

GLOBAL HIGH INCOME FUND INC  
Form N-CSR  
January 09, 2013

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: 811-07540

Global High Income Fund Inc.

(Exact name of registrant as specified in charter)

1285 Avenue of the Americas, New York, New York 10019-6028

(Address of principal executive offices) (Zip code)

Mark F. Kemper, Esq.  
UBS Global Asset Management  
1285 Avenue of the Americas  
New York, NY 10019-6028  
(Name and address of agent for service)

Copy to:  
Jack W. Murphy, Esq.  
Dechert LLP  
1775 I Street, N.W.  
Washington, DC 20006-2401

Registrant's telephone number, including area code: 212-821 3000

Date of fiscal year end: October 31

Date of reporting period: October 31, 2012

---

**Item 1. Reports to Stockholders.**

Closed-end Funds

Global High Income Fund Inc.

Annual Report

October 31, 2012

**Global High Income Fund Inc.:**  
**Managed distribution policy key points to note**

- The Fund has a managed distribution policy. Effective June 2012, the Fund makes regular monthly distributions at an annualized rate equal to 7% of the Fund's net asset value, as determined as of the last trading day during the first week of a month (usually a Friday, unless the NYSE is closed that day). (From August 2009 through the monthly distribution for May 2012, the annualized rate had been 8%.)
  - To the extent that the Fund's taxable income in any fiscal year exceeds the aggregate amount distributed based on a fixed percentage of its net asset value, the Fund would make an additional distribution in the amount of that excess near the end of the fiscal year. To the extent that the aggregate amount distributed by the Fund (based on a percentage of its net assets) exceeds its current and accumulated earnings and profits, the amount of that excess would constitute a return of capital or net realized capital gains for tax purposes. A return of capital may occur, for example, when some or all of the money that shareholders invested in the Fund is deemed to be paid back to shareholders. A return of capital distribution does not necessarily reflect the Fund's investment performance and should not be confused with yield or income.
  - You should not draw any conclusions about the Fund's investment performance from the amount of the monthly distribution or from the terms of the Fund's managed distribution policy.
  - The Fund periodically issues notices and press releases estimating the source characteristics of its monthly distributions. The estimated amounts and sources reported in these materials are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for accounting and tax reporting purposes will depend upon the Fund's investment experience during the remainder of its fiscal year and may be subject to changes based on tax regulations. The Fund will send you a Form 1099-DIV (or your financial intermediary should provide you with similar information) for the calendar year that will tell you how to report these distributions for federal income tax purposes.
  - The Fund's Board may change or terminate the managed distribution policy at any time without prior notice to Fund shareholders; any such change or termination may have an adverse effect on the market price for the Fund's shares.
  - Further information regarding the Fund's managed distribution policy is contained in the section captioned "Distribution policy" towards the end of this report.
-

## Global High Income Fund Inc.

December 14, 2012

### **Dear shareholder,**

We present you with the annual report for Global High Income Fund Inc. (the Fund) for the 12 months ended October 31, 2012.

### **Performance**

During the 12 months ended October 31, 2012, the Fund returned 11.53% on a net asset value (NAV) basis, and 9.79% on a market price basis. Over the same period, the median for the Fund's Lipper Emerging Markets Debt Funds peer group returned 13.19% on a NAV basis and 18.22% on a market price basis. In comparison, the Fund's benchmark, the Global High Income Fund Index (the Index), returned 11.81%. (For more performance information, including a description of the Index, please refer to Performance at a glance on page 5.)

The Fund did not use structural leverage during the reporting period. This means the Fund did not have preferred stock outstanding or borrow from banks for investment purposes, as some of its peers may have done. Leverage magnifies returns on both the upside and on the downside, and creates a wider range of returns within the Fund's peer group.

The Fund traded at both a discount and a premium to its NAV during the period. The Fund began the period trading at a discount, and then shifted to trading at a premium to its NAV from January through April 2012. The Fund traded at a discount to its NAV for the remainder of the period. On the last trading day of the preceding fiscal year, October 31, 2011, the Fund traded at a discount of 3.6%. At the close of the current fiscal period, October 31, 2012, the Fund traded at a discount of 5.3%. As of the same dates, the Lipper peer group medians reported discounts of 8.5% and 5.1%, respectively.

### **Global High Income Fund Inc.**

#### **Investment goals:**

Primarily, high level of current income; secondarily, capital appreciation

#### **Portfolio management:**

Portfolio management team, including Uwe Schillhorn  
UBS Global Asset Management (Americas) Inc.

#### **Commencement:**

October 8, 1993

#### **NYSE symbol:**

GHI

#### **Distribution payments:**

Monthly

A fund trades at a premium when the market price at which its shares trade is more than its NAV per share. Alternatively, a fund trades at a discount when the market price at which its shares trade is less than its NAV per share. The market price is the price the market is willing to pay for shares of a fund at a given time, and may be influenced by a range of factors, including supply and demand and market conditions. NAV per share is determined by dividing the value of the Fund's securities, cash and other assets, less all liabilities, by the total number of common shares outstanding.

**An interview with Portfolio Manager Uwe Schillhorn**

**Q. How did emerging markets debt perform over the reporting period?**

A. The emerging markets debt asset class generated very strong results during the 12 month reporting period. The asset class was supported by generally robust demand from investors looking to generate incremental yield in the low interest rate environment. Although economic growth in emerging markets countries moderated during the reporting period, it remained significantly higher than in most developed economies. In addition, investor sentiment was buoyed late in the period as the US Federal Reserve Board ( the Fed ), the European Central Bank and the Bank of Japan all introduced new policy accommodation programs to help stimulate growth. While there were periods of weakness in the asset class, typically triggered by macro issues such as the European sovereign debt crisis, concerns about China's economy and the US November elections, these setbacks proved to be only temporary.

1

---

## Global High Income Fund Inc.

During the 12 months ended October 31, 2012, US dollar-denominated emerging markets debt, as measured by the JP Morgan Emerging Markets Bond Index Global (EMBI Global), posted a return of 16.33%. Local market investments (emerging markets debt denominated in the currency of the issuer) returned 7.25%, as measured by the JP Morgan Government Bond Index-Emerging Markets Global Diversified (GBI-EM Global Diversified). We believe local markets' relative underperformance was not driven by fundamental issues, but rather by stronger demand for US dollar-denominated emerging markets debt, especially during periods of market volatility.

### **Q. The Fund underperformed its benchmark during the period. What factors negatively impacted its performance?**

A. The following strategies detracted from performance during the reporting period.

- **Our overweight to local currencies was not rewarded.** We maintained the Fund's longstanding overweight to local currencies during the fiscal year. This detracted from results as local currencies underperformed US dollar-denominated emerging markets debt. For example, overweights to the Brazilian real, the Indian rupee and Indonesian rupiah were detrimental to the Fund's performance.
- **An overweight to Argentine US dollar-denominated debt was negative.** While our overweight to Argentina was beneficial at times, overall, it was a large detractor from performance. In particular, debt issued by the country sold off in April 2012 when the government renationalized Argentina's oil company. Another sharp decline occurred late in the fiscal year when a court ruled that Argentina must distribute roughly \$1.33 billion to bondholders when it repays its debts stemming from its 2001 default. Investment sentiment soured given the uncertainties associated with the ruling and whether Argentina would abide by the court's decision.
- **Underweights to certain countries' US dollar-denominated debt was a drag on results.** In particular, underweights to higher quality countries such as Peru, Colombia and Brazil detracted from performance as they generated strong results given generally robust demand.

### **Q. What factors positively impacted the Fund's performance during the period?**

A. The following strategies were positive contributors to performance during the reporting period.

- **An overweight to Brazilian long duration local bonds aided results.** The Fund was rewarded for having an overweight position in long duration local bonds issued by Brazil, as their yields moved lower and their prices rose. Investor sentiment for the country was supported by central bank rate cuts that were initiated to stimulate growth. In addition, inflation in Brazil stabilized.
- **The Fund's exposure to long duration local bonds from Mexico was beneficial.** Demand for this debt was strong overall given the attractive yields and the country's relatively stable local currency.
- **An overweight to US dollar-denominated sovereign debt from several countries was additive for results.** In particular, the Fund's overweight to higher yielding debt from countries such as Belarus and Sri Lanka contributed to performance as robust demand caused their spreads<sup>1</sup> to narrow and return to more expected levels.

<sup>1</sup> Spread is the difference between the yields paid on a government bond (such as US Treasuries) and a security of a different quality, but with the same or similar maturity. When spreads widen, it implies the market is factoring in greater risk of default for the lower rated security; conversely, when spreads tighten, the market is factoring in less risk. Such movements in spreads generally result in changes in market prices for such securities.

Global High Income Fund Inc.

- **Favoring certain quasi-sovereign bonds<sup>2</sup> was a positive contributor.** In a number of instances, we chose to invest in quasi-sovereigns versus their government sovereign counterparts. In particular, the Fund benefited from owning quasi-sovereigns in Russia, the Philippines and the United Arab Emirates, as they offered superior yields, yet comparable risk versus their government sovereign debt.

**Q. Were there any significant adjustments to the Fund's positioning during the reporting period?**

A. Several adjustments were made to the portfolio during the reporting period. The emerging markets debt asset class declined early in the period given a host of macro issues. With valuations becoming more attractive, we increased the Fund's overall risk exposure and benefited from the strong rally that occurred at the beginning of 2012. We then pared the Fund's risk exposure which helped performance when the asset class declined in May. We again added to the Fund's risk exposure, due to more compelling valuations, and were rewarded given the sharp rally that took place in July and August. Toward the end of the period, we reduced the Fund's risk exposure as valuations looked less attractive. In addition, concerns about a number of macro issues impacted investor sentiment.

**Q. What derivative instruments had the greatest impact on Fund performance during the reporting period?**

A. Currency forwards and currency options to manage the Fund's overall currency exposure were among the most commonly utilized instruments. (A currency forward is an agreement between two parties to exchange a certain amount in currencies at a certain rate at a future date.) Despite risk reduction through the use of foreign exchange derivatives, elevated market volatility led to higher losses for overweight currency positions versus gains on hedged currency positions. As a result, overall currency strategy negatively contributed to relative performance.

The Fund also used credit default swaps (a type of credit derivative) and structured notes to adjust the Fund's exposure to the debt of certain emerging markets countries, such as Argentina. Whereas credit default swaps were generally used to adjust the Fund's US dollar-denominated debt exposure, structured notes were employed almost exclusively to gain access to various local markets. The Fund's overall management of its US dollar-denominated assets, including derivatives, posted a nearly neutral contribution to performance. At the same time, some country allocation and management of local currency assets detracted from performance.

