

Avenue Income Credit Strategies Fund
Form N-CSRS
July 02, 2014

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 811-22485

Avenue Income Credit Strategies Fund
(Exact name of registrant as specified in charter)

399 Park Avenue, 6th Floor
New York, NY
(Address of principal executive offices)

10022
(Zip code)

Copy to:

Randolph Takian

Avenue Capital Group

399 Park Avenue, 6th Floor

New York, NY 10022

(212) 878-3500

(Name and address of agent for service)

Stuart Strauss

Dechert LLP

1095 Avenue of the Americas

New York, NY 10036

Registrant's telephone number, including area code: (212) 878-3500

Date of fiscal year end: October 31, 2014

Date of reporting period: April 30, 2014

Item 1. Shareholder Report

Avenue Income Credit Strategies Fund

Manager Commentary

April 30, 2014 (unaudited)

Dear Shareholder,

We are pleased to present the 2014 Semi Annual Report for Avenue Income Credit Strategies Fund (the Fund). The following Manager Commentary covers the six month period ended April 30, 2014.

Fund Objective

The Fund's primary investment objective is to seek a high level of current income with a secondary objective of capital appreciation. Depending on market conditions and the Fund's outlook over time, the Fund seeks to achieve its investment objectives by opportunistically investing primarily in loan and debt instruments (and loan-related or debt-related instruments, including repurchase and reverse repurchase agreements and derivative instruments) of issuers that operate in a variety of industries and geographic regions.

Performance^{1,2,3}

For the six month period ended April 30, 2014, the Fund had a total return of 7.53% based on net asset value, and 7.96% based on market value. The average annual total return from January 27, 2011 (inception) through April 30, 2014, was 8.49% based on net asset value, and 4.50% based on market value. The closing price of the Fund's shares as of April 30, 2014 on the New York Stock Exchange was \$17.65 representing a 7.30% discount to the Fund's net asset value per share of \$19.04.

High Yield Bond and Bank Loan Market Returns for the Period November 1, 2013 to April 30, 2014^{1,4}

The Fund invests across a range of assets. The below indices cover asset classes that Avenue Capital Management II, L.P. (the Adviser) believes are the same as, or similar to, the asset classes to which the Fund's assets are exposed (in whole or in part).

Fund/Index	Return Over the Period 11/1/2013 - 4/30/2014
Avenue Income Credit Strategies Fund (ACP) based on net asset value	7.53%
Avenue Income Credit Strategies Fund (ACP) based on market value	7.96%
Barclays U.S. Corporate High Yield Index (Barclays Index)	4.72%
CS Leveraged Loan Index	2.56%

Factors Affecting Performance

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The Fund posted strong performance over the period as it benefited from security selection across a number of positions within the portfolio. Additionally, the Fund was opportunistic and took advantage of some short-term trading opportunities, including new issuances.

We believe that our approach of analyzing each investment on the merits of issuer, industry and rating has benefitted performance and should continue to allow us to select investments that are likely to be drivers of alpha.

The top 5 issuer contributors, which includes some stressed issuers, were:

Clear Channel Communications Inc., Aquiva Financing No. 2 Ltd., Faenza GMBH, American International Group, Inc. and Connacher Oil and Gas Limited.⁵

The top 5 issuer detractors were:

NII International Telecom S.C.A., iShares iBoxx Investment Grade Corporate Bond (ETF) Short Position, Accellent Inc., Caesars Entertainment Corp. and Lloyds Banking Group PLC.⁶

During the period, the Fund's use of leverage increased from 28.1% to 28.7% as a percentage of Managed Assets or from \$95,000,000 to \$100,000,000.

