

EATON VANCE MASSACHUSETTS MUNICIPAL INCOME TRUST

Form N-Q

October 26, 2015

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Form N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED**

**MANAGEMENT INVESTMENT COMPANIES**

**811-09147**

**Investment Company Act File Number**

**Eaton Vance Massachusetts Municipal Income Trust**

(Exact Name of Registrant as Specified in Charter)

Two International Place, Boston, Massachusetts 02110

(Address of Principal Executive Offices)

Maureen A. Gemma

Two International Place, Boston, Massachusetts 02110

(Name and Address of Agent for Services)

(617) 482-8260

(Registrant's Telephone Number, Including Area Code)

November 30

Date of Fiscal Year End

August 31, 2015

Date of Reporting Period

**Item 1. Schedule of Investments**

## Eaton Vance

## Massachusetts Municipal Income Trust

August 31, 2015

## PORTFOLIO OF INVESTMENTS (Unaudited)

Tax-Exempt Investments 153.5%

| Security  | Principal<br>Amount<br>(000 s omitted) | Value               |
|---|--|---------------------|
| <b>Bond Bank 6.0%</b>   |  |                     |
| Massachusetts Water Pollution Abatement Trust, 5.25%, 8/1/33  | \$ 910                                 | \$ 1,167,193        |
| Massachusetts Water Pollution Abatement Trust, 5.25%, 8/1/34  | 990                                    | 1,276,308           |
|   |  | <b>\$ 2,443,501</b> |
| <b>Education 23.9%</b>  |  |                     |
| Massachusetts Development Finance Agency, (Milton Academy), 5.00%, 9/1/35   | \$ 1,080                               | \$ 1,223,154        |
| Massachusetts Development Finance Agency, (Northeastern University), 5.00%, 3/1/33  | 770                                    | 864,518             |
| Massachusetts Health and Educational Facilities Authority, (Berklee College of Music),<br>5.00%, 10/1/32                                    | 1,500                                  | 1,611,525           |
| Massachusetts Health and Educational Facilities Authority, (Boston College), 5.50%, 6/1/35  | 1,640                                  | 2,143,529           |
| Massachusetts Health and Educational Facilities Authority, (Harvard University),<br>5.00%, 10/1/38 <sup>(1)</sup>                           | 1,500                                  | 1,625,415           |
| Massachusetts Health and Educational Facilities Authority, (Northeastern University),<br>5.00%, 10/1/35                                     | 1,350                                  | 1,518,196           |
| University of Massachusetts Building Authority, 5.00%, 11/1/39  | 750                                    | 839,385             |
|   |  | <b>\$ 9,825,722</b> |
| <b>Escrowed/Prerefunded 9.5%</b>  |  |                     |
| Massachusetts Development Finance Agency, (New England Conservatory of Music),<br>Prerefunded to 7/1/18, 5.25%, 7/1/38                      | \$ 625                                 | \$ 700,038          |
| Massachusetts Development Finance Agency, (Partners HealthCare System), Prerefunded to<br>7/1/17, 5.00%, 7/1/32                             | 1,055                                  | 1,140,012           |
| Massachusetts Health and Educational Facilities Authority, (Massachusetts Institute of<br>Technology), Prerefunded to 7/1/17, 5.00%, 7/1/38 | 415                                    | 448,279             |
| Massachusetts Health and Educational Facilities Authority, (Tufts University), Prerefunded to<br>8/15/18, 5.375%, 8/15/38                   | 1,420                                  | 1,605,267           |
|   |  | <b>\$ 3,893,596</b> |
| <b>General Obligations 15.3%</b>  |  |                     |
| Boston, 4.00%, 4/1/24   | \$ 300                                 | \$ 331,377          |
| Cambridge, 4.00%, 2/15/21   | 595                                    | 673,480             |
| Danvers, 5.25%, 7/1/36  | 885                                    | 1,040,202           |
| Lexington, 4.00%, 2/1/22  | 430                                    | 489,469             |
| Lexington, 4.00%, 2/1/23  | 355                                    | 406,138             |
| Newton, 5.00%, 4/1/36   | 750                                    | 842,782             |
| Plymouth, 5.00%, 5/1/31   | 345                                    | 390,882             |
| Plymouth, 5.00%, 5/1/32   | 315                                    | 355,824             |
| Wayland, 5.00%, 2/1/33  | 510                                    | 586,582             |

