

FORT DEARBORN INCOME SECURITIES INC
Form N-Q
August 31, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED

MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number: 811-02319

Fort Dearborn Income Securities, Inc.

(Exact name of registrant as specified in charter)

One North Wacker Drive, Chicago, IL 60606-2807

(Address of principal executive offices) (Zip code)

Tammie Lee, Esq.

UBS Global Asset Management (Americas) Inc.

1285 Avenue of the Americas

New York, NY 10019

(Name and address of agent for service)

Copy to:

Bruce G. Leto, Esq.

Stradley Ronon Stevens & Young LLP

2600 One Commerce Square

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Philadelphia, PA 19103

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

Date of fiscal year end: September 30

Date of reporting period: June 30, 2015

Item 1. Schedule of Investments

Fort Dearborn Income Securities, Inc.**Industry diversification (unaudited)**

As a percentage of net assets

As of June 30, 2015

Bonds

| | |
|--|---------------|
| Corporate bonds | |
| Automobiles | 1.60% |
| Banks | 22.01 |
| Building products | 0.49 |
| Capital markets | 3.33 |
| Chemicals | 3.84 |
| Commercial services & supplies | 0.76 |
| Communications equipment | 0.24 |
| Construction materials | 0.96 |
| Consumer finance | 1.03 |
| Diversified financial services | 3.61 |
| Diversified telecommunication services | 1.48 |
| Electric utilities | 0.82 |
| Electronic equipment, instruments & components | 0.22 |
| Energy equipment & services | 0.46 |
| Food & staples retailing | 0.59 |
| Gas utilities | 0.58 |
| Hotels, restaurants & leisure | 1.19 |
| Household durables | 0.79 |
| Insurance | 6.56 |
| IT services | 0.44 |
| Life sciences tools & services | 0.11 |
| Machinery | 1.50 |
| Media | 3.93 |
| Metals & mining | 3.85 |
| Oil, gas & consumable fuels | 10.95 |
| Paper & forest products | 1.23 |
| Pharmaceuticals | 0.04 |
| Real estate investment trust (REIT) | 0.63 |
| Real estate management & development | 0.24 |
| Technology hardware, storage & peripherals | 1.06 |
| Thrifts & mortgage finance | 0.46 |
| Tobacco | 2.72 |
| Trading companies & distributors | 1.43 |
| Total corporate bonds | 79.15% |
| Asset-backed security | 0.19 |
| Collateralized debt obligations | 4.40 |
| Commercial mortgage-backed securities | 6.52 |
| Mortgage & agency debt securities | 1.63 |
| Residential mortgage-backed securities | 0.48 |
| Municipal bonds | 1.67 |
| US government obligations | 2.74 |
| Non-US government obligation | 0.82 |
| Total bonds | 97.60% |

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| | |
|---|----------------|
| Common stock | 0.05 |
| Preferred Stock | 0.09 |
| Short-term investment | 0.17 |
| Options purchased | 0.23 |
| Total investments | 98.14% |
| Cash and other assets, less liabilities | 1.86 |
| Net assets | 100.00% |

Fort Dearborn Income Securities, Inc.**Portfolio of investments June 30, 2015 (unaudited)**

| | Face amount | Value |
|---|----------------|------------|
| Bonds: 97.60% | | |
| Corporate bonds: 79.15% | | |
| Brazil: 4.34% | | |
| Banco do Brasil SA, 9.000%, due 06/18/24 ^{1,2,3} | \$ 585,000 | \$ 527,787 |
| Caixa Economica Federal, 2.375%, due 11/06/17 ¹ | 1,400,000 | 1,347,500 |
| Petrobras Global Finance BV, 5.375%, due 01/27/21 | 1,130,000 | 1,084,777 |
| 6.250%, due 03/17/24 | 400,000 | 384,608 |
| 6.875%, due 01/20/40 | 1,275,000 | 1,129,599 |
| Vale Overseas Ltd., 4.375%, due 01/11/22 | 1,465,000 | 1,427,972 |
| Total Brazil corporate bonds | | 5,902,243 |
| Canada: 1.99% | | |
| Encana Corp., 6.625%, due 08/15/37 | 250,000 | 269,184 |
| NOVA Chemicals Corp., 5.000%, due 05/01/25 ¹ | 210,000 | 210,788 |
| 5.250%, due 08/01/23 ¹ | 1,010,000 | 1,025,150 |
| Teck Resources Ltd., 6.250%, due 07/15/41 | 875,000 | 704,139 |
| Yamana Gold, Inc., 4.950%, due 07/15/24 | 510,000 | 491,248 |
| Total Canada corporate bonds | | 2,700,509 |
| China: 0.21% | | |
| China Oil & Gas Group Ltd., 5.250%, due 04/25/18 ¹ | 280,000 | 281,400 |
| France: 0.60% | | |
| Orange SA, 9.000%, due 03/01/31 | 575,000 | 811,359 |
| Germany: 1.22% | | |
| Unitymedia Hessen GmbH & Co. KG, 5.500%, due 01/15/23 ¹ | 300,000 | 305,812 |
| Unitymedia Kabel BW GmbH, 6.125%, due 01/15/25 ¹ | 1,300,000 | 1,358,500 |
| Total Germany corporate bonds | | 1,664,312 |
| Indonesia: 0.33% | | |
| Pertamina Persero PT, 6.450%, due 05/30/44 ¹ | 450,000 | 443,250 |