A separate discussion providing an update on the Fund's expanded use of derivatives appears in the General Information portion of this report further below under the caption Update regarding the use of derivatives by the Fund.

**Q. What is your outlook for the emerging markets debt asset class?**

A. We maintain our positive long-term outlook for the emerging markets debt asset class. However, given a number of unresolved macro issues, including the approaching fiscal cliff in the US, the ongoing European sovereign debt crisis and slowing growth in most developed countries, we could see periods of volatility in the coming months. Therefore, as discussed, we recently reduced certain holdings to capture profits and reduce the Fund's overall risk exposure. Should spreads widen from current levels, we would look to add to our risk exposure.

We have maintained our local currency exposure, although we have become more cautious in terms of local duration exposure given our outlook for 2013. Exceptions are our long duration exposures in Brazil, Mexico and India, based on country-specific events

Edgar Filing: GLOBAL HIGH INCOME FUND INC - Form N-CSR

and opportunities. Looking ahead, we believe the gap between growth rates between emerging and developed countries will remain in place in 2013. We feel this should be supportive for the emerging markets debt asset class over the long-term.

<sup>2</sup> Debt issued by an agency that has government backing. This distinguishes this type of debt from sovereign debt, which is issued directly by a government.



Global High Income Fund Inc.

We thank you for your continued support and welcome any comments or questions you may have. For additional information regarding your fund, please contact your financial advisor, or visit us at [www.ubs.com/globalam-us](http://www.ubs.com/globalam-us).

Sincerely,

Mark E. Carver  
*President*  
Global High Income Fund Inc.  
*Managing Director*  
UBS Global Asset Management  
(Americas) Inc.

Uwe Schillhorn, CFA  
*Portfolio Management Team Member*  
Global High Income Fund Inc.  
*Managing Director*  
UBS Global Asset Management  
(Americas) Inc.

*This letter is intended to assist shareholders in understanding how the Fund performed during the year ended October 31, 2012. The views and opinions in the letter were current as of December 14, 2012. They are not guarantees of future performance or investment results and should not be taken as investment advice. Investment decisions reflect a variety of factors, and we reserve the right to change our views about individual securities, sectors and markets at any time. As a result, the views expressed should not be relied upon as a forecast of the Fund's future investment intent. We encourage you to consult your financial advisor regarding your personal investment program.*

## Global High Income Fund Inc.

**Performance at a glance (unaudited)**

Average annual total returns for periods ended 10/31/12

<b>Net asset value returns</b>	<b>1 year</b>	<b>5 years</b>	<b>10 years</b>
Global High Income Fund Inc.	11.53%	7.50%	11.56%
Lipper Emerging Markets Debt Funds median	13.19	8.89	12.75
<b>Market price returns</b>			
Global High Income Fund Inc.	9.79%	8.03%	10.85%
Lipper Emerging Markets Debt Funds median	18.22	12.45	13.94
<b>Index returns</b>			
Global High Income Fund Index <sup>1</sup>	11.81%	9.15%	12.00%
J.P. Morgan Emerging Markets Bond Index Global (EMBI Global) <sup>2</sup>	16.33	9.98	11.94

**Past performance does not predict future performance. The return and value of an investment will fluctuate so that an investor's shares, when sold, may be worth more or less than their original cost. The Fund's net asset value (NAV) returns assume, for illustration only, that dividends and other distributions, if any, were reinvested at the NAV on the payable dates. The Fund's market price returns assume that all dividends and other distributions, if any, were reinvested at prices obtained under the Fund's Dividend Reinvestment Plan. Returns do not reflect the deduction of taxes that a shareholder would pay on Fund dividends and other distributions, if any, or on the sale of Fund shares.**

<sup>1</sup> The Global High Income Fund Index is an unmanaged index compiled by UBS Global Asset Management (Americas) Inc. constructed as follows: from the Fund's inception until 12/31/93: 100% J.P. Morgan Emerging Markets Bond Index (EMBI); from 01/01/94 to 11/05/06: 100% J.P. Morgan Emerging Markets Bond Index Global (EMBI Global); from 11/06/06 to 03/31/08: 70% J.P. Morgan Emerging Markets Bond Index Global (EMBI Global) and 30% J.P. Morgan Government Bond Index-Emerging Markets Diversified (GBI-EM Diversified); from 04/01/08 to 05/31/08: 50% J.P. Morgan Emerging Markets Bond Index Global (EMBI Global) and 50% J.P. Morgan Government Bond Index-Emerging Markets Diversified (GBI-EM Diversified); from 06/01/08 to Present: 50% J.P. Morgan Emerging Markets Bond Index Global (EMBI Global) and 50% J.P. Morgan Government Bond Index-Emerging Markets Global Diversified (GBI-EM Global Diversified). Investors should note that indices do not reflect the deduction of fees and expenses.

<sup>2</sup> The J.P. Morgan Emerging Markets Bond Index Global (EMBI Global) is an unmanaged index which is designed to track total returns for US-dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans and Eurobonds. Investors should note that indices do not reflect the deduction of fees and expenses.

Lipper peer group data calculated by Lipper Inc.; used with permission. The Lipper median is the return of the fund that places in the middle of the peer group. Lipper classifies the Fund in its Emerging Market Debt Fund category, which includes both leveraged and non-leveraged closed-end funds that seek either current income or total return by investing at least 65% of total assets in emerging market debt securities.

## Global High Income Fund Inc.

## Portfolio statistics (unaudited)

Characteristics <sup>1</sup>	10/31/12	04/30/12	10/31/11
Net asset value	\$13.45	\$13.16	\$13.00
Market price	\$12.74	\$13.04	\$12.54
12-month dividends/distributions	\$0.9889	\$1.0600	\$1.4033
Monthly dividend/distribution at period-end	\$0.0792	\$0.0867	\$0.0833
Net assets (mm)	\$290.4	\$284.2	\$280.8
Weighted average maturity (yrs.)	11.2	11.5	11.4
Modified duration (yrs.) <sup>2</sup>	7.2	7.0	6.9

Currency exposure <sup>3</sup>	10/31/12	04/30/12	10/31/11
US dollar denominated	36.4%	44.9%	50.3%
Foreign denominated	63.6	55.1	49.7
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Top ten countries (bond holdings) <sup>4</sup>	10/31/12	04/30/12	10/31/11
Brazil	12.1%	Brazil 11.8%	Brazil 12.5%
Russia	7.7	South Africa 6.9	South Africa 8.5
Indonesia	7.2	Turkey 5.5	Indonesia 7.1
Turkey	6.1	Indonesia 5.5	Mexico 7.1
Mexico	5.5	Russia 5.4	Russia 6.9
Venezuela	5.3	Mexico 5.4	Venezuela 5.1
India	5.0	Venezuela 5.3	Turkey 4.9
South Africa	4.9	Malaysia 4.7	Malaysia 4.8
Peru	3.4	Peru 3.2	Argentina 4.2
Poland	2.8	China 3.0	Peru 3.0
	<b>60.0%</b>	<b>56.7%</b>	<b>64.1%</b>

Credit quality <sup>5</sup>	10/31/12	04/30/12	10/30/11
AA	2.6%	3.4%	0.9%
A	7.9	12.2	12.5
BBB	19.6	19.7	17.9
BB	13.8	12.7	10.7
B	10.4	10.3	11.9
CC			0.2
Non-rated	39.7	37.0	39.4
Cash equivalents	3.8	4.6	5.9
Other assets less liabilities	2.2	0.1	0.6
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

<sup>1</sup> Prices and other characteristics will vary over time.

<sup>2</sup> Duration is a measure of price sensitivity of a fixed income investment or portfolio (expressed as % change in price) to a 1 percentage point (i.e., 100 basis points) change in interest rates, accounting for optionality in bonds such as prepayment risk and call/put features.

<sup>3</sup> Exposure represents a percentage of market value as of dates indicated.

<sup>4</sup> Weightings represent percentage of net assets as of the dates indicated. The Fund's portfolio is actively managed and its composition will vary over time.

<sup>5</sup> Weightings represent percentages of net assets as of the dates indicated. The Fund's portfolio is actively managed and its composition will vary over time. Credit quality ratings shown are based on those assigned by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. (S&P), to individual portfolio holdings. S&P is an independent ratings agency.

## Global High Income Fund Inc.

**Industry diversification (unaudited)**

As a percentage of net assets

As of October 31, 2012

<b>Bonds</b>	
<b>Corporate bonds</b>	
Building products	0.07%
Commercial banks	5.40
Construction materials	0.13
Diversified financial services	2.74
Electric utilities	1.72
Food products	0.07
Machinery	0.34
Metals & mining	0.33
Oil, gas & consumable fuels	5.61
Paper & forest products	0.16
Road & rail	0.95
Specialty retail	0.21
Total corporate bonds	17.73
<b>Non-US government obligations</b>	66.54
<b>Convertible bond</b>	1.21
<b>Structured notes</b>	8.43
<b>Total bonds</b>	93.91
<b>Short-term investment</b>	3.81
<b>Options purchased</b>	0.06
<b>Total investments</b>	97.78
<b>Cash and other assets, less liabilities</b>	2.22
<b>Net assets</b>	100.00%

## Global High Income Fund Inc.

## Portfolio of investments October 31, 2012

Security description	Face amount	Value
<b>Bonds 93.91%</b>		
<b>Corporate bonds 17.73%</b>		
<b>Argentina 0.09%</b>		
WPE International Cooperatief UA, 10.375%, due 09/30/20 <sup>1</sup>	\$ 300,000	\$ 255,000
<b>Bermuda 0.11%</b>		
China Oriental Group Co. Ltd., 7.000%, due 11/17/17 <sup>1</sup>	380,000	332,500
<b>Brazil 1.16%</b>		
Banco do Brasil SA, 5.875%, due 01/26/22 <sup>2</sup>	2,100,000	2,296,875
Banco do Nordeste do Brasil SA, 4.375%, due 05/03/19 <sup>1</sup>	300,000	311,250
Caixa Economica Federal, 2.375%, due 11/06/17 <sup>2</sup>	200,000	198,878
Centrais Eletricas Brasileiras SA, 5.750%, due 10/27/21 <sup>2</sup>	500,000	558,750
Union National FIDC Trust 2006, Series 2007-2 due 07/01/10 <sup>2,3,4,5</sup>	BRL 1,832,665	108
Series 3, due 07/01/10 <sup>2,3,4,5</sup>	2,075,000	122
Series 4, due 05/01/11 <sup>1,3,4,5</sup>	3,560,082	210
		3,366,193
<b>Cayman Islands 0.67%</b>		
China Automation Group Ltd., 7.750%, due 04/20/16	\$ 1,150,000	979,181
China Liansu Group Holdings Ltd., 7.875%, due 05/13/16 <sup>1</sup>	200,000	202,750
China Shanshui Cement Group Ltd., 10.500%, due 04/27/17 <sup>1</sup>	360,000	391,500
Mongolian Mining Corp., 8.875%, due 03/29/17 <sup>1</sup>	360,000	367,200
		1,940,631
<b>Croatia 0.07%</b>		
Agrokor DD, 8.875%, due 02/01/20 <sup>2</sup>	200,000	207,000
<b>Czech Republic 0.16%</b>		
EP Energy AS, 5.875%, due 11/01/19 <sup>2</sup>	EUR 350,000	453,653
<b>India 0.47%</b>		
Bank of India, 6.250%, due 02/16/21 <sup>1</sup>	\$ 700,000	759,463
ICICI Bank Ltd., 5.750%, due 11/16/20 <sup>1</sup>	550,000	597,245
		1,356,708
<b>Indonesia 0.79%</b>		
Majapahit Holding BV, 7.250%, due 06/28/17 <sup>2</sup>	100,000	119,000
Pertamina Persero PT, 6.000%, due 05/03/42 <sup>2</sup>	1,700,000	1,925,250
6.500%, due 05/27/41 <sup>1</sup>	200,000	239,500
		2,283,750
<b>Kazakhstan 0.88%</b>		