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|                            |     |                     |
|----------------------------|-----|---------------------|
| Wayland, 5.00%, 2/1/36     | 770 | 878,709             |
| Winchester, 5.00%, 4/15/36 | 245 | 279,819             |
|                            |     | <b>\$ 6,275,264</b> |

**Hospital 26.7%**

|  |          |              |
|--|----------|--------------|
| Massachusetts Development Finance Agency, (Berkshire Health Systems), 5.00%, 10/1/31 | \$ 1,000 | \$ 1,091,540 |
| Massachusetts Development Finance Agency, (CareGroup), 5.00%, 7/1/25 <sup>(2)</sup>  | 600      | 702,078      |
| Massachusetts Development Finance Agency, (CareGroup), 5.00%, 7/1/33 <sup>(2)</sup>  | 180      | 199,681      |
| Massachusetts Development Finance Agency, (Children's Hospital), 5.00%, 10/1/31      | 525      | 601,640      |
| Massachusetts Development Finance Agency, (Tufts Medical Center), 7.25%, 1/1/32      | 600      | 721,014      |

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| Security   | Principal<br>Amount<br>(000 s omitted) | Value                |
|--|--|----------------------|
| Massachusetts Development Finance Agency, (UMass Memorial), 5.50%, 7/1/31  | \$ 555                                 | \$ 612,004           |
| Massachusetts Health and Educational Facilities Authority, (Baystate Medical Center, Inc.),<br>5.75%, 7/1/36       | 1,210                                  | 1,363,234            |
| Massachusetts Health and Educational Facilities Authority, (Children s Hospital), 5.25%, 12/1/39                   | 500                                    | 563,230              |
| Massachusetts Health and Educational Facilities Authority, (Dana-Farber Cancer Institute),<br>5.00%, 12/1/37       | 1,135                                  | 1,240,090            |
| Massachusetts Health and Educational Facilities Authority, (Jordan Hospital), 6.75%, 10/1/33                       | 755                                    | 759,266              |
| Massachusetts Health and Educational Facilities Authority, (Lowell General Hospital),<br>5.125%, 7/1/35            | 970                                    | 1,037,929            |
| Massachusetts Health and Educational Facilities Authority, (Partners HealthCare System),<br>5.00%, 7/1/32          | 945                                    | 1,007,332            |
| Massachusetts Health and Educational Facilities Authority, (South Shore Hospital), 5.75%, 7/1/29                   | 675                                    | 677,835              |
| Massachusetts Health and Educational Facilities Authority, (Southcoast Health System),<br>5.00%, 7/1/29            | 350                                    | 380,982              |
|  |  | <b>\$ 10,957,855</b> |
| <b>Housing 5.1%</b>  |  |                      |
| Massachusetts Housing Finance Agency, (AMT), 4.75%, 12/1/48  | \$ 2,100                               | \$ 2,103,927         |
|  |  | <b>\$ 2,103,927</b>  |
| <b>Industrial Development Revenue 2.0%</b>   |  |                      |
| Massachusetts Development Finance Agency, (Covanta Energy), (AMT), 4.875%, 11/1/27 <sup>(3)</sup>                  | \$ 800                                 | \$ 813,104           |
|  |  | <b>\$ 813,104</b>    |
| <b>Insured-Education 7.2%</b>  |  |                      |
| Massachusetts College Building Authority, (XLCA), 5.50%, 5/1/39  | \$ 1,000                               | \$ 1,245,020         |
| Massachusetts Development Finance Agency, (College of the Holy Cross), (AMBAC),<br>5.25%, 9/1/32 <sup>(1)(4)</sup> | 1,365                                  | 1,720,105            |
|  |  | <b>\$ 2,965,125</b>  |
| <b>Insured-Electric Utilities 1.2%</b>   |  |                      |
| Puerto Rico Electric Power Authority, (NPPFG), 5.25%, 7/1/29   | \$ 550                                 | \$ 480,282           |
|  |  | <b>\$ 480,282</b>    |
| <b>Insured-General Obligations 3.1%</b>  |  |                      |
| Massachusetts, (AMBAC), 5.50%, 8/1/30 <sup>(5)</sup>   | \$ 1,000                               | \$ 1,282,100         |
|  |  | <b>\$ 1,282,100</b>  |
| <b>Insured-Hospital 0.9%</b>   |  |                      |
| Massachusetts Health and Educational Facilities Authority, (Cape Cod Healthcare), (AGC),<br>5.00%, 11/15/25        | \$ 335                                 | \$ 373,344           |
|  |  | <b>\$ 373,344</b>    |
| <b>Insured-Other Revenue 1.8%</b>  |  |                      |
| Massachusetts Development Finance Agency, (WGBH Educational Foundation), (AMBAC),<br>5.75%, 1/1/42                 | \$ 590                                 | \$ 717,222           |