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Ireland: 1.06%

XL Group PLC,

Series E,

6.500%, due 04/15/17^{2,3}

1,690,000

1,446,015

Israel: 0.04%

Teva Pharmaceutical Finance IV BV,

3.650%, due 11/10/21

57,000

57,955

Italy: 0.38%

Generali Finance BV,

6.214%, due 06/16/16^{2,3}

GBP 100,000

157,969

Fort Dearborn Income Securities, Inc.**Portfolio of investments June 30, 2015 (unaudited)**

| | Face amount | Value |
|---|----------------|------------|
| Bonds (continued) | | |
| Corporate bonds (continued) | | |
| Italy (concluded) | | |
| Telecom Italia Capital SA, 6.375%, due 11/15/33 | \$ 350,000 | \$ 358,750 |
| Total Italy corporate bonds | | 516,719 |
| Luxembourg: 0.36% | | |
| Intelsat Jackson Holdings SA, 7.500%, due 04/01/21 | 500,000 | 494,375 |
| Malaysia: 0.30% | | |
| SSG Resources Ltd., 4.250%, due 10/04/22 ⁴ | 410,000 | 414,758 |
| Mexico: 2.65% | | |
| Cemex SAB de CV, 5.700%, due 01/11/25 ¹ | 1,000,000 | 945,000 |
| 5.875%, due 03/25/19 ¹ | 350,000 | 357,770 |
| Petroleos Mexicanos, 3.500%, due 01/30/23 | 1,450,000 | 1,368,075 |
| 6.375%, due 01/23/45 | 500,000 | 510,625 |
| 6.500%, due 06/02/41 | 410,000 | 426,400 |
| Total Mexico corporate bonds | | 3,607,870 |
| Netherlands: 1.90% | | |
| Basell Finance Co. BV, 8.100%, due 03/15/27 ¹ | 1,425,000 | 1,882,463 |
| LYB International Finance BV, 4.875%, due 03/15/44 | 470,000 | 456,644 |
| LyondellBasell Industries NV, 4.625%, due 02/26/55 | 280,000 | 246,580 |
| Total Netherlands corporate bonds | | 2,585,687 |
| Norway: 1.64% | | |
| Eksportfinans ASA, 5.500%, due 05/25/16 | 620,000 | 637,825 |
| 5.500%, due 06/26/17 | 1,500,000 | 1,589,535 |
| Total Norway corporate bonds | | 2,227,360 |
| Portugal: 1.04% | | |
| EDP Finance BV, 4.900%, due 10/01/19 ¹ | 1,000,000 | 1,041,284 |
| 6.000%, due 02/02/18 ¹ | 350,000 | 374,851 |

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| | | |
|--------------------------------|--|-----------|
| Total Portugal corporate bonds | | 1,416,135 |
|--------------------------------|--|-----------|

Sweden: 0.98%

| | | |
|--|-----------|-----------|
| Nordea Bank AB, 4.875%, due 05/13/21 ¹ | 1,230,000 | 1,331,540 |
|--|-----------|-----------|

United Kingdom: 5.26%

| | | |
|---|-----------|-----------|
| Barclays Bank PLC, 5.140%, due 10/14/20 | 1,110,000 | 1,206,545 |
| 6.050%, due 12/04/17 ¹ | 900,000 | 979,235 |
| Lloyds Bank PLC, 6.500%, due 09/14/20 ¹ | 2,300,000 | 2,650,992 |