Avenue Income Credit Strategies Fund

Manager Commentary (continued)

April 30, 2014 (unaudited)

Market Outlook

The credit markets, as measured by the Barclays Index, experienced solid returns during the six month period from capital appreciation and coupon income. The Adviser's outlook for the near to medium term is balanced, leaning towards positive for the global credit markets. While the Adviser focuses the majority of its research on fundamental company and industry analysis, it is also cognizant of the macro risks that could positively or negatively impact the asset classes we invest in and risk assets in general. The following is a summary of the key macro risks we are currently monitoring:

Slower economic growth in the U.S., Europe, China and emerging markets

The impact from the Federal Reserve's continued plan to reduce its quantitative easing program which could finish before year-end

The potential impact from increased equity market volatility

The shadow banking system in China and the potential for more defaults in its largely unregulated environment

Geo-political risks in various areas especially Russia-Ukraine-Crimea and Syria

The possibility of Europe and China undertaking stimulus actions and the probable positive consequences of these actions

Another developing situation we are monitoring is in the bank loan asset class. The asset class, particularly the par loan portion of the asset class, has seen substantial inflows both to bank loan mutual funds and new collateralized loan obligations (CLOs) which totaled nearly \$150 billion in 2013 representing a nearly 120% increase from 2012 levels.⁷ These inflows to bank loan mutual funds continued into 2014 and had an unprecedented 95 consecutive weeks of inflows.⁸ These inflows have resulted in more aggressive new issuances, with more covenant-lite loans now outstanding than with covenants.⁹

The Adviser's investment team will continue working diligently to identify attractive investment opportunities across the performing, stressed universe on a global basis. We appreciate your continued interest and support.

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Avenue Capital Management II, L.P.

June 2014

Alternative investments are speculative and involve substantial risks. It is possible that investors may lose some or all of their investment. An investment in the Fund is not appropriate for all investors, and the Fund is not intended to be a complete investment program.

The views and opinions in the preceding discussion are subject to change. There is no guarantee that any market forecast set forth in the discussion will be realized. This material represents an assessment of the market environment at a specific point in time, should not be relied upon as investment advice and is not intended to predict or depict performance of any investment.

1 Performance data shown represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance data shown. Investment returns and principal value will fluctuate, and when sold, your investment may be worth more or less than its original cost. All returns assume reinvestment of all dividends. The Fund is subject to various fees and expenses which include advisory fees, operating expenses, investment related expenses (including but not limited to interest on borrowings) and extraordinary expenses, and the performance shown above reflects the deduction of such fees and expenses. The performance above reflects fee waivers and/or expense reimbursements made by the Fund's Investment Adviser. Absent such waivers and/or reimbursements, the Fund's returns would be lower.

Avenue Income Credit Strategies Fund

Manager Commentary (continued)

April 30, 2014 (unaudited)

Performance information is not annualized, unless otherwise noted. The Fund commenced operations on January 27, 2011. An independent accountant has not audited, reviewed or compiled the performance results.

2 Includes dilution of approximately \$0.97 to NAV per share resulting from the Fund's transferable rights offering, which expired on May 17, 2013. In connection with such offering, the Fund issued 3,268,518 additional common shares at a subscription price per share below the then-current NAV per share of the Fund.

3 Includes dilution of approximately \$0.94 to NAV per share resulting from the Fund's transferable rights offering, which expired on March 23, 2012. In connection with such offering, the Fund issued 2,450,466 additional common shares at a subscription price per share below the then-current NAV per share of the Fund.

4 Index information was compiled from sources that Avenue Capital Management II, L.P. believes to be reliable. No representation or guarantee is made hereby with respect to the accuracy or completeness of such data. The Barclays U.S. Corporate High Yield Index comprises issues that have at least \$150 million par value outstanding, a maximum credit rating of Ba1 or BB+ (excluding defaulted issues) and at least one year maturity. The CS Leveraged Loan Index is designed to mirror the investible universe of the US dollar denominated leveraged loan market. Investors cannot invest directly in an index, and index performance does not reflect the deduction of any fees or expenses. There are material differences between such indices and the Fund, including without limitation that such indices are unmanaged, broadly-based indices, do not reflect payment of management or brokerage fees and differ in numerous other respects from the portfolio composition of the Fund; as a result, the Fund's investment portfolio is materially different from any given index. Indices include reinvestment of dividends and other income.

5 The top contributors are evaluated on a total profit and loss basis, which includes realized and unrealized market value gains and losses, impact from foreign exchange transactions, and accrued interest. The list of top contributors does not represent all investments held, purchased or sold during the reporting period and is based on the investment adviser's books and records. As of the reporting date of April 30, 2014, the positions listed represented the following percentages of the Fund on a market value basis: Clear Channel Communications Inc. 4.7%, Aquiva Financing No. 2 Ltd. 2.6%, Faenza GMBH 3.7%, American International Group, Inc. 3.6% and Connacher Oil and Gas Limited 1.4%.