Edgar Filing: GLOBAL HIGH INCOME FUND INC - Form N-CSR

Alliance Bank JSC, 10.500%, due 03/25/17 <sup>1</sup>		350,000	320,250
Development Bank of Kazakhstan JSC, 5.500%, due 12/20/15 <sup>2</sup>		850,000	922,250
Kazakhstan Temir Zholy Finance BV, 6.950%, due 07/10/42 <sup>1</sup>		350,000	420,000
6.950%, due 07/10/42 <sup>2</sup>		750,000	900,000
			2,562,500
<b>Mexico 1.25%</b>			
Comision Federal de Electricidad, 5.750%, due 02/14/42 <sup>2</sup>		500,000	570,000
Grupo Papelero Scribe SA, 8.875%, due 04/07/20 <sup>1</sup>		550,000	481,250
Hipotecaria Su Casita SA, 7.500%, due 06/29/18 <sup>1,3,6</sup>		498,200	32,383
Pemex Project Funding Master Trust, 6.625%, due 06/15/35		2,050,000	2,557,375
			3,641,008
<b>Peru 0.34%</b>			
Bancode Creditodel Peru, 5.375%, due 09/16/20 <sup>1</sup>		900,000	990,000
<b>Philippines 1.29%</b>			
National Power Corp., 9.625%, due 05/15/28		2,360,000	3,746,500
<b>Russia 4.73%</b>			
RSHB Capital SA for OJSC Russian Agricultural Bank, 7.125%, due 01/14/14 <sup>2</sup>		300,000	316,875
7.500%, due 03/25/13	RUB	80,000,000	2,560,138
9.000%, due 06/11/14 <sup>2</sup>	\$	550,000	609,125
SB Capital SA, 5.180%, due 06/28/19 <sup>1</sup>		2,550,000	2,708,737
5.717%, due 06/16/21 <sup>1</sup>		330,000	360,129
6.125%, due 02/07/22 <sup>1</sup>		320,000	358,090
VEB Finance Ltd., 6.025%, due 07/05/22 <sup>2</sup>		200,000	224,178
6.800%, due 11/22/25 <sup>1</sup>		900,000	1,062,000
6.800%, due 11/22/25 <sup>2</sup>		1,000,000	1,180,000
6.902%, due 07/09/20 <sup>2</sup>		850,000	1,005,125

## Global High Income Fund Inc.

## Portfolio of investments October 31, 2012

Security description	Face amount	Value
<b>Bonds (continued)</b>		
<b>Corporate bonds (concluded)</b>		
<b>Russia (concluded)</b>		
Vnesheconombank, Series 6, 7.900%, due 10/13/20 <sup>7</sup>	RUB 75,000,000	\$ 2,307,471
VTB Bank OJSC GDR, 6.551%, due 10/13/20 <sup>1</sup>	\$ 1,000,000	1,055,000
		13,746,868
<b>South Africa 0.71%</b>		
Edcon Pty Ltd., 9.500%, due 03/01/18 <sup>1</sup>	300,000	282,000
9.500%, due 03/01/18 <sup>2</sup>	350,000	329,000
Transnet Ltd., Series 2, 10.000%, due 03/30/29	ZAR 12,000,000	1,459,120
		2,070,120
<b>Turkey 0.69%</b>		
Export Credit Bank of Turkey, 5.375%, due 11/04/16 <sup>2</sup>	\$ 700,000	750,050
5.875%, due 04/24/19 <sup>2</sup>	400,000	438,000
Turkiye Halk Bankasi AS, 4.875%, due 07/19/17 <sup>2</sup>	800,000	818,000
		2,006,050
<b>Ukraine 0.93%</b>		
Biz Finance PLC, 11.000%, due 02/03/14	UAH 15,000,000	1,451,672
NAK Naftogaz Ukraine, 9.500%, due 09/30/14	\$ 1,220,000	1,241,350
		2,693,022
<b>United Arab Emirates 1.82%</b>		
IPIC GMTN Ltd., 5.500%, due 03/01/22 <sup>1</sup>	3,650,000	4,217,575
5.500%, due 03/01/22 <sup>2</sup>	500,000	577,750
6.875%, due 11/01/41 <sup>1</sup>	350,000	474,250
		5,269,575
<b>Venezuela 1.57%</b>		
Petroleos de Venezuela SA, 5.250%, due 04/12/17 <sup>1</sup>	350,000	273,875
5.375%, due 04/12/27 <sup>1</sup>	1,150,000	721,625
8.500%, due 11/02/17 <sup>1</sup>	1,380,000	1,235,100
8.500%, due 11/02/17 <sup>2</sup>	2,500,000	2,237,500
9.000%, due 11/17/21 <sup>1</sup>	120,000	99,000
		4,567,100
<b>Total corporate bonds</b> (cost \$53,015,607)		<b>51,488,178</b>
<b>Non-US government obligations 66.54%</b>		
<b>Albania 0.82%</b>		
Republic of Albania, 7.500%, due 11/04/15	EUR 1,800,000	2,374,202
<b>Argentina 1.55%</b>		
Republic of Argentina, 4.191%, due 12/15/35 <sup>8</sup>	\$ 2,200,000	168,187
6.270%, due 12/15/35 <sup>8</sup>	14,290,000	929,048
6.270%, due 12/15/35 <sup>8</sup>	15,601,737	847,222
Series VII, 7.000%,		

Edgar Filing: GLOBAL HIGH INCOME FUND INC - Form N-CSR

due 09/12/13		675,000	639,075
Series X, 7.000%, due 04/17/17		650,000	491,480
7.820%, due 12/31/33	EUR	358,647	266,132
8.280%, due 12/31/33	\$	1,030,787	659,704
Series NY, 8.280%, due 12/31/33		351,143	233,861
Series 1, 8.750%, due 06/02/17		322,897	268,005
			4,502,714
<b>Belarus 0.99%</b>			
Republic of Belarus,			
8.750%, due 08/03/15 <sup>1</sup>		2,750,000	2,729,375
8.950%, due 01/26/18 <sup>1</sup>		150,000	148,875
			2,878,250
<b>Brazil 10.90%</b>			
Federal Republic of Brazil,			
5.625%, due 01/07/41		1,570,000	2,017,450
6.000%, due 08/15/50 <sup>9</sup>	BRL	1,340,000	2,002,747
Letrasdo Tesouro Nacional,			
6.872%, due 04/01/13 <sup>10</sup>		4,750,000	2,274,848
Notas do Tesouro Nacional,			
Series B,			
6.000%, due 08/15/16 <sup>9</sup>		4,100,000	4,949,461
6.000%, due 05/15/45 <sup>9</sup>		9,250,000	13,635,381
Series F,			
10.000%, due 01/01/13		5,625,000	2,775,425
10.000%, due 01/01/17		1,280,000	662,469
10.000%, due 01/01/21		6,428,000	3,336,283
			31,654,064
<b>Chile 1.72%</b>			
Bonos de la Tesoreria de la Republica,			
3.000%, due 07/01/17 <sup>9</sup>	CLP	1,297,435,140	2,761,118
Bonos de la Tesoreria de la Republica en pesos,			
6.000%, due 01/01/20		245,000,000	528,536
6.000%, due 01/01/22		215,000,000	466,811
Bonos del Banco Central de Chile en Pesos,			
6.000%, due 02/01/21		140,000,000	303,199
6.000%, due 03/01/22		70,000,000	152,129
Republic of Chile,			
2.250%, due 10/30/22	\$	800,000	790,864
			5,002,657



## Global High Income Fund Inc.

## Portfolio of investments October 31, 2012

Security description	Face amount		Value
<b>Bonds (continued)</b>			
<b>Non-US government obligations (continued)</b>			
<b>China 0.18%</b>			
China Government Bond, 2.480%, due 12/01/20	CNY	3,500,000	\$ 533,092
<b>Colombia 2.49%</b>			
Republic of Colombia, 4.375%, due 07/12/21	\$	1,500,000	1,725,000
6.125%, due 01/18/41		150,000	204,750
7.375%, due 09/18/37		575,000	886,938
7.750%, due 04/14/21	COP	1,925,000,000	1,323,733
8.125%, due 05/21/24	\$	250,000	376,250
9.850%, due 06/28/27	COP	3,200,000,000	2,712,732
			7,229,403
<b>Croatia 0.19%</b>			
Republic of Croatia, 6.250%, due 04/27/17 <sup>2</sup>	\$	500,000	548,750
<b>Dominican Republic 0.22%</b>			
Republic of Dominica, 7.500%, due 05/06/21 <sup>2</sup>		550,000	640,750
<b>El Salvador 0.39%</b>			
Republic of El Salvador, 7.750%, due 01/24/23 <sup>1</sup>		320,000	380,000
8.250%, due 04/10/32 <sup>1</sup>		615,000	747,225
			1,127,225
<b>Hungary 1.77%</b>			
Hungarian Development Bank, 5.875%, due 05/31/16	EUR	1,200,000	1,539,826
Hungary Government Bond, 6.000%, due 11/24/23	HUF	200,000,000	847,159
6.500%, due 06/24/19		90,000,000	410,139
6.750%, due 02/24/17		70,000,000	325,062
7.500%, due 11/12/20		380,000,000	1,828,580
7.625%, due 03/29/41	\$	150,000	178,875
			5,129,641
<b>Indonesia 6.41%</b>			
Indonesia Treasury Bond, 9.500%, due 07/15/23		IDR 29,400,000,000	3,917,959
11.750%, due 08/15/23		4,600,000,000	699,219
12.000%, due 09/15/26		12,215,000,000	1,948,932
Republic of Indonesia, 4.875%, due 05/05/21 <sup>1</sup>	\$	1,500,000	1,710,000
4.875%, due 05/05/21 <sup>2</sup>		2,480,000	2,827,200
5.875%, due 03/13/20 <sup>1</sup>		740,000	890,775
6.625%, due 02/17/37 <sup>1</sup>		920,000	1,232,800
7.750%, due 01/17/38 <sup>1</sup>		3,135,000	4,749,525
8.500%, due 10/12/35 <sup>1</sup>		400,000	642,500
			18,618,910
<b>Latvia 0.10%</b>			
Republic of Latvia, 5.250%, due 02/22/17 <sup>1</sup>		250,000	274,375
<b>Lithuania 0.42%</b>			
Republic of Lithuania, 6.125%, due 03/09/21 <sup>1</sup>		450,000	540,000
6.125%, due 03/09/21 <sup>2</sup>		250,000	300,000
6.625%, due 02/01/22 <sup>2</sup>		300,000	370,854