Fort Dearborn Income Securities, Inc.**Portfolio of investments June 30, 2015 (unaudited)**

| | Face amount | Value |
|---|----------------|------------|
| Bonds (continued) | | |
| Corporate bonds (continued) | | |
| United Kingdom (concluded) | | |
| Royal Bank of Scotland Group PLC, 5.125%, due 05/28/24 | \$ 450,000 | \$ 449,452 |
| 6.100%, due 06/10/23 | 1,760,000 | 1,871,297 |
| Total United Kingdom corporate bonds | | 7,157,521 |
| United States: 54.85% | | |
| 21st Century Fox America, Inc., 7.750%, due 12/01/45 | 350,000 | 476,549 |
| ADT Corp., 3.500%, due 07/15/22 | 1,140,000 | 1,031,700 |
| AEP Texas Central Co., Series E, 6.650%, due 02/15/33 | 495,000 | 619,917 |
| Allstate Corp., 5.750%, due 08/15/53 ² | 1,000,000 | 1,056,250 |
| Altria Group, Inc., 5.375%, due 01/31/44 | 850,000 | 899,048 |
| 9.950%, due 11/10/38 | 750,000 | 1,207,677 |
| Anadarko Holding Co., 7.500%, due 10/15/26 | 1,354,000 | 1,651,899 |
| AXA Financial, Inc., 7.000%, due 04/01/28 | 165,000 | 204,799 |
| Bank of America Corp., 6.110%, due 01/29/37 | 2,000,000 | 2,241,636 |
| 7.750%, due 05/14/38 | 1,000,000 | 1,331,486 |
| Barrick North America Finance LLC, 5.750%, due 05/01/43 | 1,450,000 | 1,394,780 |
| Boston Properties LP, REIT, 3.800%, due 02/01/24 | 430,000 | 435,168 |
| Building Materials Corp. of America, 6.750%, due 05/01/21 ¹ | 320,000 | 333,600 |
| Case New Holland Industrial, Inc., 7.875%, due 12/01/17 | 1,500,000 | 1,642,500 |
| Caterpillar, Inc., 4.300%, due 05/15/44 | 400,000 | 392,940 |
| CenturyLink, Inc., Series P, 7.600%, due 09/15/39 | 200,000 | 181,250 |
| CF Industries, Inc., 4.950%, due 06/01/43 | 1,500,000 | 1,403,512 |
| Citigroup, Inc., Series D, 5.350%, due 05/15/23 ^{2,3} | 2,130,000 | 2,005,395 |
| 6.300%, due 05/15/24 ^{2,3} | 400,000 | 390,500 |
| 8.125%, due 07/15/39 | 1,435,000 | 2,059,744 |
| DISH DBS Corp., 7.875%, due 09/01/19 | 1,300,000 | 1,441,700 |

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| | | |
|--|---------|---------|
| DR Horton, Inc., 4.000%, due 02/15/20 | 77,000 | 76,592 |
| Energy Transfer Partners LP, 5.950%, due 10/01/43 | 750,000 | 735,012 |

Fort Dearborn Income Securities, Inc.**Portfolio of investments June 30, 2015 (unaudited)**

| | Face amount | Value |
|---|----------------|------------|
| Bonds (continued) | | |
| Corporate bonds (continued) | | |
| United States (continued) | | |
| Fidelity National Financial, Inc., 5.500%, due 09/01/22 | \$ 700,000 | \$ 736,396 |
| FirstEnergy Transmission LLC, 5.450%, due 07/15/44 ¹ | 300,000 | 312,298 |
| Flextronics International Ltd., 5.000%, due 02/15/23 | 300,000 | 304,545 |
| Ford Motor Co., 7.450%, due 07/16/31 | 1,700,000 | 2,172,272 |
| Freeport-McMoRan, Inc., 3.550%, due 03/01/22 | 200,000 | 185,126 |
| General Electric Capital Corp., Series C, 5.250%, due 06/15/23 ^{2,3} | 2,650,000 | 2,716,250 |
| General Motors Financial Co., Inc., 3.000%, due 09/25/17 | 500,000 | 509,756 |
| 4.750%, due 08/15/17 | 850,000 | 897,017 |
| Georgia-Pacific LLC, 8.000%, due 01/15/24 | 1,300,000 | 1,672,324 |
| Goldman Sachs Group, Inc., 5.750%, due 01/24/22 | 1,355,000 | 1,541,271 |
| 6.750%, due 10/01/37 | 570,000 | 668,580 |
| Host Hotels & Resorts LP, Series E, 4.000%, due 06/15/25 | 420,000 | 416,879 |
| International Lease Finance Corp., 7.125%, due 09/01/18 ¹ | 1,750,000 | 1,951,250 |
| JPMorgan Chase & Co., 3.375%, due 05/01/23 | 360,000 | 349,567 |
| Series 1, 7.900%, due 04/30/18 ^{2,3} | 4,600,000 | 4,865,650 |
| Kinder Morgan Energy Partners LP, 5.625%, due 09/01/41 | 700,000 | 656,457 |
| 5.800%, due 03/15/35 | 710,000 | 700,635 |
| 6.500%, due 09/01/39 | 75,000 | 76,903 |
| Kinder Morgan, Inc., 6.500%, due 09/15/20 | 300,000 | 343,052 |
| 7.250%, due 06/01/18 | 300,000 | 338,338 |
| Kroger Co., 6.900%, due 04/15/38 | 650,000 | 806,135 |
| Lennar Corp., 4.750%, due 05/30/25 | 330,000 | 320,100 |
| Liberty Mutual Group, Inc., 4.250%, due 06/15/23 ¹ | 1,000,000 | 1,028,405 |
| Life Technologies Corp., 6.000%, due 03/01/20 | 135,000 | 151,856 |
| Massachusetts Mutual Life Insurance Co., 8.875%, due 06/01/39 ¹ | 275,000 | 412,180 |
| MetLife, Inc., | | |