6 The top detractors are evaluated on a total profit and loss basis, which includes realized and unrealized market value gains and losses, impact from foreign exchange transactions, and accrued interest. The list of top detractors does not represent all investments held, purchased or sold during the reporting period and is based on the investment adviser's books and records. As of the reporting date of April 30, 2014, the positions listed represented the following percentages of the Fund on a market value basis: NII International Telecom S.C.A. 0.0%, iShares iBoxx Investment Grade Corporate Bond -4.1%, Accellent Inc. 1.7%, Caesars Entertainment Corp. 4.0% and Lloyds Banking Group PLC 0.0%

7 J.P. Morgan, Credit Strategy Weekly Update, April 11, 2014.

8 J.P. Morgan, Credit Strategy Weekly Update, April 11, 2014.

9 S&P Capital IQ, LCD Quarterly Review, First Quarter 2014.

Avenue Income Credit Strategies Fund

Financial Data(a)

April 30, 2014 (unaudited)

Security Type(b)

Ratings(c)

Geographic Allocation(d)

Top Five Industries(f)

Top 10 Largest Holdings(g)

1	Clear Channel Communications Inc.	3.3%
2	Halcon Resources LLC	2.9%
3	Caesars Entertainment Corp.	2.9%
4	CHC Helicopter SA	2.7%
5	Faenza GMBH	2.7%
6	Navios Maritime Holdings	2.6%
7	American International Group, Inc.	2.6%
8	Chassix	2.5%
9	Hercules Offshore LLC	2.3%
10	K Hovnanian Enterprises Inc.	2.3%
Total Top 10:		26.8%

(a) Holdings are subject to change without notice. Calculated as a percent of net assets as of the date of this document. Where applicable, percentages may not add to 100% due to rounding.

(b) Security Type, as defined by Avenue Capital Management II, L.P. (the Investment Adviser), is sourced from Bloomberg as well as developed via internal classifications.

(c) Ratings information represent Standard & Poor's ratings on instruments in the portfolio. Ratings are provided for informational purposes only and may change over time. Standard & Poor's rates securities from AAA (highest quality) to C (lowest quality), and D to indicate securities in default. BB and below are considered below investment grade securities. Greater risk, such as increased volatility, limited liquidity, prepayment, non-payment and increased default risk, is inherent in portfolios that invest in high yield (junk) bonds. The Fund may invest all or a substantial portion of its assets in below investment grade securities which are often referred to as high yield or junk securities.

(d) The geographic allocation is based on where the Investment Adviser believes the country of risk to be. Country of risk is the country where the majority of the company's operations are based or where it is headquartered. Investment in non-U.S. securities is subject to the risk of currency fluctuations and to economic and political risks associated with such foreign countries.

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- (e) Cash and Cash Equivalents includes cash as well as other non-investment asset and liabilities (net), excluding borrowings under credit facilities.
- (f) Industries are represented using GICS classifications.
- (g) The holdings of the Fund are calculated based on Issuer as opposed to Issue. The number of Issues the Fund owns will be significantly higher than the number of Issuers set forth herein.

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Avenue Income Credit Strategies Fund

Schedule of Investments

April 30, 2014 (unaudited)