Edgar Filing: GLOBAL HIGH INCOME FUND INC - Form N-CSR

				1,210,854
<b>Malaysia 2.46%</b>				
Malaysia Government Bond,				
3.197%, due 10/15/15	MYR	10,300,000	3,397,715	
3.580%, due 09/28/18		2,600,000	864,419	
3.892%, due 03/15/27		1,400,000	470,420	
4.262%, due 09/15/16		5,100,000	1,745,067	
4.392%, due 04/15/26		1,900,000	672,423	
				7,150,044
<b>Mexico 4.29%</b>				
Mexican Bonos,				
Series M,				
6.500%, due 06/10/21	MXN	10,700,000	880,928	
10.000%, due 11/20/36		2,000,000	217,111	
Mexican Udibonos,				
2.500%, due 12/10/20 <sup>9</sup>		3,200,000	1,282,496	
4.000%, due 11/15/40 <sup>9</sup>		8,800,000	4,164,316	
United Mexican States,				
4.750%, due 03/08/44	\$	1,500,000	1,665,000	
6.050%, due 01/11/40		2,030,000	2,710,050	
Series A,				
6.750%, due 09/27/34		450,000	634,500	
7.500%, due 04/08/33		600,000	904,500	
				12,458,901
<b>Mongolia 0.55%</b>				
Development Bank of				
Mongolia LLC,				
5.750%, due 03/21/17 <sup>1</sup>		1,500,000	1,584,300	
<b>Montenegro 0.70%</b>				
Republic of Montenegro,				
7.875%, due 09/14/15	EUR	1,550,000	2,043,769	
<b>Nigeria 1.02%</b>				
Nigeria Treasury Bills,				
12.786%, due 09/05/13 <sup>10</sup>	NGN	135,000,000	765,996	
12.531%, due 04/25/13 <sup>10</sup>		65,000,000	387,457	
13.092%, due 03/21/13 <sup>10</sup>		250,000,000	1,513,084	
Republic of Nigeria,				
14.856%, due 04/04/13 <sup>2,10</sup>		51,000,000	307,614	
				2,974,151
<b>Pakistan 0.29%</b>				
Islamic Republic of Pakistan,				
6.875%, due 06/01/17 <sup>1</sup>	\$	250,000	225,000	
7.875%, due 03/31/36 <sup>1</sup>		830,000	605,900	
				830,900

## Global High Income Fund Inc.

## Portfolio of investments October 31, 2012

Security description	Face amount	Value
<b>Bonds (continued)</b>		
<b>Non-US government obligations (continued)</b>		
<b>Peru 3.08%</b>		
Peru Government Bond, Series 7, 8.200%, due 08/12/26	PEN	1,442,000 \$ 762,257
Republic of Peru, 5.625%, due 11/18/50	\$	2,170,000 2,821,000
6.900%, due 08/12/37 <sup>1</sup>	PEN	1,750,000 827,327
6.950%, due 08/12/31 <sup>2</sup>		1,750,000 821,033
7.840%, due 08/12/20 <sup>1</sup>		6,700,000 3,189,862
8.750%, due 11/21/33	\$	300,000 524,250
		8,945,729
<b>Poland 2.83%</b>		
Government of Poland, 5.000%, due 03/23/22		1,200,000 1,398,000
5.500%, due 10/25/19	PLN	6,000,000 2,019,795
5.750%, due 09/23/22		14,000,000 4,803,408
		8,221,203
<b>Qatar 0.55%</b>		
Qatar Government International Bond, 5.750%, due 01/20/42 <sup>1</sup>	\$	350,000 449,750
5.750%, due 01/20/42 <sup>2</sup>		900,000 1,156,500
		1,606,250
<b>Romania 0.22%</b>		
Romanian Government International Bond, 6.750%, due 02/07/22 <sup>1</sup>		100,000 115,625
6.750%, due 02/07/22 <sup>2</sup>		450,000 520,313
		635,938
<b>Russia 2.96%</b>		
Russian Federation, 5.625%, due 04/04/42 <sup>1</sup>		200,000 241,000
5.625%, due 04/04/42 <sup>2</sup>		1,000,000 1,205,000
7.500%, due 03/31/30 <sup>1,11</sup>		35,650 45,097
7.500%, due 03/31/30 <sup>2,11</sup>		1,630,281 2,062,306
7.600%, due 04/14/21	RUB	155,000,000 5,047,983
		8,601,386
<b>Serbia 0.74%</b>		
Republic of Serbia, 6.750%, due 11/01/24 <sup>1,11</sup>	\$	2,158,334 2,136,751
<b>South Africa 4.20%</b>		
Republic of South Africa, 2.500%, due 01/31/17 <sup>9</sup>	ZAR	10,773,488 1,361,843
2.750%, due 01/31/22 <sup>9</sup>		14,557,463 1,924,965
4.665%, due 01/17/24	\$	1,810,000 2,004,575
5.500%, due 03/09/20		100,000 117,250
5.500%, due 12/07/23 <sup>9</sup>	ZAR	5,525,346 918,420
6.750%, due 03/31/21		18,000,000 2,085,053
8.000%, due 12/21/18		30,000,000 3,787,441
		12,199,547
<b>Sri Lanka 1.83%</b>		
Republic of Sri Lanka, 6.250%, due 10/04/20 <sup>1</sup>	\$	1,700,000 1,908,250
6.250%, due 10/04/20 <sup>2</sup>		550,000 617,375

Edgar Filing: GLOBAL HIGH INCOME FUND INC - Form N-CSR

6.250%, due 07/27/21 <sup>1</sup>		900,000	1,004,625
6.250%, due 07/27/21 <sup>2</sup>		1,000,000	1,116,250
7.400%, due 01/22/15 <sup>1</sup>		600,000	658,500
			5,305,000
<b>Thailand 2.61%</b>			
Thailand Government Bond,			
1.200%, due 07/14/21 <sup>9</sup>	THB	154,995,620	5,174,813
2.800%, due 10/10/17		74,900,000	2,412,675
			7,587,488
<b>Turkey 5.36%</b>			
Government of Turkey,			
10.500%, due 01/15/20	TRY	12,100,000	7,779,777
Republic of Turkey,			
5.125%, due 03/25/22	\$	1,450,000	1,620,375
5.625%, due 03/30/21		1,000,000	1,157,500
6.000%, due 01/14/41		900,000	1,055,250
6.250%, due 09/26/22		1,300,000	1,569,750
6.750%, due 05/30/40		750,000	965,625
6.875%, due 03/17/36		250,000	321,562
7.250%, due 03/05/38		250,000	338,125
7.500%, due 11/07/19		200,000	253,250
8.000%, due 02/14/34		350,000	501,375
			15,562,589
<b>Ukraine 0.58%</b>			
Financing of Infrastructural			
Projects State Enterprise,			
8.375%, due 11/03/17 <sup>2</sup>		1,150,000	1,092,500
Government of Ukraine,			
9.250%, due 07/24/17 <sup>2</sup>		550,000	598,813
			1,691,313
<b>Uruguay 0.07%</b>			
Oriental Republic of Uruguay,			
6.875%, due 09/28/25		150,000	207,000
<b>Venezuela 3.73%</b>			
Republic of Venezuela,			
6.000%, due 12/09/20 <sup>1</sup>		500,000	380,000
7.000%, due 03/31/38 <sup>1</sup>		3,250,000	2,323,750
7.650%, due 04/21/25		2,850,000	2,237,250
7.750%, due 10/13/19 <sup>1</sup>		150,000	130,125
8.250%, due 10/13/24 <sup>1</sup>		3,400,000	2,796,500
9.250%, due 09/15/27		500,000	447,500
9.250%, due 05/07/28 <sup>1</sup>		280,000	245,700
9.375%, due 01/13/34		2,550,000	2,256,750
			10,817,575

Global High Income Fund Inc.  
**Portfolio of investments October 31, 2012**

Security description	Face amount	Value
<b>Bonds (concluded)</b>		
<b>Non-US government obligations (concluded)</b>		
<b>Vietnam 0.18%</b>		
Socialist Republic of Vietnam, 6.750%, due 01/29/20 <sup>1</sup>	\$ 200,000	\$ 231,250
6.875%, due 01/15/16 <sup>1</sup>	250,000	277,500
		508,750
<b>Zambia 0.14%</b>		
Republic of Zambia, 5.375%, due 09/20/22 <sup>2</sup>	400,000	403,000
<b>Total Non-US government obligations</b> (cost \$174,402,745)		
		<b>193,196,471</b>
<b>Convertible bond 1.21%</b>		
<b>China 1.21%</b>		
China Petroleum & Chemical Corp., 6.690%, due 04/24/14 <sup>10</sup> (cost \$3,264,360)	HKD 23,000,000	3,503,397
<b>Structured notes 8.43%</b>		
<b>Ghana 1.03%</b>		
Citigroup Funding Inc, 14.990%, due 03/14/13 <sup>1,10</sup> (linked to Ghana Government Bonds, 14.990%, due 03/14/13)	\$ 900,000	605,513
14.990%, due 03/13/13 <sup>1,10</sup> (linked to Ghana Government Bonds, 14.990%, due 03/13/13)	900,000	609,227
14.990%, due 03/14/13 <sup>1,10</sup> (linked to Ghana Government Bonds, 14.990%, due 03/14/13)	1,100,000	744,696
22.984%, due 08/23/17 <sup>2,10</sup> (linked to Ghana Government Bonds, 22.984%, due 08/23/17)	1,750,000	1,030,570
		2,990,006
<b>India 4.51%</b>		
Standard Chartered Bank, 7.830%, due 04/13/18 <sup>2</sup> (linked to Indian Government Bonds, 7.830%, due 04/13/18)	2,496,960	2,455,784
8.130%, due 09/23/22 <sup>2</sup> (linked to Indian Government Bonds, 8.130%, due 09/23/22)	5,918,535	5,774,947
8.130%, due 09/23/22 <sup>2</sup> (linked to Indian Government Bonds, 8.130%, due 09/23/22)	3,235,610	3,130,997
8.130%, due 09/23/22 <sup>2</sup> (linked to Indian Government Bonds, 8.130%, due 09/23/22)	1,792,460	1,741,694
		13,103,422
<b>Nigeria 0.96%</b>		