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| | | |
|--------------------------------|-----------|-----------|
| 6.400%, due 12/15/36 | 1,460,000 | 1,602,350 |
| Midstates Petroleum Co., Inc., | | |
| 10.750%, due 10/01/20 | 450,000 | 189,000 |

Fort Dearborn Income Securities, Inc.**Portfolio of investments June 30, 2015 (unaudited)**

| | Face amount | Value |
|---|----------------|--------------|
| Bonds (continued) | | |
| Corporate bonds (continued) | | |
| United States (continued) | | |
| Morgan Stanley, 4.100%, due 05/22/23 | \$ 1,000,000 | \$ 1,001,869 |
| Series F, 5.625%, due 09/23/19 | 1,175,000 | 1,316,698 |
| Motorola Solutions, Inc., 3.500%, due 03/01/23 | 350,000 | 330,109 |
| NextEra Energy Capital Holdings, Inc., 6.650%, due 06/15/67 ² | 200,000 | 186,000 |
| ONEOK Partners LP, 8.625%, due 03/01/19 | 215,000 | 255,739 |
| Phillips 66, 4.300%, due 04/01/22 | 225,000 | 236,130 |
| PNC Financial Services Group, Inc., Series R, 4.850%, due 06/01/23 ^{2,3} | 1,000,000 | 955,000 |
| PNC Preferred Funding Trust I, 1.936%, due 03/15/17 ^{1,2,3} | 1,200,000 | 1,092,000 |
| Prudential Financial, Inc., 5.200%, due 03/15/44 ² | 2,305,000 | 2,283,102 |
| 5.875%, due 09/15/42 ² | 300,000 | 317,040 |
| Series B, 5.750%, due 07/15/33 | 40,000 | 44,881 |
| Quicken Loans, Inc., 5.750%, due 05/01/25 ¹ | 660,000 | 631,950 |
| Realogy Group LLC, 7.625%, due 01/15/20 ¹ | 310,000 | 328,290 |
| Regency Energy Partners LP, 5.500%, due 04/15/23 | 1,640,000 | 1,669,192 |
| Reynolds American, Inc., 7.250%, due 06/15/37 | 1,325,000 | 1,589,012 |
| Ryland Group, Inc., 6.625%, due 05/01/20 | 310,000 | 344,100 |
| Seagate HDD Cayman, 3.750%, due 11/15/18 | 1,050,000 | 1,094,661 |
| 5.750%, due 12/01/34 ¹ | 350,000 | 344,617 |
| Southern Copper Corp., 3.500%, due 11/08/22 | 800,000 | 778,880 |
| 6.750%, due 04/16/40 | 250,000 | 256,360 |
| Southern Natural Gas Co., LLC, 8.000%, due 03/01/32 | 430,000 | 510,450 |
| Sprint Capital Corp., 6.875%, due 11/15/28 | 200,000 | 172,000 |
| Standard Pacific Corp., 6.250%, due 12/15/21 | 310,000 | 328,600 |
| Starwood Hotels & Resorts Worldwide, Inc., 3.750%, due 03/15/25 | 270,000 | 260,261 |
| 4.500%, due 10/01/34 | 180,000 | 167,823 |
| SunTrust Bank, | | |