Security Description	Coupon	Maturity	Principal Amount (000)	Value
CORPORATE BONDS & NOTES 111.2%				
Aerospace & Defense 1.7%				
Accudyne Industries Borrower / Accudyne Industries LLC (a)	7.75%	12/15/2020	\$ 3,800	\$ 4,123,000
Airlines 2.6%				
US Airways 2000-3C Pass Through Trust	8.39%	3/1/2022	5,163	5,627,417
US Airways 2011-1 Pass Through Trust	10.88%	10/22/2014	757	781,325
				6,408,742
Auto Components 3.9%				
Chassis Holdings, PIK (a)	10.00%	12/15/2018	2,490	2,577,150
Chassis, Inc. (a)	9.25%	8/1/2018	5,600	6,069,000
Stackpole International Intermediate Co. SA (a)	7.75%	10/15/2021	925	989,750
				9,635,900
Chemicals 2.1%				
Perstorp Holding AB (a)	8.75%	5/15/2017	4,825	5,162,750
Commercial Banks 1.8%				
Royal Bank of Scotland Group PLC	7.65%	(b)	4,000	4,400,000
Communications Equipment 5.0%				
Alcatel-Lucent USA, Inc. (a)	8.88%	1/1/2020	3,195	3,594,375
Aspect Software, Inc.	10.63%	5/15/2017	2,925	3,089,531
Avaya, Inc.:				
	9.00%	4/1/2019(a)	3,700	3,820,250
	10.50%	3/1/2021(a)	2,199	2,001,090
				12,505,246
Computers & Peripherals 0.8%				
Oberthur Technologies Holding SAS (a)	9.25%	4/30/2020	EUR 1,357	2,091,944
Construction Materials 5.5%				
CeramTec Group GmbH (a)	8.25%	8/15/2021	6,100	9,287,957
US Concrete, Inc. (a)	8.50%	12/1/2018	\$ 4,105	4,443,662
				13,731,619
Consumer Finance 1.8%				
Springleaf Finance Corp.	6.90%	12/15/2017	4,000	4,390,000
Diversified Telecommunication Services 2.2%				
Avanti Communications Group PLC (a)	10.00%	10/1/2019	4,132	4,441,900
Wind Acquisition Finance SA (a)	7.38%	4/23/2021	950	976,125
				5,418,025
Electric Utilities 1.7%				
Energy Future Intermediate Holding Corp. (a)	12.25%	3/1/2022(a)	3,655	4,349,450
Energy Equipment & Services 12.4%				
CHC Helicopter SA	9.38%	6/1/2021	9,050	9,366,750
Globe Luxembourg SCA (a)	9.63%	5/1/2018	7,150	7,811,375
Hercules Offshore, Inc.:				
	6.75%	4/1/2022(a)	817	790,448
	8.75%	7/15/2021(a)	5,015	5,403,662
	10.25%	4/1/2019(a)	1,710	1,910,925
Tervita Corp.:				
	8.00%	11/15/2018(a)	2,725	2,752,250
	9.00%	11/15/2018(a)	CAD 1,500	1,368,551
	10.88%	2/15/2018(a)	\$ 1,680	1,591,800
				30,995,761
Health Care Equipment & Supplies 2.1%				
ConvaTec Finance International SA PIK (a)	8.25%	1/15/2019	5,000	5,112,500

See Accompanying Notes to Financial Statements.

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Avenue Income Credit Strategies Fund

Schedule of Investments (continued)

April 30, 2014 (unaudited)

Security Description	Coupon	Maturity	Principal Amount (000)	Value
Health Care Providers & Services 6.2%				
HCA, Inc.:				
	7.05%	12/1/2027	\$ 745	\$ 741,275
	7.50%	11/6/2033	120	123,000
	7.58%	9/15/2025	555	585,525
	7.69%	6/15/2025	900	958,500
	7.75%	7/15/2036	525	535,500
Priory Group Ltd. (a)	7.00%	2/15/2018	GBP 3,500	6,234,414
Tenet Healthcare Corp.:				
	6.88%	11/15/2031	\$ 2,475	2,298,656
	8.00%	8/1/2020	3,000	3,262,500
	8.13%	4/1/2022	525	582,750
				15,322,120
Hotels, Restaurants & Leisure 9.3%				
Boyd Gaming Corp.	9.00%	7/1/2020	1,946	2,150,330
Caesars Entertainment Operating Co, Inc.:				
	9.00%	2/15/2020	6,215	5,422,587
	11.25%	6/1/2017	4,750	4,536,250
Gala Electric Casinos PLC:				
	11.50%	6/1/2019	GBP 1,385	2,527,659
	11.50%	6/1/2019(a)	1,800	3,285,044
SNAI SpA:				
	7.63%	6/15/2018(a)	EUR 350	521,383
	12.00%	12/15/2018(a)	350	557,214
The Unique Pub Finance Co. PLC	5.66%	6/30/2027	GBP 2,382	4,032,490
				23,032,957
Household Durables 3.2%				
K Hovnanian Enterprises, Inc.:				
	7.00%	1/15/2019(a)	\$ 240	245,400
	9.13%	11/15/2020(a)	7,000	7,822,500
				8,067,900
Independent Power Producers & Energy Traders 1.3%				
Illinois Power Generating Co.:				
	6.30%	4/1/2020	981	841,207
	7.00%	4/15/2018	1,350	1,228,500
	7.95%	6/1/2032	1,450	1,243,375
				3,313,082
Insurance 3.6%				
American International Group, Inc.:				
	8.00%	5/22/2068(a)	EUR 3,000	4,932,027
	8.18%	5/15/2068	\$ 3,000	4,012,500
				8,944,527
Machinery 2.5%				
Emeco Pty Ltd (a)	9.88%	3/15/2019	4,126	4,270,410
Waterjet Holdings, Inc. (a)	7.63%	2/1/2020	1,840	1,959,600
				6,230,010
Marine 4.8%				
Global Ship Lease, Inc. (a)	10.00%	4/1/2019	2,606	2,723,270
Navios Maritime Acquisition Corp. / Navios Acquisition Finance US, Inc. (a)	8.13%	11/15/2021	2,780	2,898,150
Navios Maritime Holdings, Inc. / Navios Maritime Finance II US, Inc.:				
	7.38%	1/15/2022(a)	1,046	1,056,460