Edgar Filing: GLOBAL HIGH INCOME FUND INC - Form N-CSR

Credit Suisse International, 15.644%, due 02/21/13 <sup>2,10</sup> (linked to Nigeria Treasury Bill, 15.644%, due 02/21/13)	NGN	103,000,000	629,660
HSBC Bank PLC, 15.786%, due 03/30/13 <sup>2,10</sup> (linked to Nigeria Treasury Bill, 15.786%, due 03/30/13)	\$	1,898,735	1,796,678
Republic of Nigeria, 16.288%, due 03/07/13 <sup>2,10</sup> (linked to Nigeria Treasury Bill, 16.288%, due 03/07/13)	NGN	58,000,000	352,590 2,778,928
<b>Serbia 1.02%</b>			
Citigroup Funding Inc, 13.000%, due 02/25/13 <sup>2,10</sup> (linked to Serbian Treasury Bill, 13.000%, due 02/25/13)	\$	2,850,000	2,952,885
<b>Sri Lanka 0.91%</b>			
Citigroup Funding Inc, 5.800%, due 07/20/17 <sup>2</sup> (linked to Sri Lanka Government Bonds, 5.800%, due 07/20/17)	LKR	110,000,000	622,097
8.000%, due 06/20/17 <sup>2</sup> (linked to Sri Lanka Government Bonds, 8.000%, due 06/20/17)		240,000,000	1,533,567
8.500%, due 02/06/18 <sup>2</sup> (linked to Sri Lanka Government Bonds, 8.500%, due 02/06/18)		80,000,000	496,190 2,651,854
<b>Total structured notes</b> (cost \$25,595,777)			<b>24,477,095</b>
<b>Total bonds</b> (cost \$256,278,489)			<b>272,665,141</b>
			<b>Shares</b>
<b>Short-term investment 3.81%</b>			
<b>Investment company 3.81%</b>			
UBS Cash Management Prime Relationship Fund <sup>12</sup> (cost \$11,067,701)		11,067,701	11,067,701

## Global High Income Fund Inc.

## Portfolio of investments October 31, 2012

	Face amount covered by contacts	Value
<b>Options Purchased* 0.06%</b>		
<b>Call Options 0.02%</b>		
Foreign Exchange Option, Buy USD/CZK, strike @ CZK 20.40, expires December 2012	\$ 3,380,000	\$ 13,767
Foreign Exchange Option, Buy USD/SAR, strike @ SAR 3.75, expires July 2013	10,587,500	19,858
Foreign Exchange Option, Buy USD/SGD, strike @ SGD 1.23, expires November 2012	3,880,000	2,653
Foreign Exchange Option, Buy USD/SGD, strike @ SGD 1.23, expires November 2012	3,200,000	2,069
Foreign Exchange Option, Buy USD/SGD, strike @ SGD 1.27, expires November 2012	2,240,000	12
Foreign Exchange Option, Buy USD/SGD, strike @ SGD 1.29, expires November 2012	3,010,000	1
Foreign Exchange Option, Buy USD/TRY, strike @ TRY 1.87, expires February 2013	2,310,000	19,973
		58,333
<b>Put Options 0.04%</b>		
Foreign Exchange Option, Buy USD/BRL, strike @ BRL 1.98, expires November 2012	1,400,000	145
Foreign Exchange Option, Buy USD/BRL, strike @ BRL 1.98, expires December 2012	1,730,000	1,281
Foreign Exchange Option, Buy USD/BRL, strike @ BRL 1.98, expires December 2012	2,560,000	2,198
Foreign Exchange Option, Buy USD/BRL, strike @ BRL 1.98, expires December 2012	2,680,000	3,179
Foreign Exchange Option, Buy USD/CNY, strike @ CNY 6.22, expires January 2013	10,180,000	4,742
Foreign Exchange Option, Buy USD/CNY, strike @ CNY 6.29, expires January 2013	10,180,000	24,038
Foreign Exchange Option, Buy USD/SAR, strike @ SAR 3.75, expires July 2013	10,587,500	8,507
Foreign Exchange Option, Buy USD/TRY, strike @ TRY 1.87, expires February 2013	2,310,000	81,888
		125,978
<b>Total options purchased</b> (cost \$860,467)		<b>184,311</b>
<b>Total investments 97.78%</b> (cost \$268,206,657)		<b>283,917,153</b>
Cash and other assets, less liabilities 2.22%		6,449,919
<b>Net assets 100.00%</b>		<b>\$ 290,367,072</b>





## Global High Income Fund Inc.

## Portfolio of investments October 31, 2012

## Notes to portfolio of investments

Aggregate cost for federal income tax purposes was \$268,402,275; and net unrealized appreciation consisted of:

Gross unrealized appreciation	\$ 29,700,801
Gross unrealized depreciation	(14,185,923)
Net unrealized appreciation of investments	\$ 15,514,878

For a listing of defined portfolio acronyms, counterparty abbreviations and currency abbreviations that are used throughout the Portfolio of investments as well as the tables that follow, please refer to page 19. Portfolio footnotes begin on page 18.

## Forward foreign currency contracts

Counterparty	Contracts to deliver		In exchange for		Maturity date	Unrealized appreciation/(depreciation)
BB	BRL	6,340,000	USD	3,101,154	12/19/12	\$ 160
BB	IDR	25,126,650,000	USD	2,590,911	12/19/12	(9,145)
BB	INR	54,400,000	USD	1,019,873	12/19/12	17,893
BB	USD	1,223,853	CNY	7,840,000	01/25/13	22,945
BB	USD	6,059,105	CNY	37,930,000	01/25/13	(27,087)
BB	USD	5,011,961	HUF	1,147,087,499	12/19/12	202,253
BB	USD	8,755,105	IDR	85,187,166,958	12/19/12	59,893
BB	USD	6,170,635	MXN	81,868,900	12/19/12	51,462
BB	USD	1,664,398	MXN	21,400,000	12/19/12	(37,983)
BB	USD	7,350,649	MYR	22,790,687	12/19/12	105,097
BB	USD	6,046,592	RUB	198,297,999	12/19/12	221,180
CSI	BRL	22,098,994	USD	10,685,134	12/19/12	(123,833)
CSI	CLP	3,476,210,000	USD	7,124,476	12/19/12	(50,866)
CSI	CNY	12,852,000	USD	2,036,041	01/10/13	(10,934)
CSI	CNY	15,750,000	USD	2,511,161	01/25/13	6,434
CSI	COP	2,863,660,000	USD	1,569,989	12/19/12	15,428
CSI	INR	158,500,000	USD	2,996,219	12/19/12	76,850
CSI	USD	1,039,470	BRL	2,120,000	12/19/12	(2,545)
CSI	USD	3,238,851	CLP	1,557,710,000	12/19/12	(23,538)
CSI	USD	3,349,757	CNY	21,280,000	12/19/12	46,839
CSI	USD	2,051,233	CNY	12,852,000	01/10/13	(4,258)
CSI	USD	2,064,846	INR	117,180,000	12/19/12	93,462
CSI	USD	6,327,170	TRY	11,679,324	12/19/12	147,286
DB	PEN	5,150,000	USD	1,958,175	12/19/12	(23,482)
DB	THB	10,690,000	USD	340,121	12/19/12	(7,593)
DB	USD	91,940	KRW	103,992,900	12/20/12	3,162
DB	USD	601,764	PHP	25,250,000	12/19/12	10,882
DB	USD	7,895,125	PLN	26,755,000	12/19/12	438,242
DB	USD	3,743,577	THB	117,398,590	12/19/12	75,045
DB	USD	2,732,949	TWD	81,400,872	12/19/12	53,780
GSI	CNY	13,662,000	USD	2,156,590	01/10/13	(19,396)
GSI	USD	2,475,542	MXN	32,010,000	12/19/12	(42,759)
GSI	USD	1,911,187	ZAR	16,290,000	12/19/12	(45,932)
JPMCB	USD	5,089,943	CNY	31,889,000	01/25/13	(18,626)
MSCI	EUR	6,905,000	USD	8,947,761	01/18/13	(9,391)
<b>Net unrealized appreciation on forward foreign currency contracts</b>						<b>\$ 1,190,925</b>

## Global High Income Fund Inc.

## Portfolio of investments October 31, 2012

## Futures contracts

	Expiration date	Cost/ (proceeds)	Value	Unrealized appreciation/ (depreciation)
<b>US Treasury futures buy contracts:</b>				
5 Year US Treasury Notes, 85 contracts (USD)	December 2012	\$10,564,018	\$10,561,250	\$(2,768)
10 Year US Treasury Notes, 45 contracts (USD)	December 2012	5,978,571	5,986,406	7,835
<b>US Treasury futures sell contracts:</b>				
US Long Bond, 45 contracts (USD)	December 2012	(6,766,787)	(6,719,063)	47,724
<b>Net unrealized appreciation on futures contracts</b>				<b>\$52,791</b>

## Options written

	Expiration date	Premiums received	Value
<b>Put options</b>			
Foreign Exchange Option, Sell USD/BRL, USD 820,000 face amount covered by contracts, strike @ BRL 2.01	November 2012	\$ 8,184	\$(1,212)
Foreign Exchange Option, Sell USD/BRL, USD 960,000 face amount covered by contracts, strike @ BRL 2.01	December 2012	11,002	(2,582)
Foreign Exchange Option, Sell USD/BRL, USD 1,280,000 face amount covered by contracts, strike @ BRL 2.01	December 2012	15,053	(3,637)
Foreign Exchange Option, Sell USD/BRL, USD 1,340,000 face amount covered by contracts, strike @ BRL 2.01	December 2012	9,748	(4,356)
<b>Total options written</b>		<b>\$43,987</b>	<b>\$(11,787)</b>

Foreign exchange written option activity for the year ended October 31, 2012 was as follows:

	Premiums received
Foreign exchange options outstanding at October 31, 2011	\$ 438,879
Foreign exchange options written	2,488,604
Foreign exchange options terminated in closing purchase transactions	(2,883,496)
Foreign exchange options expired prior to exercise	
Foreign exchange options outstanding at October 31, 2012	\$ 43,987