7.250%, due 03/15/18

495,000

562,971

Fort Dearborn Income Securities, Inc.**Portfolio of investments June 30, 2015 (unaudited)**

| | Face amount | Value |
|---|----------------|--------------------|
| Bonds (continued) | | |
| Corporate bonds (concluded) | | |
| United States (concluded) | | |
| Time Warner Cable, Inc., 7.300%, due 07/01/38 | \$ 600,000 | \$ 676,025 |
| 8.750%, due 02/14/19 | 910,000 | 1,080,763 |
| Transocean, Inc., 6.800%, due 03/15/38 | 835,000 | 624,163 |
| USG Corp., 5.875%, due 11/01/21 ¹ | 310,000 | 326,275 |
| Valero Energy Corp., 7.500%, due 04/15/32 | 965,000 | 1,174,154 |
| Wells Fargo Capital X, 5.950%, due 12/15/36 | 1,475,000 | 1,499,338 |
| Williams Cos., Inc., 8.750%, due 03/15/32 | 177,000 | 214,648 |
| Williams Partners LP, 6.300%, due 04/15/40 | 1,025,000 | 1,041,237 |
| Wyndham Worldwide Corp., 3.900%, due 03/01/23 | 1,210,000 | 1,185,510 |
| Xerox Corp., 6.350%, due 05/15/18 | 540,000 | 601,800 |
| Total United States corporate bonds | | 74,619,894 |
| Total corporate bonds (cost \$106,699,115) | | 107,678,902 |
| Asset-backed security: 0.19% | | |
| United States: 0.19% | | |
| Continental Airlines Pass Through Trust, Series 2009-2, Class A, 7.250%, due 11/10/19 (cost \$224,355) | 224,355 | 259,691 |
| Collateralized debt obligations: 4.40% | | |
| Cayman Islands: 0.28% | | |
| LCM XVIII LP, Series 19A, Class D, 3.782%, due 07/15/27 ^{1,2,5,6} | 400,000 | 384,000 |
| United States: 4.12% | | |
| Avery Point IV CLO Ltd., Series 2014-1A, Class C, 3.377%, due 04/25/26 ^{1,2} | 450,000 | 450,900 |
| CIFC Funding Ltd., Series 2014-1A, Class C, 3.075%, due 04/18/25 ^{1,2} | 750,000 | 745,500 |
| Dryden Senior Loan Fund, Series 2014-31A, Class C, | | |

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| | | |
|--|---------|---------|
| 3.125%, due 04/18/26 ^{1,2} | 800,000 | 802,000 |
| Galaxy XVIII CLO Ltd., Series 2014-18A, Class C1, | | |
| 3.275%, due 10/15/26 ^{1,2} | 550,000 | 550,000 |
| Goldentree Loan Opportunities VIII Ltd., Series 2014-8A, Class D, | | |
| 3.895%, due 04/19/26 ^{1,2} | 550,000 | 543,125 |

Fort Dearborn Income Securities, Inc.**Portfolio of investments June 30, 2015 (unaudited)**

| | Face amount | Value |
|--|----------------|------------------|
| Bonds (continued) | | |
| Collateralized debt obligations (concluded) | | |
| United States (concluded) | | |
| Goldentree Loan Opportunities X Ltd., Series 2015-10A, Class D, 3.634%, due 07/20/27 | \$ 850,000 | \$ 825,350 |
| Halcyon Loan Advisors Funding Ltd., Series 2014-1A, Class C, 3.275%, due 04/18/26 ^{1,2} | 850,000 | 823,820 |
| JFIN CLO Ltd., Series 2014-1A, Class C, 3.275%, due 04/20/25 ^{1,2} | 450,000 | 443,768 |
| Octagon Investment Partners XIX CLO Ltd., Series 2014-1A, Class C, 3.125%, due 04/15/26 ^{1,2} | 420,000 | 410,785 |
| | | 5,595,248 |
| Total collateralized debt obligations (cost \$5,969,009) | | 5,979,248 |

Commercial mortgage-backed securities: 6.52%

| | | |
|---|-----------|---------|
| United States: 6.52% | | |
| Americold 2010 LLC Trust, Series 2010-ARTA, Class C, 6.811%, due 01/14/29 ¹ | 695,000 | 794,031 |
| BAMLL Commercial Mortgage Securities Trust, Series 2013-DSNY, Class E, 2.784%, due 09/15/26 ^{1,2} | 1,000,000 | 998,096 |
| Boca Hotel Portfolio Trust, Series 2013-BOCA, Class D, 3.236%, due 08/15/26 ^{1,2} | 1,000,000 | 999,409 |
| BXHTL Mortgage Trust, Series 2015-JWRZ, Class GL2, 3.875%, due 05/15/29 ^{1,2,6} | 500,000 | 495,000 |
| Commercial Mortgage Loan Trust, Series 2014-CR17, Class C, 4.896%, due 05/10/47 ² | 800,000 | 825,333 |
| Series 2013-LC13, Class C, 5.215%, due 08/10/46 ^{1,2} | 500,000 | 537,881 |
| Commercial Mortgage Pass Through Certificates, Series 2014-CR14, Class C, 4.756%, due 02/10/47 ² | 250,000 | 258,438 |
| GS Mortgage Securities Trust, Series 2014-GSFL, Class D, 4.084%, due 07/15/31 ^{1,2} | 500,000 | 495,133 |
| Series 2014-GC18, Class C, 5.113%, due 01/10/47 ² | 300,000 | 313,584 |
| JPMBB Commercial Mortgage Securities Trust, Series 2015-C29, Class A4, 3.611%, due 05/15/48 | 500,000 | 509,726 |