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\$ 717,222

**Insured-Special Tax Revenue 13.0%**

|  |        |                     |
|--|--------|---------------------|
| Martha's Vineyard Land Bank, (BAM), 5.00%, 5/1/25  | \$ 900 | \$ 1,080,036        |
| Martha's Vineyard Land Bank, (BAM), 5.00%, 5/1/28  | 1,195  | 1,386,654           |
| Massachusetts, Special Obligation, Dedicated Tax Revenue, (NPF), 5.50%, 1/1/29                               | 1,000  | 1,254,200           |
| Massachusetts School Building Authority, Dedicated Sales Tax Revenue, (AMBAC), 5.00%, 8/15/37 <sup>(1)</sup> | 1,340  | 1,431,763           |
| Puerto Rico Sales Tax Financing Corp., (NPF), 0.00%, 8/1/45  | 1,105  | 175,032             |
|  |        | <b>\$ 5,327,685</b> |

**Insured-Student Loan 2.1%**

|  |        |                   |
|--|--------|-------------------|
| Massachusetts Educational Financing Authority, (AGC), (AMT), 6.35%, 1/1/30   | \$ 235 | \$ 247,711        |
| Massachusetts Educational Financing Authority, (AMBAC), (AMT), 4.70%, 1/1/33 | 615    | 621,476           |
|  |        | <b>\$ 869,187</b> |

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| Security  | Principal<br>Amount<br>(000 s omitted) | Value                  |
|---|--|------------------------|
| <b>Insured-Transportation 0.8%</b>  |  |                        |
| Massachusetts Port Authority, (Bosfuel Project), (NPPG), (AMT), 5.00%, 7/1/32                                 | \$ 315                                 | \$ 330,785             |
|   |  | <b>\$ 330,785</b>      |
| <b>Other Revenue 2.7%</b>   |  |                        |
| Massachusetts Health and Educational Facilities Authority, (Isabella Stewart Gardner Museum), 5.00%, 5/1/22   | \$ 500                                 | \$ 560,965             |
| Massachusetts Health and Educational Facilities Authority, (Isabella Stewart Gardner Museum), 5.00%, 5/1/25   | 505                                    | 564,726                |
|   |  | <b>\$ 1,125,691</b>    |
| <b>Senior Living/Life Care 1.8%</b>   |  |                        |
| Massachusetts Development Finance Agency, (Carleton-Willard Village), 5.625%, 12/1/30                         | \$ 125                                 | \$ 140,223             |
| Massachusetts Development Finance Agency, (VOA Concord Assisted Living, Inc.), 5.125%, 11/1/27 <sup>(3)</sup> | 140                                    | 140,616                |
| Massachusetts Development Finance Agency, (VOA Concord Assisted Living, Inc.), 5.20%, 11/1/41 <sup>(3)</sup>  | 475                                    | 465,120                |
|   |  | <b>\$ 745,959</b>      |
| <b>Special Tax Revenue 8.6%</b>   |  |                        |
| Massachusetts Bay Transportation Authority, 5.25%, 7/1/34   | \$ 140                                 | \$ 154,981             |
| Massachusetts Bay Transportation Authority, Sales Tax Revenue, 0.00%, 7/1/31                                  | 1,665                                  | 816,300                |
| Massachusetts Bay Transportation Authority, Sales Tax Revenue, 0.00%, 7/1/34                                  | 5,195                                  | 2,199,511              |
| Virgin Islands Public Finance Authority, 6.75%, 10/1/37   | 335                                    | 378,011                |
|   |  | <b>\$ 3,548,803</b>    |
| <b>Transportation 10.8%</b>   |  |                        |
| Massachusetts Department of Transportation, (Metropolitan Highway System), 5.00%, 1/1/37                      | \$ 1,500                               | \$ 1,671,990           |
| Massachusetts Port Authority, 5.00%, 7/1/28   | 500                                    | 571,125                |
| Massachusetts Port Authority, 5.00%, 7/1/34   | 670                                    | 756,383                |
| Massachusetts Port Authority, 5.00%, 7/1/45   | 1,250                                  | 1,420,400              |
|   |  | <b>\$ 4,419,898</b>    |
| <b>Water and Sewer 11.0%</b>  |  |                        |
| Boston Water and Sewer Commission, 5.00%, 11/1/29   | \$ 495                                 | \$ 561,637             |
| Boston Water and Sewer Commission, 5.00%, 11/1/31   | 225                                    | 254,513                |
| Boston Water and Sewer Commission, Prerefunded to 11/1/19, 5.00%, 11/1/26                                     | 2,005                                  | 2,320,908              |
| Massachusetts Water Resources Authority, 5.00%, 8/1/28  | 1,195                                  | 1,383,487              |
|   |  | <b>\$ 4,520,545</b>    |
| <b>Total Tax-Exempt Investments 153.5%</b><br><b>(identified cost \$57,766,833)</b>                           |  |                        |
|   |  | <b>\$ 63,019,595</b>   |
| <b>Auction Preferred Shares Plus Cumulative Unpaid Dividends (48.8%)</b>                                      |  |                        |
|   |  | <b>\$ (20,050,465)</b> |