Currency swap agreements<sup>3</sup>

Counterparty contracts	Pay	Receive contracts	Termination date	Pay rate <sup>14</sup>	Receive rate <sup>14</sup>	Upfront payments made	Value	Unrealized appreciation	
BB	INR 308,000,000	USD 5,966,670	12/05/16	4.500%	6 month USD LIBOR	\$	\$361,783	\$361,783	
CITI	USD 3,206,107	COP 6,300,000,000	06/11/13	6 month USD LIBOR	5.250%		309,951	309,951	
							<b>\$</b>	<b>\$671,734</b>	<b>\$671,734</b>



## Global High Income Fund Inc.

## Portfolio of investments October 31, 2012

## Interest rate swap agreements

Counterparty	Notional amount	Termination date	Payments made by the Fund <sup>13</sup>	Payments received by the Fund <sup>13</sup>	Upfront payments made	Value	Unrealized appreciation/ (depreciation)
BB	KRW 3,250,000,000	08/19/16	3.530%	3 month CD KSDA	\$	\$(67,584)	\$(67,584)
BB	MYR 10,700,000	08/23/22	3 month KLIBOR	3.880%		(14,458)	(14,458)
CITI	KRW 2,900,000,000	08/26/16	3.410	3 month CD KSDA		(51,207)	(51,207)
CITI	MYR 1,950,000	08/24/15	3 month KLIBOR	3.505		6,662	6,662
CITI	MYR 14,550,000	08/23/22	3 month KLIBOR	3.860		(23,486)	(23,486)
DB	MYR 7,650,000	08/24/15	3 month KLIBOR	3.500		25,770	25,770
DB	MYR 20,450,000	08/23/22	3 month KLIBOR	3.860		(33,009)	(33,009)
DB	TWD 85,000,000	08/22/16	1.325	3 month TWCPBA		(33,607)	(33,607)
GSI	TWD 85,500,000	08/26/16	1.280	3 month TWCPBA		(29,764)	(29,764)
MLI	MXN 7,200,000	11/16/28	28 day MXIBTIIE	8.830		130,285	130,285
MLI	MXN 7,000,000	11/21/28	28 day MXIBTIIE	8.610		114,232	114,232
MLI	MYR 8,720,000	01/18/13	3 month KLIBOR	3.470		1,939	1,939
					\$	\$ 25,773	\$ 25,773

Credit default swaps on credit indices buy protection<sup>14</sup>

Counterparty	Referenced Index <sup>15</sup>	Notional amount	Termination date	Payments made by the Fund <sup>13</sup>	Upfront payments received	Value	Unrealized depreciation
DB	CDX.EM Series 17 Index	USD 2,750,000	06/20/17	5.000%	\$299,750	\$(343,398)	\$(43,648)
GSI	CDX.EM Series 17 Index	USD 2,600,000	06/20/17	5.000	280,020	(324,667)	(44,647)
					\$579,770	\$(668,065)	\$(88,295)

Credit default swaps on sovereign issues buy protection<sup>14</sup>

Counterparty	Referenced Obligation <sup>15</sup>	Notional amount	Termination date	Payments made by the Fund <sup>13</sup>	Upfront payments made	Value	Unrealized depreciation
CSI	Republic of Venezuela bond, 9.250%, due 09/15/27	USD 1,450,000	12/20/17	5.000%	\$(168,784)	\$149,637	\$(19,147)

## Global High Income Fund Inc.

## Portfolio of investments October 31, 2012

Credit default swaps on sovereign issues sell protection<sup>6</sup>

Counterparty	Referenced Obligation <sup>15</sup>	Notional amount	Termination date	Payments received by the Fund <sup>13</sup>	Upfront payments received	Value	Unrealized appreciation/ (depreciation)	Credit spread <sup>17</sup>
BB	Republic of Argentina bond, 8.280%, due 12/31/33	USD 2,900,000	09/20/15	5.000%	\$360,003	\$ (733,726)	\$(373,723)	17.104%
BB	Federal Republic of Brazil bond, 12.250%, due 03/06/30	USD 180,000	06/20/22	1.000	14,775	(7,559)	7,216	1.504
BB	Federation of Russia bond, 2.250%, due 03/31/30	USD 2,900,000	12/20/22	1.000	277,973	(272,570)	5,403	2.101
CSI	Republic of Argentina bond, 8.280%, due 12/31/33	USD 200,000	12/20/13	5.000	2,331	(23,845)	(21,514)	17.360
CSI	United Mexican States bond, 7.500%, due 04/08/33	USD 1,000,000	02/20/14	4.170		58,971	58,971	0.336
DB	Republic of Argentina bond, 8.280%, due 12/31/33	USD 300,000	12/20/13	5.000	3,851	(35,768)	(31,917)	17.360
DB	Republic of Argentina bond, 8.280%, due 12/31/33	USD 1,200,000	09/20/15	5.000	128,500	(303,611)	(175,111)	17.104
DB	Federal Republic of Brazil bond, 12.250%, due 03/06/30	USD 800,000	06/20/22	1.000	64,908	(33,597)	31,311	1.504
					<b>\$852,341</b>	<b>\$(1,351,705)</b>	<b>\$(499,364)</b>	

The following is a summary of the fair valuations according to the inputs used as of October 31, 2012 in valuing the Fund's investments:

Description	Unadjusted quoted prices in active markets for identical investments (Level 1)	Other significant observable inputs (Level 2)	Unobservable inputs (Level 3)	Total
Corporate bonds	\$	\$ 51,487,738	\$440	\$ 51,488,178

Edgar Filing: GLOBAL HIGH INCOME FUND INC - Form N-CSR

Non-US government obligations		193,196,471		193,196,471
Convertible bond		3,503,397		3,503,397
Structured notes		24,477,095		24,477,095
Short-term investment		11,067,701		11,067,701
Options purchased		184,311		184,311
Forward foreign currency contracts, net		1,190,925		1,190,925
Futures contracts, net	52,791			52,791
Options written		(11,787)		(11,787)
Swap agreements, net		(1,172,626)		(1,172,626)
<b>Total</b>	<b>\$ 52,791</b>	<b>\$ 283,923,225</b>	<b>\$ 440</b>	<b>\$ 283,976,456</b>

## Global High Income Fund Inc.

## Portfolio of investments October 31, 2012

## Level 3 rollforward disclosure

The following is a rollforward of the Fund's investments that were valued using unobservable inputs for the period:

	Corporate bonds	Common stock	Structured notes	Total
Beginning balance	\$ 8,037,895	\$ 0	\$ 1,460,445	\$ 9,498,340
Purchases				
Issuances				
Sales	(8,702,353)	(0)	(1,172,862)	(9,875,215)
Accrued discounts (premiums)				
Total realized gain (loss)	2,858,809		(334,638)	2,524,171
Change in net unrealized appreciation/depreciation	(2,193,911)		47,055	(2,146,856)
Transfers into Level 3				
Transfers out of Level 3				
<b>Ending balance</b>	<b>\$ 440</b>	<b>\$</b>	<b>\$</b>	<b>\$ 440</b>

The change in net unrealized appreciation/depreciation relating to the Level 3 investments held at October 31, 2012 was \$(948).

## Portfolio footnotes

\* Non-income producing security.

- Security exempt from registration pursuant to Regulation S under the Securities Act of 1933. Regulation S applies to securities offerings that are made outside of the United States and do not involve direct selling efforts in the United States. At October 31, 2012, the value of these securities amounted to \$53,929,580 or 18.57% of net assets.
- Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. These securities are considered liquid, unless noted otherwise, and may be resold in transactions exempt from registration, normally to qualified institutional buyers. At October 31, 2012, the value of these securities amounted to \$53,743,406 or 18.51% of net assets.
- Security is illiquid. At October 31, 2012, the value of these securities and other derivative instruments amounted to \$704,557 or 0.24% of net assets.
- Security linked to closed-end fund or structured investment vehicle.
- Security held past stated maturity date due to defaulted status. Bond is being traded based on potential future claim.
- Security is in default.
- Variable or floating rate security The interest rate shown is the current rate as of October 31, 2012 and changes periodically.
- Security pays, when required, a floating rate that is determined annually based on the Argentina GDP.
- Debt security whose principal and/or interest payments are adjusted for inflation, unlike debt securities that make fixed principal and interest payments. The interest rate paid by the securities is fixed, while the principal value rises or falls based on changes in an index. Thus, if inflation occurs, the principal and interest payments on the securities are adjusted accordingly to protect investors from inflationary loss. During a deflationary period, the principal and interest payments decrease, although the securities' principal amounts will not drop below their face amounts at maturity. In exchange for the inflation protection, the securities generally pay lower interest rates than typical government securities from the issuers' country. Only if inflation occurs will securities offer a higher real yield than a conventional security of the same maturity.
- Rate shown reflects annualized yield at October 31, 2012 on zero coupon bond.
- Step bond Coupon rate increases in increments to maturity. Rate disclosed is as of October 31, 2012. Maturity date disclosed is the ultimate maturity date.
- The table below details the Fund's investment in a fund advised by the same advisor as the Fund. The advisor does not earn a management fee from the affiliated UBS Relationship Fund.

Security description	Value 10/31/11	Purchases during the year ended 10/31/12	Sales during the year ended 10/31/12	Value 10/31/12	Income earned from affiliate for the year ended 10/31/12
UBS Cash Management Prime Relationship Fund	\$16,615,794	\$101,181,203	\$106,729,296	\$11,067,701	\$19,935

<sup>13</sup> Payments made or received are based on the notional amount.

## Edgar Filing: GLOBAL HIGH INCOME FUND INC - Form N-CSR

<sup>14</sup> If the Fund is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation or underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

18

---



## Global High Income Fund Inc.

## Portfolio of investments October 31, 2012

<sup>15</sup> Payments from/to the counterparty will be received/made upon the occurrence of bankruptcy and/or restructuring event with respect to the referenced index/obligation.

<sup>16</sup> If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation.

<sup>17</sup> Credit spreads, represented in absolute terms, utilized in determining the market value as of period end serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default or other credit event occurring for the credit derivative. The credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. A credit spread identified as "Defaulted" indicates a credit event has occurred for the referenced entity. Credit spreads are unaudited.