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| | | |
|---|---------|---------|
| Madison Avenue Trust, Series 2013-650M, Class D, 4.169%, due 10/12/32 ^{1,2} | 500,000 | 515,243 |
| Morgan Stanley Bank of America Merrill Lynch Trust, Series 2014-C17, Class B, 4.464%, due 08/15/47 ² | 500,000 | 521,061 |

Fort Dearborn Income Securities, Inc.**Portfolio of investments June 30, 2015 (unaudited)**

| | Face amount | Value |
|--|----------------|------------------|
| Bonds (continued) | | |
| Commercial mortgage-backed securities (concluded) | | |
| United States (concluded) | | |
| Morgan Stanley Bank of America Merrill Lynch Trust (concluded) | | |
| Series 2013-C13, Class C, 5.058%, due 11/15/46 ² | \$ 699,000 | \$ 734,603 |
| Morgan Stanley Capital I Trust, Series 2014-CPT, Class E, 3.560%, due 07/13/29 ^{1,2} | 250,000 | 246,397 |
| Starwood Retail Property Trust, Series 2014-STAR, Class C, 2.686%, due 11/15/27 ^{1,2} | 125,000 | 124,419 |
| VNDO Mortgage Trust, Series 2013-PENN, Class D, 3.947%, due 12/13/29 ^{1,2} | 500,000 | 506,316 |
| Total commercial mortgage-backed securities (cost \$8,908,668) | | 8,874,670 |

Mortgage & agency debt securities: 1.63%**United States: 1.63%**

| | | |
|--|-----------|---------|
| Federal Home Loan Mortgage Corp. Gold Pools, ⁷ | | |
| #E01127, 6.500%, due 02/01/17 | 7,014 | 7,244 |
| Federal National Mortgage Association Pools, ⁷ | | |
| #AE1568, 4.000%, due 09/01/40 | 305,655 | 325,621 |
| #688066, 5.500%, due 03/01/33 | 66,844 | 76,235 |
| #793666, 5.500%, due 09/01/34 | 332,750 | 377,222 |
| #802481, 5.500%, due 11/01/34 | 63,848 | 72,403 |
| #596124, 6.000%, due 11/01/28 | 69,387 | 79,619 |
| Federal National Mortgage Association REMIC, IO, ⁷ | | |
| Series 2013-87, Class IW, 2.500%, due 06/25/28 | 4,567,390 | 479,792 |
| Series 2013-64, Class LI, 3.000%, due 06/25/33 | 3,338,388 | 493,046 |
| Series 2011-91, Class EI, 3.500%, due 08/25/26 | 2,559,036 | 283,031 |
| Government National Mortgage Association Pools, #781029, 6.500%, due 05/15/29 | 18,944 | 22,340 |

Total mortgage & agency debt securities

(cost \$2,090,678)

2,216,553**Residential mortgage-backed securities: 0.48%****United States: 0.48%**

| | | |
|--|---------|---------|
| GSR Mortgage Loan Trust, Series 2006-2F, Class 3A4, 6.000%, due 02/25/36 (cost \$767,827) | 789,286 | 653,079 |
|--|---------|---------|

Municipal bonds: 1.67%

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Illinois: 1.26%

State of Illinois, GO Bonds,

| | | |
|----------------------|---------|---------|
| 5.665%, due 03/01/18 | 710,000 | 758,351 |
| 5.877%, due 03/01/19 | 885,000 | 951,747 |

1,710,098

New Jersey: 0.14%

New Jersey State Turnpike Authority Revenue Bonds,

Series F,

| | | |
|----------------------|---------|---------|
| 7.414%, due 01/01/40 | 140,000 | 194,419 |
|----------------------|---------|---------|