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8.13%

2/15/2019

5,127

5,203,905
11,881,785

See Accompanying Notes to Financial Statements.

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Avenue Income Credit Strategies Fund

Schedule of Investments (continued)

April 30, 2014 (unaudited)

Security Description	Coupon	Maturity	Principal Amount (000)	Value
Media 10.6%				
Altice SA (a)	7.75%	5/15/2022	\$ 1,835	\$ 1,912,988
Clear Channel Communications, Inc.:				
	11.25%	3/1/2021	8,610	9,697,012
	14.00%	2/1/2021	1,853	1,899,325
Clear Channel Worldwide Holdings, Inc.	7.63%	3/15/2020	3,500	3,771,250
Gibson Brands, Inc. (a)	8.88%	8/1/2018	2,875	3,051,094
Univision Communications, Inc.:				
	7.88%	11/1/2020(a)	3,000	3,296,250
	8.50%	5/15/2021(a)	2,500	2,750,000
				26,377,919
Metals & Mining 2.1%				
Schmolz + Bickenbach Luxembourg SA (a)	9.88%	5/15/2019	EUR 2,268	3,546,971
Wise Metals Group LLC / Wise Alloys Finance Corp. (a)	8.75%	12/15/2018	\$ 820	869,200
Wise Metals Intermediate Holdings LLC/Wise Holdings Finance Corp. (a)	9.75%	6/15/2019	930	925,350
				5,341,521
Multiline Retail 2.8%				
JC Penney Corp, Inc.	5.65%	6/1/2020	7,650	6,139,125
The Neiman Marcus Group, Inc.:				
	8.00%	10/15/2021(a)	150	164,250
	8.75%	10/15/2021(a)	645	712,725
				7,016,100
Oil, Gas & Consumable Fuels 7.4%				
Connacher Oil and Gas Ltd. (a)	8.50%	8/1/2019	4,000	3,380,000
Halcon Resources Corp.:				
	8.88%	5/15/2021	6,300	6,528,375
	9.25%	2/15/2022(a)	3,458	3,630,900
Midstates Petroleum Co, Inc. / Midstates Petroleum Co. LLC	10.75%	10/1/2020	1,612	1,738,945
Penn Virginia Resource Partners LP / Penn Virginia Resource Finance Corp.	8.38%	6/1/2020	1,575	1,779,750
Westmoreland Coal Company (a)	10.75%	2/1/2018	1,360	1,479,000
				18,536,970
Personal Products 2.6%				
Ontex IV (a)	7.50%	4/15/2018	EUR 4,560	6,587,273
Pharmaceuticals 0.2%				
Pinnacle Merger Sub, Inc. (a)	9.50%	10/1/2023	\$ 400	442,000
Road & Rail 2.5%				
Jack Cooper Holdings Corp. (a)	9.25%	6/1/2020	5,675	6,270,875
Software 4.1%				
BMC Software Finance, Inc. (a)	8.13%	7/15/2021	937	981,508
Boxer Parent Co, Inc. PIK(a)	9.00%	10/15/2019	5,659	5,545,820
Infor US, Inc.	9.38%	4/1/2019	3,250	3,648,125
				10,175,453
Specialty Retail 1.8%				
CDW LLC / CDW Finance Corp.	8.50%	4/1/2019	2,500	2,734,375
Matalan Finance PLC	9.63%	3/31/2017	GBP 975	1,658,536
				4,392,911
Wireless Telecommunication Services 2.6%				
Arqiva Broadcast Finance PLC (a)	9.50%	3/31/2020	GBP 3,375	6,524,608
TOTAL CORPORATE BONDS & NOTES (Cost \$258,892,358)				276,782,948