**Portfolio acronyms**

ADR	American depositary receipt
CD KSDA	Korean Securities Dealer Association 91-day Certificate of Deposit Rate
GDP	Gross domestic product
GDR	Global depositary receipt
JSC	Joint stock company

**Counterparty abbreviations**

BB	Barclays Bank PLC
CITI	Citibank NA
CSI	Credit Suisse International
DB	Deutsche Bank AG

**Currency abbreviations**

BRL	Brazilian Real
CLP	Chilean Peso
CNY	Chinese Yuan
COP	Colombian Peso
CZK	Czech Koruna
EUR	Euro
HKD	Hong Kong Dollar
HUF	Hungarian Forint
IDR	Indonesian Rupiah
INR	Indian Rupee
KRW	Korean Won
LKR	Sri Lanka Rupee
MXN	Mexican Peso
MYR	Malaysian Ringgit

KLIBOR	Korea Interbank Offered Rate
LIBOR	London Interbank Offered Rate
MXIBTIIE	Mexico Interbank TIIE 28 Day Rate
OJSC	Open joint stock company
TWCPBA	Taiwan Secondary Markets Bills Rate

GSI	Goldman Sachs International
JPMCB	JPMorgan Chase Bank
MLI	Merrill Lynch International

Edgar Filing: GLOBAL HIGH INCOME FUND INC - Form N-CSR

MSCI Morgan Stanley & Co. International PLC

NGN Nigerian Naira  
PEN Peru Nuevo Sol  
PHP Philippine Peso  
PLN Polish Zloty  
RUB Russian Ruble  
SAR Saudi Arabian Riyal  
SGD Singapore Dollar  
THB Thai Baht  
TRY Turkish Lira  
TWD New Taiwan Dollar  
UAH Ukrainian Hryvna  
USD United States Dollar  
ZAR South African Rand

See accompanying notes to financial statements

19

---

## Global High Income Fund Inc.

Statement of assets and  
liabilities October 31, 2012

<b>Assets:</b>	
Investments in securities of unaffiliated issuers, at value (cost \$257,138,956)	\$ 272,849,452
Investments in affiliated issuers, at value (cost \$11,067,701)	11,067,701
Total investments, at value (cost \$268,206,657)	283,917,153
Foreign currency, at value (cost \$1,397,915)	1,395,588
Cash	679,720
Interest receivable	5,596,711
Receivable for investments sold	842,048
Due from broker	6,484
Cash collateral for futures contracts	58,625
Foreign tax reclaims receivable	105,648
Cash collateral for swap agreements	550,000
Outstanding swap agreements, at value <sup>1</sup>	1,159,230
Unrealized appreciation on forward foreign currency contracts	1,648,293
Other assets	4,647
Total assets	295,964,147
<b>Liabilities:</b>	
Outstanding swap agreements, at value <sup>1</sup>	2,331,856
Payable for investments purchased	1,705,787
Payable for investment advisory and administration fees	518,631
Unrealized depreciation on forward foreign currency contracts	457,368
Deferred capital gain country tax	324,086
Options written, at value (premiums received \$43,987)	11,787
Directors' fees payable	3,049
Accrued expenses and other liabilities	244,511
Total liabilities	5,597,075
<b>Net assets:</b>	
Capital stock \$0.001 par value; 100,000,000 shares authorized; 21,591,836 shares issued and outstanding	\$ 280,838,723
Distributions in excess of net investment income	(6,963,691)
Accumulated net realized loss	(248,408)
Net unrealized appreciation	16,740,448
Net assets	\$ 290,367,072
Net asset value per share	\$ 13.45

<sup>1</sup> Net upfront payments received by the Fund on outstanding swap agreements amounted to \$1,263,327.

<sup>2</sup> See accompanying notes to financial statements

## Global High Income Fund Inc.

## Statement of operations

	Year ended October 31, 2012
<b>Investment income:</b>	
Interest income, net of foreign withholding taxes of \$83,164	\$ 20,906,065
Affiliated interest	19,935
Total income	20,926,000
<b>Expenses:</b>	
Investment advisory and administration fees	3,510,035
Custody and accounting fees	328,653
Professional fees	133,108
Reports and notices to shareholders	85,644
Listing fees	23,761
Transfer agency fees	18,516
Directors' fees	17,557
Insurance expense	5,709
Other expenses	39,679
Total expenses	4,162,662
Less: Fee waivers by investment advisor and administrator	(352,082)
Net expenses	3,810,580
Net investment income	17,115,420
<b>Realized and unrealized gains (losses) from investment activities:</b>	
Net realized gain on:	
Investments	3,815,670
Futures contracts	6,527
Options written	1,401,147
Swap agreements	50,547
Forward foreign currency contracts	410,267
Foreign currency transactions	1,353,292
Change in net unrealized appreciation/depreciation on:	
Investments	5,579,546
Futures contracts	23,773
Options written	(232,083)
Swap agreements	(698,541)
Forward foreign currency contracts	2,062,360
Translation of other assets and liabilities denominated in foreign currency	32,633
Net realized and unrealized gain from investment activities	13,805,138
Net increase in net assets resulting from operations	\$ 30,920,558

See accompanying notes to financial statements

21

Global High Income Fund Inc.  
**Statement of changes in net assets**

	For the years ended October 31,	
	2012	2011
<b>From operations:</b>		
Net investment income	\$ 17,115,420	\$ 13,503,075
Net realized gain	7,037,450	11,124,780
Change in net unrealized appreciation/depreciation	6,767,688	(19,212,382)
Net increase in net assets resulting from operations	30,920,558	5,415,473
<b>Dividends and distributions to shareholders from:</b>		
Net investment income	(15,338,633)	(29,630,130)
Net realized gains	(6,013,534)	
Return of capital		(669,693)
Total dividends and distributions to shareholders	(21,352,167)	(30,299,823)
Net increase (decrease) in net assets	9,568,391	(24,884,350)
<b>Net Assets:</b>		
Beginning of year	280,798,681	305,683,031
End of year	\$ 290,367,072	\$ 280,798,681
Distributions in excess of net investment income	\$ (6,963,691)	\$ (6,593,134)

22 See accompanying notes to financial statements

## Global High Income Fund Inc.

## Financial highlights

Selected data for a share of common stock outstanding throughout each year is presented below:

	For the years ended October 31,				
	2012	2011	2010	2009	2008
<b>Net asset value, beginning of year</b>	\$13.00	\$14.16	\$12.90	\$9.82	\$15.26
Net investment income <sup>1</sup>	0.79	0.63	0.77	0.76	0.84
Net realized and unrealized gains (losses)	0.65	(0.39)	1.55	3.30	(4.28)
Net increase (decrease) from operations	1.44	0.24	2.32	4.06	(3.44)
Dividends from net investment income	(0.71)	(1.37)	(1.06)	(0.72)	(0.95)
Distributions from net realized gains	(0.28)				(0.73)
Return of capital		(0.03)		(0.26)	(0.32)
Total dividends, distributions and return of capital	(0.99)	(1.40)	(1.06)	(0.98)	(2.00)
<b>Net asset value, end of year</b>	\$13.45	\$13.00	\$14.16	\$12.90	\$9.82
<b>Market price, end of year</b>	\$12.74	\$12.54	\$14.98	\$11.47	\$8.22
<b>Total net asset value return<sup>2</sup></b>	11.53%	1.95%	18.91%	43.02%	(25.76)%
<b>Total market price return<sup>3</sup></b>	9.79%	(6.98)%	41.52%	54.20%	(33.99)%
<b>Ratios to average net assets:</b>					
Expenses before fee waivers by advisor	1.48%	1.50%	1.54%	1.56%	1.48%
Expenses after fee waivers by advisor	1.36%	1.44%	1.47%	1.51%	1.39%
Net investment income	6.10%	4.64%	5.76%	6.71%	6.01%
<b>Supplemental data:</b>					
Net assets, end of year (000 \$)	\$290,367	\$280,799	\$305,683	\$278,635	\$212,049
Portfolio turnover rate	52%	71%	84%	104%	83%

<sup>1</sup> Calculated using the average shares method.

<sup>2</sup> Total net asset value return is calculated assuming a \$10,000 purchase of common stock at the current net asset value on the first day of each year reported and a sale at the current net asset value on the last day of each year reported, and assuming reinvestment of dividends and other distributions at the net asset value on the payable dates. Total net asset value return does not reflect the deduction of taxes that a shareholder would pay on Fund dividends/distributions or a sale of Fund shares. Total return based on net asset value is hypothetical as investors cannot purchase or sell Fund shares at the net asset value but only at market prices.

<sup>3</sup> Total market price return is calculated assuming a \$10,000 purchase of common stock at the current market price on the first day of each year reported and a sale at the current market price on the last day of each year reported, and assuming reinvestment of dividends and other distributions at prices obtained under the Fund's Dividend Reinvestment Plan. Total market price return does not reflect brokerage commissions or the deduction of taxes that a shareholder would pay on Fund dividends/distributions or a sale of Fund shares.

See accompanying notes to financial statements

23

## Global High Income Fund Inc.

### Notes to financial statements

#### Organization and significant accounting policies

Global High Income Fund Inc. (the Fund) was incorporated in Maryland on February 23, 1993 and is registered with the US Securities and Exchange Commission (SEC) as a closed-end, non-diversified management investment company. The Fund's primary investment objective is to achieve a high level of current income. As a secondary objective the Fund seeks capital appreciation, to the extent consistent with its primary objective.

In the normal course of business, the Fund enters into contracts that contain a variety of representations that provide general indemnification for certain liabilities. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) is the exclusive reference of authoritative US generally accepted accounting principles (US GAAP) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal laws are also sources of authoritative US GAAP for SEC registrants. The Fund's financial statements are prepared in accordance with US GAAP, which may require the use of management estimates and assumptions. Actual results could differ from those estimates. The following is a summary of significant accounting policies:

#### Valuation of investments

The Fund calculates its net asset value based on the current market value, where available, for its portfolio securities. The Fund normally obtains market values for its securities and other instruments from independent pricing sources and broker-dealers. Independent pricing sources may use last reported sale prices, official market closing prices, current market quotations or valuations from computerized evaluation systems that derive values based on comparable securities or instruments. An evaluation system incorporates parameters such as security quality, maturity and coupon, and/or research and evaluations by its staff, including review of broker-dealer market price quotations, if available, in determining the valuation of the portfolio securities or instruments. Securities and other instruments also may be valued based on appraisals derived from information concerning the security or instrument or similar securities or instruments received from recognized dealers in those holdings. Securities and instruments traded in the over-the counter (OTC) market and listed on The NASDAQ Stock Market, Inc. (NASDAQ) normally are valued at the NASDAQ Official Closing Price. Other OTC securities are valued at the last bid price on the valuation date prior to valuation. Securities and instruments which are listed on US and foreign stock exchanges normally are valued at the market close, the last sale price on the day the securities are valued or, lacking any sales on such day, at the last available bid price. In cases where securities or instruments are traded on more than one exchange, the securities or instruments are valued on the exchange designated as the primary market by UBS Global Asset Management (Americas) Inc. (UBS Global AM or the Advisor), the investment advisor of the Fund. UBS Global AM is an indirect wholly owned asset management subsidiary of UBS AG, an internationally diversified organization with headquarters in Zurich and Basel, Switzerland and operations in many areas of the financial services industry. If a market value is not available from an independent pricing source for a particular security or instrument, that security or instrument is valued at fair value as determined in good faith by or under the direction of the Fund's Board of Directors (the Board). Various factors may be reviewed in order to make a good faith determination of a security's or instrument's fair value. These factors include, but are not limited to, fundamental analytical data relating to the investment; the nature and duration of restrictions on disposition of the securities or instruments; and the evaluation of forces which influence the market in which the securities or instruments are purchased and sold. Foreign currency exchange rates are generally determined as of the close of the New York Stock Exchange (NYSE).