Fort Dearborn Income Securities, Inc.**Portfolio of investments June 30, 2015 (unaudited)**

| | Face amount | Value |
|--|----------------|--------------------|
| Bonds (concluded) | | |
| Municipal bonds (concluded) | | |
| Tennessee: 0.27% | | |
| Metropolitan Government of Nashville & Davidson County Convention Center Authority Revenue Bonds, 6.731%, due 07/01/43 | | |
| | \$ 300,000 | \$ 371,256 |
| Total municipal bonds (cost \$2,114,465) | | |
| | | 2,275,773 |
| US government obligations: 2.74% | | |
| US Treasury Bond, 2.500%, due 02/15/45 | | |
| | 1,325,000 | 1,166,106 |
| US Treasury Inflation Indexed Bond (TIPS), 0.750%, due 02/15/45 | | |
| | 500,000 | 458,888 |
| US Treasury Inflation Indexed Notes (TIPS), 0.125%, due 04/15/16 | | |
| | 325,000 | 349,997 |
| 0.125%, due 07/15/24 | | |
| | 1,475,000 | 1,433,335 |
| US Treasury Note, 2.000%, due 02/15/25 | | |
| | 325,000 | 315,758 |
| Total US government obligations (cost \$3,800,695) | | |
| | | 3,724,084 |
| Non-US government obligation: 0.82% | | |
| Brazil: 0.82% | | |
| Federative Republic of Brazil, 5.000%, due 01/27/45 (Cost \$1,264,097) | | |
| | 1,290,000 | 1,115,850 |
| Total bonds (cost \$131,838,909) | | |
| | | 132,777,850 |
| Shares | | |
| Common stock: 0.05% | | |
| United States: 0.05% | | |
| WMIH Corp.* (cost \$14,157) | | |
| | 25,741 | 67,184 |
| Preferred stocks: 0.09% | | |
| United States: 0.09% | | |
| Ally Financial, Inc. 7.000%, due on 07/29/15 ^{1,3} | | |
| | 21 | 21,220 |
| JPMorgan Chase & Co. 5.450%, due on 03/1/18 ³ | | |
| | 4,000 | 94,320 |
| Total preferred stocks (cost \$119,357) | | |
| | | 115,540 |

Short-term investment: 0.17%

Investment company: 0.17%

UBS Cash Management Prime Relationship Fund⁸

(cost \$234,151)

234,151

234,151

Fort Dearborn Income Securities, Inc.**Portfolio of investments June 30, 2015 (unaudited)**

| | Number of contracts | Value |
|--|------------------------|-----------------------|
| Options purchased: 0.23% | | |
| Call options: 0.14% | | |
| 30 Year US Treasury Bonds, strike @ USD 151.00, expires July 2015 | \$ 87 | \$ 187,594 |
| Put options: 0.08% | | |
| 5 Year US Treasury Notes, strike @ USD 118.25, expires August 2015 | 278 | 76,016 |
| Japanese Government 10 Year Bond, strike @ JPY 146.00, expires August 2015 | 8 | 31,376 |
| | | 107,392 |
| Options purchased on credit default swaps on credit indices: 0.01%⁵ | | |
| Expiring 07/15/15. If exercised the payment from the counterparty will be made upon the occurrence of a failure to pay, obligation acceleration, repudiation or restructuring of referenced obligation specified in the CDX.NA.IG Series 24 Index and the Fund receives quarterly fixed rate of 1.000% per annum. Underlying credit default swap terminating 06/20/20. European style. Counterparty: JPMCB | \$ 13,685,000 | 23,996 |
| Total options purchased (cost \$403,634) | | 318,982 |
| Total investments: 98.14% (cost \$132,610,208) | | 133,513,707 |
| Cash and other assets, less liabilities 1.86% | | 2,532,381 |
| Net assets 100.00% | | \$ 136,046,088 |

Fort Dearborn Income Securities, Inc.**Portfolio of investments June 30, 2015 (unaudited)****Notes to portfolio of investments**

Aggregate cost for federal income tax purposes was substantially the same as for book purposes; and net unrealized appreciation consisted of:

| | |
|---|-------------------|
| Gross unrealized appreciation | \$ 4,051,086 |
| Gross unrealized depreciation | (3,147,587) |
| Net unrealized appreciation of investments | \$ 903,499 |

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 the end of this report.

Futures contracts

| | Expiration date | Cost/ (proceeds) | Value | Unrealized appreciation/ (depreciation) |
|--|------------------------|-------------------------|---------------|--|
| US Treasury futures buy contracts: | | | | |
| US Long Bond, 93 contracts (USD) | September 2015 | \$ 14,220,013 | \$ 14,028,469 | \$ (191,544) |
| US Ultra Bond, 64 contracts (USD) | September 2015 | 10,024,253 | 9,860,000 | (164,253) |
| 5 Year US Treasury Notes, 60 contracts (USD) | September 2015 | 7,167,310 | 7,155,469 | (11,841) |
| US Treasury futures sell contracts: | | | | |
| US Long Bond, 71 contracts (USD) | September 2015 | (10,967,700) | (10,709,907) | 257,793 |
| US Ultra Bond, 20 contracts (USD) | September 2015 | (3,147,471) | (3,081,250) | 66,221 |
| 10 Year US Treasury Notes, 271 contracts (USD) | September 2015 | (34,443,356) | (34,192,578) | 250,778 |
| Interest rate futures sell contracts: | | | | |
| 90 Day Euro-Dollar, 206 contracts (USD) | December 2015 | (51,197,073) | (51,224,475) | (27,402) |
| 90 Day Euro-Dollar Time Deposit, 214 contracts (USD) | September 2016 | (52,761,191) | (52,884,750) | (123,559) |
| Net unrealized appreciation on futures contracts | | | | \$ 56,193 |