See Accompanying Notes to Financial Statements.

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Avenue Income Credit Strategies Fund

Schedule of Investments (continued)

April 30, 2014 (unaudited)

Security Description	Coupon	Maturity	Principal Amount (000)	Value
SENIOR LOANS 21.9% (c)				
Containers & Packaging 2.6%				
Clondalkin Aquisition B. V. 2nd Lien Term Loan (d)(e)	10.00%	11/30/2020	\$ 6,600	\$ 6,600,000
Diversified Telecommunication Services 2.5%				
Tyrol Acquisitions 2 SAS 2nd Lien Term Loan PIK (d)	4.52%	7/28/2016	EUR 4,803	6,184,292
Electric Utilities 2.4%				
Astoria Generating Company Acquisitions Term Loan (d)	8.50%	10/26/2017	\$ 1,925	1,982,750
La Paloma Generating Co., LLC 2020 2nd Lien Term Loan	9.25%	2/20/2020	4,000	3,893,320
				5,876,070
Energy Equipment & Services 2.1%				
Stallion Oilfield Services, Ltd. Term Loan B (d)	8.00%	6/19/2018	5,073	5,172,205
Food Products 1.7%				
Cucina Acquisition Limited 2nd Lien Term Loan D, PIK (d)	3.74%	3/12/2017	GBP 2,550	4,153,508
Health Care Equipment & Supplies 1.7%				
Accellent, Inc. Second Lien (d)	7.50%	3/11/2022	\$ 4,300	4,235,500
Household Products 2.3%				
KIK Custom Products, Inc. 2nd Lien Term Loan (d)	9.50%	10/29/2019	5,680	5,736,800
Insurance 1.3%				
Asurion 2nd Lien Term Loan (d)	8.50%	3/3/2021	3,200	3,284,000
Media 2.1%				
Img Worldwide Inc. 2nd Lien Term Loan (d)	8.25%	5/6/2022	5,157	5,195,678
Oil, Gas & Consumable Fuels 2.8%				
Bennu Oil & Gas LLC Replacement Loans (d)	8.75%	11/1/2018	5,403	5,416,451
Southern Pac Resource Corp. First Lien (d)	11.00%	3/31/2019	1,530	1,526,175
				6,942,626
Software 0.4%				
Applied Systems, Inc. 2nd Lien Term Loan (d)	7.50%	1/23/2022	997	1,006,566
TOTAL SENIOR LOANS (Cost \$53,480,237)				54,387,245
CONVERTIBLE BONDS 2.6%				
Commercial Banks 0.1%				
Barclays PLC	8.00%	(b)	EUR 255	376,774
Machinery 0.7%				
Meritor, Inc.	7.88%	3/1/2026	1,045	1,590,359
Thriffs & Mortgage Finance 1.8%				
MGIC Investment Corp. (a)	9.00%	4/1/2063	3,625	4,567,500
TOTAL CONVERTIBLE BONDS (Cost \$5,438,443)				6,534,633
MUNICIPAL BONDS 0.5%				
Commonwealth of Puerto Rico	8.00%	7/1/2035	\$ 1,300	1,205,360
TOTAL MUNICIPAL BONDS (Cost \$1,219,918)				1,205,360
TOTAL LONG-TERM INVESTMENTS 136.2% (Cost \$319,030,956)				338,910,186

See Accompanying Notes to Financial Statements.