Certain securities or instruments in which the Fund invests are traded in markets that close before 4:00 p.m., Eastern time. Normally, developments that occur between the close of the foreign markets and 4:00 p.m., Eastern time, will not be reflected in the Fund's net asset value. However, if the Fund determines that such developments

## Global High Income Fund Inc.

### Notes to financial statements

are so significant that they will materially affect the value of the Fund's securities or instruments, the Fund may adjust the previous closing prices to reflect what the Board believes to be the fair value of these securities or instruments as of 4:00 p.m., Eastern time.

The amortized cost method of valuation, which approximates market value, generally is used to value short-term debt instruments with sixty days or less remaining to maturity, unless the Board determines that this does not represent fair value. Investments in open-end investment companies are valued at the daily closing net asset value of the respective investment company. Pursuant to the Fund's use of the practical expedient within ASC Topic 820, investments in non-registered investment companies are also valued at the daily net asset value. All investments quoted in foreign currencies are valued daily in US dollars on the basis of the foreign currency exchange rates prevailing at the time such valuation is determined by the Fund's custodian and accounting agent.

Futures contracts are generally valued at the settlement price established each day on the exchange on which they are traded. Forward foreign currency contracts are valued daily using forward exchange rates quoted by independent pricing services.

Swaps are marked-to-market daily based upon values from third party vendors or quotations from market makers to the extent available, and the change in value, if any, is recorded as an unrealized gain or loss on the Statement of assets and liabilities. In the event that market quotations are not readily available or deemed unreliable, the swap is valued at fair value as determined in good faith by or under the direction of the Board (or a committee designated by it).

The Board has delegated to the UBS Global Asset Management Global Valuation Committee ( GVC ) the responsibility for making fair value determinations with respect to the Fund's portfolio holdings. The GVC is comprised of representatives of management, including members of the investment team.

The GVC provides reports to the Board at each quarterly meeting regarding any securities or instruments that have been fair valued, valued pursuant to standing instructions approved by the GVC, or where non-vendor pricing sources had been used to make fair value determinations when sufficient information exists during the prior quarter. Fair valuation determinations are subject to review at least monthly by the GVC during scheduled meetings. Pricing decisions, processes, and controls over fair value determinations are subject to internal and external reviews, including annual internal compliance reviews and periodic internal audit reviews.

The types of securities or instruments for which such fair value pricing may be necessary include, but are not limited to: foreign securities and instruments under some circumstances, as discussed below; securities of an issuer that has entered into a restructuring; securities or instruments whose trading has been halted or suspended; fixed income securities that are in default and for which there is no current market value quotation; and securities or instruments that are restricted as to transfer or resale. The need to fair value a Fund's portfolio securities and other instruments may also result from low trading volume in foreign markets or thinly traded domestic securities or instruments, and when a security is subject to a trading limit or collar on the exchange or market on which it is primarily traded reaches the limit up or limit down price and no trading has taken place at that price. Various factors may be reviewed in order to make a good faith determination of a security's or instrument's fair value. These factors include, but are not limited to, fundamental analytical data relating to the investment; the nature and duration of restrictions on disposition of the securities or instruments; and the evaluation of forces which influence the market in which the securities or instruments are purchased and sold. Valuing securities and other instruments at fair value involves greater reliance on judgment than valuing securities and other instruments that have readily available market quotations. Fair value determinations can also involve reliance on quantitative models employed by an independent third party.



## Global High Income Fund Inc.

### Notes to financial statements

US GAAP requires disclosure regarding the various inputs that are used in determining the value of the Fund's investments. These inputs are summarized into the three broad levels listed below:

Level 1 Unadjusted quoted prices in active markets for identical investments.

Level 2 Other significant observable inputs, including but not limited to, quoted prices for similar investments, interest rates, prepayment speeds and credit risk.

Level 3 Unobservable inputs inclusive of the Fund's own assumptions in determining the fair value of investments.

A fair value hierarchy has been included near the end of the Fund's Portfolio of investments.

In May 2011, FASB issued Accounting Standards Update No. 2011-04 Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in US GAAP and International Financial Reporting Standards (IFRS) (ASU 2011-04). ASU 2011-04 includes common requirements for measurement of and disclosure about fair value between US GAAP and IFRS. ASU 2011-04 requires reporting entities to disclose the following information for fair value measurements categorized within Level 3 of the fair value hierarchy: quantitative information about the unobservable inputs used in the fair value measurement, the valuation processes used by the reporting entity and a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs. In addition, ASU No. 2011-04 requires reporting entities to make disclosures about amounts and reasons for all transfers in and out of Level 1 and Level 2 fair value measurements. The new disclosures have been implemented for annual and interim reporting periods beginning after December 15, 2011. During the period ended October 31, 2012, there were no transfers between Level 1 and Level 2 for the Fund.

In December 2011, FASB issued Accounting Standards Update No. 2011-11 Disclosures about Offsetting Assets and Liabilities (ASU 2011-11). These disclosure requirements are intended to help investors and other financial statement users to better assess the effect or potential effect of offsetting arrangements on a company's financial position. They also improve transparency in the reporting of how companies mitigate credit risk, including disclosure of related collateral pledged or received. In addition, ASU 2011-11 facilitates comparison between those entities that prepare their financial statements on the basis of US GAAP and those entities that prepare their financial statements on the basis of IFRS. ASU 2011-11 requires entities to: disclose both gross and net information about both instruments and transactions eligible for offset in the financial statements; and disclose instruments and transactions subject to an agreement similar to a master netting agreement. ASU 2011-11 is effective for fiscal years beginning on or after January 1, 2013, and interim periods within those annual periods. At this time, management is evaluating the implications of ASU 2011-11 and its impact on the Fund's financial statement disclosures.

The provisions of ASC Topic 815 Derivatives and Hedging (ASC Topic 815) require qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments and disclosures about credit-risk related contingent features in derivative agreements. Since investment companies value their derivatives at fair value and recognize changes in fair value through the Statement of operations, they do not qualify for hedge accounting under ASC Topic 815. Accordingly, even though the Fund's investments in derivatives may represent economic hedges, they are considered to be non-hedge transactions for purposes of disclosure under ASC Topic 815. ASC Topic 815 requires that (1) objectives for using derivative instruments be disclosed in terms of underlying risk and accounting designation, (2) the fair values of derivative instruments and their gains and losses be disclosed in a tabular format, and (3) information be disclosed about credit-risk contingent features of derivatives contracts. Details of this disclosure can be found below as well as in the Portfolio of investments. Swap agreements, forward foreign currency contracts, swaptions

## Global High Income Fund Inc.

## Notes to financial statements

and options written entered into by the Fund may contain credit-risk related contingent features that could be triggered subject to certain circumstances. Such circumstances include agreed upon net asset value thresholds. If triggered, the derivative counterparty could request additional cash margin and/or terminate the derivative contract. The aggregate fair value of the derivative contracts that are in a net liability position that contain these triggers can be found in the Portfolio of investments. The aggregate fair value of assets that are already posted as collateral as of October 31, 2012 is reflected in the Statement of assets and liabilities. If the applicable credit-risk related contingent features were triggered as of October 31, 2012, the Fund would be required to post additional collateral or may be required to terminate the contracts and settle any amounts outstanding. The volume of derivatives that is presented in the Portfolio of investments of the Fund is consistent with the derivative activity during the period ended October 31, 2012, except for forward currency contracts; for which the average volume during the year was greater than at year end. The Fund may be a seller of protection through credit default swap agreements which are by nature credit-risk contingent (the terms of these agreements can be found within the Portfolio of investments, with further discussion in the Notes to financial statements).

Disclosure of derivatives by underlying risk for the Fund as of and for the year ended October 31, 2012 is as follows:

## Asset derivatives

	Interest rate risk	Credit risk	Foreign exchange risk	Total
Forward contracts <sup>1</sup>	\$		\$ 1,648,293	\$ 1,648,293
Futures contracts <sup>2</sup>		55,559		55,559
Options purchased <sup>1</sup>			184,311	184,311
Swap agreements <sup>1</sup>	278,888	208,608	671,734	1,159,230
Total value	\$ 334,447	\$ 208,608	\$ 2,504,338	\$ 3,047,393

<sup>1</sup> Statement of assets and liabilities location: Options purchased are shown within investments in securities of unaffiliated issuers, at value, unrealized appreciation on forward foreign currency contracts and outstanding swap agreements, at value.

<sup>2</sup> Includes cumulative appreciation of futures contracts as reported in the futures contracts table in the Portfolio of investments, but only the unpaid variation margin is reported within the Statement of assets and liabilities within Due from broker.

## Liability derivatives

	Interest rate risk	Credit risk	Foreign exchange risk	Total
Forward contracts <sup>1</sup>	\$	\$	\$(457,368)	\$(457,368)
Futures contracts <sup>2</sup>	(2,768)			(2,768)
Options written <sup>1</sup>			(11,787)	(11,787)
Swap agreements <sup>1</sup>	(253,115)	(2,078,741)		(2,331,856)
Total value	\$ (255,883)	\$ (2,078,741)	\$(469,155)	\$(2,803,779)

<sup>1</sup> Statement of assets and liabilities location: Unrealized depreciation on forward foreign currency contracts, written options, at value and outstanding swap agreements, at value.

<sup>2</sup> Includes cumulative depreciation of futures contracts as reported in the futures contracts table in the Portfolio of investments, but only the unpaid variation margin is reported within the Statement of assets and liabilities within Due to broker.

## Global High Income Fund Inc.

## Notes to financial statements

Activities in derivative instruments during the year ended October 31, 2012 were as follows:

	Interest rate risk	Credit risk	Foreign exchange risk	Total
<b>Net realized gain (loss)<sup>1</sup></b>				
Forward contracts	\$	\$	\$ 410,267	\$ 410,267
Futures contracts	6,527			6,527
Options purchased <sup>3</sup>			(6,272,535)	(6,272,535)
Options written			1,401,147	1,401,147
Swap agreements	688,498	(612,113)	(25,838)	50,547