 05/01/31	1,090,000	1,358,896
Canadian Natural Resources Ltd., 5.850%, due 02/01/35	435,000	463,370
EnCana Corp., 6.625%, due 08/15/37	250,000	279,487
Petro-Canada, 6.800%, due 05/15/38	520,000	602,619
Teck Resources Ltd., 6.250%, due 07/15/41	375,000	355,262
Total Canada corporate bonds		3,059,634
Cayman Islands 1.75%		
Transocean, Inc., 3.800%, due 10/15/22	340,000	323,868
6.800%, due 03/15/38	535,000	569,122
7.500%, due 04/15/31	575,000	639,093
Vale Overseas Ltd., 4.375%, due 01/11/22	965,000	916,591
Total Cayman Islands corporate bonds		2,448,674
China 0.20%		
China Oil & Gas Group Ltd., 5.250%, due 04/25/18 ¹	280,000	276,850
Curacao 0.09%		
Teva Pharmaceutical Finance IV BV, 3.650%, due 11/10/21	125,000	125,012
France 0.74%		
Orange SA, 8.500%, due 03/01/31	575,000	781,188
Vivendi SA, 4.750%, due 04/12/22 ¹	250,000	250,043

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Total France corporate bonds		1,031,231
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Luxembourg 0.85%

Enel Finance International SA, 6.000%, due 10/07/39 ¹	365,000	337,078
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Intelsat Jackson Holdings SA, 7.500%, due 04/01/21	500,000	525,000
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Telecom Italia Capital SA, 6.375%, due 11/15/33	350,000	326,874
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Total Luxembourg corporate bonds		1,188,952
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Mexico 1.54%

America Movil SAB de CV, 5.000%, due 03/30/20	625,000	670,806
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Cemex Finance LLC, 9.500%, due 12/14/16 ¹	1,000,000	1,057,500
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Petroleos Mexicanos, 6.500%, due 06/02/41	410,000	427,220
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Total Mexico corporate bonds		2,155,526
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Netherlands 2.01%		
Basell Finance Co. BV, 8.100%, due 03/15/27 ¹	625,000	791,152
EDP Finance BV, 4.900%, due 10/01/19 ¹	1,000,000	982,500
6.000%, due 02/02/18 ¹	350,000	360,500
LyondellBasell Industries NV, 6.000%, due 11/15/21	600,000	674,224
		<hr/>
Total Netherlands corporate bonds		2,808,376
		<hr/>
Norway 1.57%		
Eksporthfinans ASA, 5.500%, due 05/25/16	620,000	645,885
5.500%, due 06/26/17	1,500,000	1,552,500
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Total Norway corporate bonds		2,198,385
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Qatar 0.40%		
Qtel International Finance Ltd., 7.875%, due 06/10/19 ¹	455,000	558,513
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Singapore 0.21%		
Flextronics International Ltd., 5.000%, due 02/15/23 ¹	300,000	290,250
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South Africa 0.29%		
AngloGold Ashanti Holdings PLC, 5.375%, due 04/15/20	430,000	402,006
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Spain 0.69%		
BBVA US Senior SAU, 4.664%, due 10/09/15	500,000	515,061
Telefonica Emisiones SAU, 3.192%, due 04/27/18	470,000	455,246
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Total Spain corporate bonds		970,307
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Sweden 0.17%		
Nordea Bank AB, 4.875%, due 05/13/21 ¹	230,000	236,026
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United Kingdom 2.84%		
Barclays Bank PLC, 5.140%, due 10/14/20	60,000	60,619
6.050%, due 12/04/17 ¹	1,500,000	1,622,580
British Telecommunications PLC, 9.625%, due 12/15/30	805,000	1,211,882
Lloyds TSB Bank PLC, 6.500%, due 09/14/20 ¹	600,000	639,670
Royal Bank of Scotland Group PLC, 6.100%, due 06/10/23	460,000	436,408
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Total United Kingdom corporate bonds		3,971,159
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United States 39.78%		
ADT Corp.,		

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3.500%, due 07/15/22	340,000	312,646
AEP Texas Central Co., Series E, 6.650%, due 02/15/33	495,000	583,447
Ally Financial, Inc., 4.336%, due 06/15/15 ²	400,000	370,080
Altria Group, Inc., 9.700%, due 11/10/18	105,000	139,588
9.950%, due 11/10/38	980,000	1,450,412
American International Group, Inc., 5.850%, due 01/16/18	785,000	882,662
AT&T, Inc., 4.300%, due 12/15/42	26,000	22,643
AXA Financial, Inc., 7.000%, due 04/01/28	165,000	184,804