Avenue Income Credit Strategies Fund

Schedule of Investments (continued)

April 30, 2014 (unaudited)

Security Description	Principal Amount (000)	Value
SHORT-TERM INVESTMENTS 3.4%		
REPURCHASE AGREEMENT 3.4%		
State Street Repurchase Agreement, dated 4/30/14, due 5/1/14 at 0.01%, collateralized by Federal National Mortgage Association obligations maturing 11/1/2027 market value \$8,866,497 (repurchase proceeds \$8,511,673)	\$ 8,512	\$ 8,511,673
TOTAL SHORT-TERM INVESTMENTS 3.4% (Cost \$8,511,673)		8,511,673
TOTAL INVESTMENTS 139.6% (Cost \$327,542,629)		347,421,859
	Shares	
EQUITY SOLD SHORT (4.1)%		
Index (4.1)%		
iShares iBoxx Investment Grade Corporate Bond ETF	(85,969)	(10,157,237)
TOTAL EQUITY SOLD SHORT (4.1)% (Proceeds \$9,784,804)		(10,157,237)
OTHER ASSETS & LIABILITIES (35.5)%		(88,310,396)
NET ASSETS 100.0%		\$248,954,226

Percentages are calculated as a percentage of net assets as of April 30, 2014.

(a) Securities exempt from registration under Rule 144a of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, to Qualified Institutional Investors as defined in Rule 144a promulgated under the Securities Act of 1933, as amended.

(b) Perpetual Maturity.

(c) Interest rates on Senior Loans may be fixed or may float periodically. On floating rate Senior Loans, the interest rates typically are adjusted based on a base rate plus a premium or spread over the base rate. The base rate usually is a standard inter-bank offered rate, such as a LIBOR, the prime rate offered by one or more major U.S. banks, or the certificate of deposit rate or other base lending rates used by commercial lenders. Floating rate Senior Loans adjust over different time periods, including daily, monthly, quarterly, semi-annually or annually.

(d) Variable Rate Security. Rate shown is rate in effect at April 30, 2014.

(e) For fair value measurement disclosure purposes, security is categorized as Level 3.

PIK Payment in Kind

PLC Public Limited Company

SCA Societe en Commandite par Actions

See Accompanying Notes to Financial Statements.

Avenue Income Credit Strategies Fund

Schedule of Investments (continued)

April 30, 2014 (unaudited)

Geographic Allocation of Investments:

Country	Percentage of Net Assets	Value
United States (Includes Short-Term Investments)	81.5%	\$202,852,508
United Kingdom	19.3	48,169,578
Canada	7.0	17,345,326
France	4.8	11,870,611
Luxembourg	4.5	11,148,488
Norway	3.8	9,366,750
Germany	3.7	9,287,957
Greece	3.7	9,158,515
Netherlands	2.7	6,600,000
Belgium	2.6	6,587,273
Sweden	2.1	5,162,750
Australia	1.7	4,270,410
Switzerland	1.4	3,546,971
Italy	0.8	2,054,722
Total Investments	139.6%	\$347,421,859
United States (securities sold short)	(4.1)%	\$ (10,157,237)
Total Securities Sold Short	(4.1)%	\$ (10,157,237)

The geographic allocation is based on where Avenue Capital Management II L.P., the Investment Adviser, believes the country of risk to be. Country of risk is traditionally the country where the majority of the company's operations are based or where it is headquartered.

Forward Foreign Currency Contracts:

Settlement Date	Amount	Value	In Exchange for U.S. \$	Net Unrealized Appreciation (Depreciation)	Counterparty
Forward Foreign Currency Contracts to Buy:					
05/07/2014	CAD	1,578,375	\$ 1,439,855	\$ 9,287	State Street Bank and Trust Co.
05/07/2014	EUR	23,271,167	32,285,088	44,515	State Street Bank and Trust Co.
05/07/2014	EUR	247,746	343,709	2,731	State Street Bank and Trust Co.
05/07/2014	EUR	680,812	944,519	519	State Street Bank and Trust Co.

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05/07/2014	EUR	2,798,278	3,882,171	3,891,201	(9,030)	State Street Bank and Trust Co.
05/07/2014	EUR	1,729,361	2,399,217	2,403,072	(3,855)	State Street Bank and Trust Co.
05/07/2014	GBP	16,506,727	27,868,852	27,745,992		