|                                       |               |           |                    |
|---------------------------------------|---------------|-----------|--------------------|
| <b>Other Assets, Less Liabilities</b> | <b>(4.7)%</b> | <b>\$</b> | <b>(1,916,342)</b> |
|---------------------------------------|---------------|-----------|--------------------|

|   |               |           |                   |
|---|---------------|-----------|-------------------|
| <b>Net Assets Applicable to Common Shares</b> | <b>100.0%</b> | <b>\$</b> | <b>41,052,788</b> |
|---|---------------|-----------|-------------------|

The percentage shown for each investment category in the Portfolio of Investments is based on net assets applicable to common shares.

AGC - Assured Guaranty Corp.

AMBAC - AMBAC Financial Group, Inc.

AMT - Interest earned from these securities may be considered a tax preference item for purposes of the Federal Alternative Minimum Tax.

BAM - Build America Mutual Assurance Co.

NPFG - National Public Finance Guaranty Corp.

XLCA - XL Capital Assurance, Inc.



The Trust invests primarily in debt securities issued by Massachusetts municipalities. The ability of the issuers of the debt securities to meet their obligations may be affected by economic developments in a specific industry or municipality. In order to reduce the risk associated with such economic developments, at August 31, 2015, 19.6% of total investments are backed by bond insurance of various financial institutions and financial guaranty assurance agencies. The aggregate percentage insured by an individual financial institution or financial guaranty assurance agency ranged from 1.0% to 9.2% of total investments.

- (1) Security represents the municipal bond held by a trust that issues residual interest bonds.
  - (2) When-issued security.
  - (3) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. These securities may be sold in certain transactions (normally to qualified institutional buyers) and remain exempt from registration. At August 31, 2015, the aggregate value of these securities is \$1,418,840 or 3.5% of the Trust's net assets applicable to common shares.
  - (4) Security (or a portion thereof) has been pledged as collateral for residual interest bond transactions. The aggregate value of such collateral is \$810,105.
  - (5) Security (or a portion thereof) has been segregated to cover payable for when-issued securities.
- The cost and unrealized appreciation (depreciation) of investments of the Trust at August 31, 2015, as determined on a federal income tax basis, were as follows:

|                                    |                      |
|------------------------------------|----------------------|
| <b>Aggregate cost</b>              | <b>\$ 54,237,630</b> |
| Gross unrealized appreciation      | \$ 5,539,050         |
| Gross unrealized depreciation      | (142,085)            |
| <b>Net unrealized appreciation</b> | <b>\$ 5,396,965</b>  |