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Barrick North America Finance LLC, 5.750%, due 05/01/43 ¹	750,000	606,598
Bear Stearns Cos. LLC, 7.250%, due 02/01/18	2,000,000	2,381,482
Boston Properties LP, REIT, 3.800%, due 02/01/24	430,000	422,321
Case New Holland, Inc., 7.875%, due 12/01/17	1,000,000	1,132,500
CenturyLink, Inc., Series P, 7.600%, due 09/15/39	200,000	190,000
CIT Group, Inc., 5.000%, due 05/15/17	500,000	510,625
Citigroup, Inc., Series D, 5.350%, due 05/15/23 ^{3,4}	830,000	778,125
6.875%, due 03/05/38	425,000	515,369
8.125%, due 07/15/39	1,435,000	1,895,260
DirecTV Holdings LLC, 6.000%, due 08/15/40	445,000	444,548
DISH DBS Corp., 7.875%, due 09/01/19	800,000	896,000
Dow Chemical Co., 8.550%, due 05/15/19	222,000	283,244
El Paso Corp., 7.250%, due 06/01/18	300,000	332,317
Energy Transfer Partners LP, 5.200%, due 02/01/22	500,000	529,138
9.000%, due 04/15/19	900,000	1,145,000
ERP Operating LP REIT, 4.750%, due 07/15/20	485,000	521,626
Fidelity National Financial, Inc., 5.500%, due 09/01/22	250,000	264,957
Ford Motor Co., 7.450%, due 07/16/31	1,000,000	1,197,215
Ford Motor Credit Co. LLC, 8.125%, due 01/15/20	675,000	813,087
FPL Group Capital, Inc., 6.650%, due 06/15/67 ³	200,000	208,500
Freeport -McMoRan Copper & Gold, Inc., 3.550%, due 03/01/22	200,000	181,671
General Electric Capital Corp., 0.653%, due 05/05/26 ³	1,000,000	921,012
Series C, 5.250%, due 06/15/23 ^{3,4}	1,150,000	1,098,250
General Motors Financial Co., Inc., 4.750%, due 08/15/17 ¹	850,000	871,250
Genworth Holdings, Inc., 7.625%, due 09/24/21	300,000	348,624
Georgia-Pacific LLC, 8.000%, due 01/15/24	1,000,000	1,288,273
Glencore Funding LLC, 1.431%, due 05/27/16 ^{1,3}	1,000,000	973,724
Goldman Sachs Group, Inc., 5.750%, due 01/24/22	1,355,000	1,494,583
6.750%, due 10/01/37	570,000	583,887
Harris Corp., 6.375%, due 06/15/19	200,000	231,772
Hasbro, Inc., 6.350%, due 03/15/40	200,000	219,835
HCA, Inc., 7.875%, due 02/15/20	600,000	646,125
HSBC Bank USA N.A., 4.875%, due 08/24/20	250,000	267,819

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5.625%, due 08/15/35	855,000	876,589
International Lease Finance Corp.,		
7.125%, due 09/01/18 ¹	750,000	828,750
JPMorgan Chase & Co.,		
3.375%, due 05/01/23	360,000	335,218
Kinder Morgan Energy Partners LP,		
5.800%, due 03/15/35	710,000	733,345
6.500%, due 09/01/39	75,000	83,903

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Kinder Morgan Finance Co. LLC, 5.700%, due 01/05/16	500,000	535,548
Kroger Co., 6.900%, due 04/15/38	650,000	767,612
Lehman Brothers Holdings, Inc., 6.750%, due 12/28/17 (Escrow Lehman Brothers, Inc.) ^{5,6}	585,000	0
Life Technologies Corp., 6.000%, due 03/01/20	135,000	152,087
Massachusetts Mutual Life Insurance Co., 8.875%, due 06/01/39 ¹	275,000	403,012
Merrill Lynch & Co., Inc., 6.875%, due 04/25/18	1,000,000	1,150,923
7.750%, due 05/14/38	1,000,000	1,143,884
MetLife, Inc., 6.400%, due 12/15/36	300,000	306,750
Morgan Stanley, 4.100%, due 05/22/23	1,000,000	923,919
Series F, 5.625%, due 09/23/19	575,000	618,028
6.625%, due 04/01/18	550,000	623,400
Motorola Solutions, Inc., 3.500%, due 03/01/23	350,000	329,941
Mylan, Inc., 2.600%, due 06/24/18 ¹	290,000	287,100
National Rural Utilities Cooperative Finance Corp., 10.375%, due 11/01/18	160,000	221,675
News America, Inc., 7.750%, due 12/01/45	350,000	453,774
ONEOK Partners LP, 8.625%, due 03/01/19	215,000	272,231
Owens Corning, 6.500%, due 12/01/16	97,000	108,280
Phillips 66, 4.300%, due 04/01/22	225,000	232,476
Plains Exploration & Production Co., 6.500%, due 11/15/20	330,000	349,868
6.875%, due 02/15/23	950,000	1,016,407
PNC Financial Services Group, Inc., Series R, 4.850%, due 06/01/23 ^{3,4}	1,000,000	932,500
Prudential Financial, Inc., 5.200%, due 03/15/44 ³	375,000	354,375
Series B, 5.750%, due 07/15/33	40,000	42,732
Regions Bank, 7.500%, due 05/15/18	250,000	291,602
Regions Financial Corp., 2.000%, due 05/15/18	290,000	274,140
7.750%, due 11/10/14	175,000	189,101
Reynolds American, Inc., 7.250%, due 06/15/37	1,325,000	1,576,411
SABMiller Holdings, Inc., 3.750%, due 01/15/22 ¹	200,000	203,537
Sanmina-SCI Corp., 7.000%, due 05/15/19 ¹	1,090,000	1,122,700
SLM Corp., 3.875%, due 09/10/15	550,000	555,529
Southern Copper Corp., 3.500%, due 11/08/22	400,000	358,994
6.750%, due 04/16/40	250,000	245,802
Southern Natural Gas Co., 8.000%, due 03/01/32	430,000	570,357
Sprint Capital Corp.,		

