

MFS INTERMEDIATE HIGH INCOME FUND

Form N-CSRS

July 18, 2018

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-05567

MFS INTERMEDIATE HIGH INCOME FUND

(Exact name of registrant as specified in charter)

111 Huntington Avenue, Boston, Massachusetts 02199

(Address of principal executive offices) (Zip code)

Christopher R. Bohane

Massachusetts Financial Services Company

111 Huntington Avenue

Boston, Massachusetts 02199

(Name and address of agents for service)

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

Date of fiscal year end: November 30

Date of reporting period: May 31, 2018

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ITEM 1. REPORTS TO STOCKHOLDERS.

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Semiannual Report

May 31, 2018

MFS® Intermediate High Income Fund

CIH-SEM

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MANAGED DISTRIBUTION POLICY DISCLOSURE

The MFS Intermediate High Income Fund's (the fund) Board of Trustees adopted a managed distribution policy. The fund seeks to pay monthly distributions based on an annual rate of 9.50% of the fund's average monthly net asset value. The primary purpose of the managed distribution policy is to provide shareholders with a constant, but not guaranteed, fixed minimum rate of distribution each month. You should not draw any conclusions about the fund's investment performance from the amount of the current distribution or from the terms of the fund's managed distribution policy. The Board may amend or terminate the managed distribution policy at any time without prior notice to fund shareholders. The amendment or termination of the managed distribution policy could have an adverse effect on the market price of the fund's shares.

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

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

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MFS® Intermediate High Income Fund

New York Stock Exchange Symbol: **CIF**

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NOT FDIC INSURED MAY LOSE VALUE NO BANK GUARANTEE

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LETTER FROM THE EXECUTIVE CHAIRMAN

Dear Shareholders:

Rising bond yields, international trade friction and geopolitical uncertainty have contributed to a measurable uptick in market volatility a departure from the

low-volatility environment that prevailed for much of 2017. In recent months, against this backdrop, global markets have given back some of the strong gains recorded during 2017 and early 2018. Global economic growth remains healthy, notwithstanding signs of a modest slowdown over the past few months, particularly in Europe.

Although the U.S. Federal Reserve continues to gradually raise interest rates and shrink its balance sheet, monetary policy remains accommodative around the world, with many central banks taking only tentative steps toward tighter policies. Newly

enacted U.S. tax reforms have been welcomed by equity markets, while emerging market economies have benefited from the solid macroeconomic backdrop.

Around the world, inflation remains largely subdued, but tight labor markets and solid global demand have investors on the lookout for its potential resurgence. Increased U.S. protectionism is also a growing concern, as investors fear that trade disputes could disrupt the synchronized rise in global growth.

As a global investment manager, MFS® strives to create long-term value and protect capital for clients through an active approach and an investment platform built on nearly a century of expertise. To make that long-term value meaningful for clients, we work to align with you on our beliefs, your needs and the time it takes to deliver on your desired outcomes.

Respectfully,

Robert J. Manning

Executive Chairman

MFS Investment Management

July 16, 2018

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

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Top five industries (i)	
Cable TV	11.0%
Energy - Independent	9.4%
Medical & Health Technology & Services	8.5%
Metals & Mining	6.9%
Containers	6.4%
Composition including fixed income credit quality (a)(i)	
BBB	1.1%
BB	63.4%
B	61.3%
CCC	10.9%
CC	0.3%
D (o)	0.0%
Not Rated	(2.5)%
Non-Fixed Income	0.3%
Cash & Cash Equivalents (Less Liabilities)	(38.2)%
Other	3.4%
Portfolio facts (i)	
Average Duration (d)	6.0
Average Effective Maturity (m)	6.8 yrs.

- (a) For all securities other than those specifically described below, ratings are assigned to underlying securities utilizing ratings from Moody's, Fitch, and Standard & Poor's rating agencies and applying the following hierarchy: If all three agencies provide a rating, the middle rating (after dropping the highest and lowest ratings) is assigned; if two of the three agencies rate a security, the lower of the two is assigned. Ratings are shown in the S&P and Fitch scale (e.g., AAA). Securities rated BBB or higher are considered investment grade. All ratings are subject to change. Not Rated includes fixed income securities and fixed income derivatives, which have not been rated by any rating agency. Non-Fixed Income includes equity securities (including convertible bonds and equity derivatives) and/or commodity-linked derivatives. The fund may or may not have held all of these instruments on this date. The fund is not rated by these agencies.
- (d) Duration is a measure of how much a bond's price is likely to fluctuate with general changes in interest rates, e.g., if rates rise 1.00%, a bond with a 5-year duration is likely to lose about 5.00% of its value due to the interest rate move.