A summary of open financial instruments at August 31, 2015 is as follows:

#### Futures Contracts

| Expiration Month/Year | Contracts                  | Position | Aggregate Cost | Value          | Net Unrealized Depreciation |
|-----------------------|----------------------------|----------|----------------|----------------|-----------------------------|
| 12/15                 | 23 U.S. Long Treasury Bond | Short    | \$ (3,554,355) | \$ (3,556,375) | \$ (2,020)                  |

At August 31, 2015, the Trust had sufficient cash and/or securities to cover commitments under these contracts.

The Trust is subject to interest rate risk in the normal course of pursuing its investment objective. Because the Trust holds fixed-rate bonds, the value of these bonds may decrease if interest rates rise. The Trust enters into U.S. Treasury futures contracts to hedge against changes in interest rates.

At August 31, 2015, the aggregate fair value of open derivative instruments (not considered to be hedging instruments for accounting disclosure purposes) in a liability position and whose primary underlying risk exposure is interest rate risk was \$2,020.

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Under generally accepted accounting principles for fair value measurements, a three-tier hierarchy to prioritize the assumptions, referred to as inputs, is used in valuation techniques to measure fair value. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1 quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 significant unobservable inputs (including a fund's own assumptions in determining the fair value of investments)

In cases where the inputs used to measure fair value fall in different levels of the fair value hierarchy, the level disclosed is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

At August 31, 2015, the hierarchy of inputs used in valuing the Trust's investments and open derivative instruments, which are carried at value, were as follows:

| <b>Asset Description</b>     | <b>Level 1</b>    | <b>Level 2</b>       | <b>Level 3</b> | <b>Total</b>         |
|------------------------------|-------------------|----------------------|----------------|----------------------|
| Tax-Exempt Investments       | \$                | \$ 63,019,595        | \$             | \$ 63,019,595        |
| <b>Total Investments</b>     | <b>\$</b>         | <b>\$ 63,019,595</b> | <b>\$</b>      | <b>\$ 63,019,595</b> |
| <br>                         |                   |                      |                |                      |
| <b>Liability Description</b> |                   |                      |                |                      |
| Futures Contracts            | \$ (2,020)        | \$                   | \$             | \$ (2,020)           |
| <b>Total</b>                 | <b>\$ (2,020)</b> | <b>\$</b>            | <b>\$</b>      | <b>\$ (2,020)</b>    |

The Trust held no investments or other financial instruments as of November 30, 2014 whose fair value was determined using Level 3 inputs. At August 31, 2015, there were no investments transferred between Level 1 and Level 2 during the fiscal year to date then ended.

For information on the Trust's policy regarding the valuation of investments and other significant accounting policies, please refer to the Trust's most recent financial statements included in its semiannual or annual report to shareholders.

**Item 2. Controls and Procedures**

(a) It is the conclusion of the registrant's principal executive officer and principal financial officer that the effectiveness of the registrant's current disclosure controls and procedures (such disclosure controls and procedures having been evaluated within 90 days of the date of this filing) provide reasonable assurance that the information required to be disclosed by the registrant on this

Form N-Q has been recorded, processed, summarized and reported within the time period specified in the Commission's rules and forms and that the information required to be disclosed by the registrant on this Form N-Q has been accumulated and communicated to the registrant's principal executive officer and principal financial officer in order to allow timely decisions regarding required disclosure.

(b) There have been no changes in the registrant's internal controls over financial reporting during the fiscal quarter for which the report is being filed that have materially affected, or are reasonably likely to materially affect the registrant's internal control over financial reporting.

**Signatures**

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

Eaton Vance Massachusetts Municipal Income Trust

By: /s/ Payson F. Swaffield  
Payson F. Swaffield  
President

Date: October 26, 2015

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

By: /s/ Payson F. Swaffield  
Payson F. Swaffield  
President

Date: October 26, 2015

By: /s/ James F. Kirchner  
James F. Kirchner  
Treasurer

Date: October 26, 2015