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6.875%, due 11/15/28	200,000	192,000
State Street Corp.,		
3.100%, due 05/15/23	500,000	468,336
SunTrust Bank,		
7.250%, due 03/15/18	495,000	593,698
Swiss Re Solutions Holding Corp.,		
7.000%, due 02/15/26	295,000	372,639

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Tesoro Corp., 9.750%, due 06/01/19	370,000	408,850
Time Warner Cable, Inc., 7.300%, due 07/01/38	600,000	652,085
8.750%, due 02/14/19	410,000	503,266
US Bancorp, 2.950%, due 07/15/22	150,000	139,147
Valero Energy Corp., 7.500%, due 04/15/32	465,000	567,600
Valspar Corp., 4.200%, due 01/15/22	275,000	280,248
Wells Fargo Bank N.A., 5.950%, due 08/26/36	700,000	782,595
Wells Fargo Capital X, 5.950%, due 12/15/36	475,000	476,322
Williams Cos., Inc., 8.750%, due 03/15/32	177,000	224,522
Williams Partners LP, 6.300%, due 04/15/40	275,000	288,273
Wyndham Worldwide Corp., 3.900%, due 03/01/23	710,000	676,440
Xerox Corp., 6.350%, due 05/15/18	540,000	618,883
XL Group PLC, Series E, 6.500%, due 04/15/17 ^{3,4}	750,000	731,250
		55,589,673
Total United States corporate bonds		
Total corporate bonds (cost \$79,374,853)		80,047,612
Asset-backed security 0.21%		
United States 0.21%		
Continental Airlines, Inc., Series 2009-2, Class A, 7.250%, due 11/10/19 (cost \$255,408)	255,408	291,292
		291,292
Commercial mortgage-backed securities 3.54%		
United States 3.54%		
Banc of America Commercial Mortgage, Inc., Series 2007-2, Class AM, 5.803%, due 04/10/49 ³	475,000	522,045
Commercial Mortgage Pass Through Certificates, Series 2013-THL, Class D, 2.843%, due 06/08/30 ^{1,3,6}	1,500,000	1,500,000
Wachovia Bank Commercial Mortgage Trust, Series 2007-C33, Class A4, 6.122%, due 02/15/51 ³	2,000,000	2,224,862
WF-RBS Commercial Mortgage Trust, Series 2013-C12, Class B, 3.863%, due 03/15/48 ³	750,000	705,551
		705,551
Total commercial mortgage-backed securities (cost \$4,953,103)		4,952,458
Mortgage & agency debt securities 3.72%		
United States 3.72%		
Federal Home Loan Mortgage Corp., ⁷		

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5.000%, due 01/30/14	30,000	30,835
Federal Home Loan Mortgage Corp. Gold Pools, ⁷		
#E01127, 6.500%, due 02/01/17	24,223	25,804
Federal Home Loan Mortgage Corp. REMIC, IO, ⁷		
3.500%, due 10/15/42	2,759,624	621,707
Federal National Mortgage Association Pools, ⁷		
#AE1568, 4.000%, due 09/01/40	452,422	471,554
#688066, 5.500%, due 03/01/33	118,620	132,344
#793666, 5.500%, due 09/01/34	505,484	553,416
#802481, 5.500%, due 11/01/34	102,521	113,032
#596124, 6.000%, due 11/01/28	95,654	106,398
#253824, 7.000%, due 03/01/31	56,593	65,511

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Federal National Mortgage Association REMIC, IO, ⁷		
Series 2013-15, Class IO,		
2.500%, due 03/25/28	4,105,295	482,602
Series 2013-64, Class LI,		
3.000%, due 06/25/33	3,936,324	647,502
Government National Mortgage Association Pools,		