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Portfolio Composition continued

- (i) For purposes of this presentation, the components include the value of securities, and reflect the impact of the equivalent exposure of derivative positions, if any. These amounts may be negative from time to time. Equivalent exposure is a calculated amount that translates the derivative position into a reasonable approximation of the amount of the underlying asset that the portfolio would have to hold at a given point in time to have the same price sensitivity that results from the portfolio's ownership of the derivative contract. When dealing with derivatives, equivalent exposure is a more representative measure of the potential impact of a position on portfolio performance than value. The bond component will include any accrued interest amounts.
- (m) In determining each instrument's effective maturity for purposes of calculating the fund's dollar-weighted average effective maturity, MFS uses the instrument's stated maturity or, if applicable, an earlier date on which MFS believes it is probable that a maturity-shortening device (such as a put, pre-refunding or prepayment) will cause the instrument to be repaid. Such an earlier date can be substantially shorter than the instrument's stated maturity.
- (o) Less than 0.1%.

Where the fund holds convertible bonds, they are treated as part of the equity portion of the portfolio.

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

From time to time Cash & Cash Equivalents may be negative due to borrowings for leverage transactions and/or timing of cash receipts and disbursements.

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

Percentages are based on net assets as of May 31, 2018.

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

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PORTFOLIO MANAGERS PROFILES

Portfolio Manager	Primary Role	Since	Title and Five Year History
William Adams	Portfolio Manager	2011	Investment Officer of MFS; employed in the investment management area of MFS since 2009.
David Cole	Portfolio Manager	2007	Investment Officer of MFS; employed in the investment management area of MFS since 2004.
Michael Skatrud	Portfolio Manager	2018	Investment Officer of MFS; employed in the investment management area of MFS since 2013.

Note to Shareholders: Effective March 1, 2018, Michael Skatrud became a Portfolio Manager of the Fund. Effective September 1, 2018, William Adams will no longer be a Portfolio Manager of the Fund.

OTHER NOTES

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

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

The fund's target annual distribution rate is calculated based on an annual rate of 9.50% of the fund's average monthly net asset value, not a fixed share price, and the fund's dividend amount will fluctuate with changes in the fund's average monthly net assets.

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

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5/31/18 (unaudited)

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

Bonds - 135.3%		
Issuer	Shares/Par	Value (\$)
Aerospace - 2.5%		
Dae Funding LLC, 5%, 8/01/2024 (n)	\$ 380,000	\$ 358,150
KLX, Inc., 5.875%, 12/01/2022 (n)	350,000	365,750
TransDigm, Inc., 6.5%, 7/15/2024	315,000	321,300
TransDigm, Inc., 6.375%, 6/15/2026	230,000	231,150
		\$ 1,276,350
Automotive - 1.9%		
Allison Transmission, Inc., 5%, 10/01/2024 (n)	\$ 600,000	\$ 595,500
IHO Verwaltungs GmbH, 4.75%, (4.75% cash or 5.5% PIK) 9/15/2026 (n)(p)	400,000	376,000
		\$ 971,500
Broadcasting - 5.1%		
Liberty Media Corp. - Liberty Formula One, 8.5%, 7/15/2029	\$ 270,000	\$ 290,250
Liberty Media Corp. - Liberty Formula One, 8.25%, 2/01/2030	95,000	100,985
Match Group, Inc., 6.375%, 6/01/2024	295,000	307,537
Meredith Corp., 6.875%, 2/01/2026 (n)	300,000	303,000
Netflix, Inc., 5.875%, 2/15/2025	210,000	216,059
Netflix, Inc., 4.375%, 11/15/2026	125,000	117,501
Netflix, Inc., 3.625%, 5/15/2027	EUR 180,000	208,369
Netflix, Inc., 4.875%, 4/15/2028 (n)	\$ 90,000	85,509
Netflix, Inc., 5.875%, 11/15/2028 (n)	215,000	216,139
Sinclair Broadcast Group, Inc., 5.125%, 2/15/2027 (n)	310,000	288,300
WMG Acquisition Corp., 5%, 8/01/2023 (n)	65,000	64,188
WMG Acquisition Corp., 4.875%, 11/01/2024 (n)	330,000	321,750
WMG Acquisition Corp., 5.5%, 4/15/2026 (n)	65,000	64,350
		\$ 2,583,937
Building - 6.3%		
ABC Supply Co., Inc., 5.75%, 12/15/2023 (n)	\$ 380,000	\$ 385,225
ABC Supply Co., Inc., 5.875%, 5/15/2026 (n)	310,000	304,575
Beacon Escrow Corp., 4.875%, 11/01/2025 (n)	275,000	253,000
Beacon Roofing Supply, Inc., 6.375%, 10/01/2023	115,000	118,990
Gibraltar Industries, Inc., 6.25%, 2/01/2021	250,000	251,875
James Hardie International Finance Ltd., 5%, 1/15/2028 (n)	300,000	284,544
New Enterprise Stone & Lime Co, Inc., 10.125%, 4/01/2022 (n)	290,000	308,125
New Enterprise Stone & Lime Co., Inc., 6.25%, 3/15/2026 (n)	216,000	217,080
PriSo Acquisition Corp., 9%, 5/15/2023 (n)	220,000	229,350
Standard Industries, Inc., 5.375%, 11/15/2024 (n)	380,000	373,350
Standard Industries, Inc., 6%, 10/15/2025 (n)	180,000	181,800

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Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Building - continued		
Summit Materials LLC/Summit Materials Finance Co., 6.125%, 7/15/2023	\$ 305,000	\$ 308,050
		\$ 3,215,964
Business Services - 5.7%		
Alliance Data Systems Corp., 5.875%, 11/01/2021 (n)	\$ 340,000	\$ 346,375
Alliance Data Systems Corp., 5.375%, 8/01/2022 (n)	110,000	110,550
Ascend Learning LLC, 6.875%, 8/01/2025 (n)	200,000	200,000
CDK Global, Inc., 4.875%, 6/01/2027	445,000	419,412
Equinix, Inc., 5.375%, 1/01/2022	70,000	72,013
Equinix, Inc., 5.375%, 4/01/2023	240,000	245,400
Equinix, Inc., 5.75%, 1/01/2025	40,000	40,700
Equinix, Inc., 5.875%, 1/15/2026	150,000	152,812
First Data Corp., 5%, 1/15/2024 (n)	510,000	509,490
MSCI, Inc., 4.75%, 8/01/2026 (n)	290,000	283,475
Travelport Worldwide Ltd., 6%, 3/15/2026 (n)	280,000	281,400
Vantiv LLC/Vantiv Issuer Corp, 4.375%, 11/15/2025 (n)	250,000	236,250
		\$ 2,897,877
Cable TV - 10.8%		
Altice Financing S.A., 6.625%, 2/15/2023 (n)	\$ 280,000	\$ 276,024
Altice Financing S.A., 7.5%, 5/15/2026 (n)	200,000	191,250
Altice U.S. Finance I Corp., 5.5%, 5/15/2026 (n)	200,000	192,060
CCO Holdings LLC/CCO Holdings Capital Corp., 5.125%, 5/01/2023 (n)	340,000	337,875
CCO Holdings LLC/CCO Holdings Capital Corp., 5.75%, 1/15/2024	520,000	521,300
CCO Holdings LLC/CCO Holdings Capital Corp., 5.375%, 5/01/2025 (n)	205,000	199,875
CCO Holdings LLC/CCO Holdings Capital Corp., 5.75%, 2/15/2026 (n)	175,000	171,447
CCO Holdings LLC/CCO Holdings Capital Corp., 5.875%, 5/01/2027 (n)	180,000	176,962
CSC Holdings LLC, 5.5%, 4/15/2027 (n)	400,000	383,000
DISH DBS Corp., 5%, 3/15/2023	130,000	112,087
DISH DBS Corp., 5.875%, 11/15/2024	245,000	203,583
Intelsat Jackson Holdings S.A., 5.5%, 8/01/2023	150,000	131,156
Intelsat Jackson Holdings S.A., 8%, 2/15/2024 (n)	65,000	68,738
Sirius XM Radio, Inc., 4.625%, 5/15/2023 (n)	125,000	122,969
Sirius XM Radio, Inc., 6%, 7/15/2024 (n)	325,000	333,125
Sirius XM Radio, Inc., 5.375%, 4/15/2025 (n)	165,000	163,144
Telenet Finance Luxembourg S.A., 5.5%, 3/01/2028 (n)	400,000	388,069
Unitymedia KabelBW GmbH, 6.125%, 1/15/2025 (n)	240,000	247,560
Videotron Ltd., 5.375%, 6/15/2024 (n)	80,000	80,874
Videotron Ltd., 5.125%, 4/15/2027 (n)	480,000	464,400
Virgin Media Finance PLC, 5.75%, 1/15/2025 (n)	200,000	189,250
Virgin Media Secured Finance PLC, 5.25%, 1/15/2026 (n)	200,000	187,500
Ziggo Bond Finance B.V., 5.875%, 1/15/2025 (n)	400,000	378,000
		\$ 5,520,248

Table of Contents*Portfolio of Investments (unaudited) continued*

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Chemicals - 2.9%		
Axalta Coating Systems Co., 4.875%, 8/15/2024 (n)	\$ 450,000	\$ 444,375
Consolidated Energy Finance S.A., 6.875%, 6/15/2025 (n)	200,000	204,000
OCI N.V., 6.625%, 4/15/2023 (n)	200,000	205,600
PolyOne Corp., 5.25%, 3/15/2023	265,000	269,815
SPCM S.A., 4.875%, 9/15/2025 (n)	375,000	