Credit default swaps on credit indices sell protection

| Counterparty | Referenced index¹⁰ | Notional amount | Termination date | Payments received by the Fund¹¹ | Upfront payments (made)/ received | Value | Unrealized appreciation (depreciation) | Credit spread¹² |
|---------------------|--------------------------------------|------------------------|-------------------------|---|--|--------------------|---|-----------------------------------|
| BOA | CMBX.NA.BB. Series 6 Index | USD 1,400,000 | 05/11/63 | 5.000% | \$ (3,694) | \$ (8,096) | \$ (11,790) | 3.136% |
| BOA | CMBX.NA.BB. Series 6 Index | USD 1,400,000 | 05/11/63 | 5.000 | 25,312 | (8,096) | 17,216 | 3.136 |
| BOA | CMBX.NA.BBB. Series 6 Index | USD 7,000,000 | 05/11/63 | 3.000 | (161,194) | (45,638) | (206,832) | 2.654 |
| | | | | | \$ (139,576) | \$ (61,830) | \$ (201,406) | |

Credit default swaps on corporate issues buy protection

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| Counterparty | Referenced obligation ¹⁰ | Notional amount | Termination date | Payments made by the Fund ¹¹ | Upfront payments received | Value | Unrealized appreciation |
|--------------|--|-----------------|------------------|---|---------------------------|-------------|-------------------------|
| CITI | Prudential Financial Inc. bond, 6.100%, due 06/15/17 | USD 1,410,000 | 03/20/20 | 1.000% | \$ 26,899 | \$ (20,184) | \$ 6,715 |

Fort Dearborn Income Securities, Inc.**Portfolio of investments June 30, 2015 (unaudited)****Credit default swaps on corporate issues sell protection**

| Counterparty | Referenced obligation ¹⁰ | Notional amount | Termination date | Payments received by the Fund ¹¹ | Upfront Payments made | Value | Unrealized appreciation | Credit spread ¹² |
|--------------|---|-----------------|------------------|---|-----------------------|-----------|-------------------------|-----------------------------|
| CITI | MetLife Inc. bond, 4.750%, due 02/08/21 | USD 1,410,000 | 03/20/20 | 1.000% | \$ (18,471) | \$ 22,166 | \$ 3,695 | 0.661% |

Centrally cleared interest rate swap agreements

| Notional amount | Termination date | Payments | | Value | Unrealized appreciation/ (depreciation) |
|-----------------|------------------|--------------------------------|---|-------------------|---|
| | | made by the Fund ¹¹ | Payments received by the Fund ¹¹ | | |
| AUD 5,000,000 | 04/17/25 | 6 month BBSW | 2.695% | \$ (209,817) | \$ (209,817) |
| USD 7,250,000 | 02/15/41 | 2.600% | 3 month USD LIBOR | 525,536 | 512,512 |
| | | | | \$ 315,719 | \$ 302,695 |

Options written

| | Expiration date | Premiums received | Value |
|--|-----------------|-------------------|---------------------|
| Call option | | | |
| 30 Year US Treasury Bonds, 87 contracts, strike @ USD 154.00 | July 2015 | \$ 105,909 | \$ (92,438) |
| Put options | | | |
| 5 Year US Treasury Notes, 57 contracts, strike @ USD 119.25 | August 2015 | 47,118 | (37,406) |
| Euro-Bund, 48 contracts, strike @ EUR 147.50 | August 2015 | 52,898 | (24,081) |
| Options written on credit default swaps on credit indices⁵ | | | |
| If option exercised payment from the counterparty will be received upon the occurrence of a failure to pay, obligation acceleration, repudiation or restructuring of the referenced obligation specified in the CDX.NA.HY Series 24 Index and the Fund pays quarterly fixed rate of 5.000% per annum. Underlying credit default swap terminating 06/20/20. European style. Counterparty: JPMCB, Notional Amount USD 6,850,000 | August 2015 | 15,070 | (6,064) |
| If option exercised payment from the counterparty will be received upon the occurrence of a failure to pay, obligation acceleration, repudiation or restructuring of the referenced obligation specified in the CDX.NA.IG Series 24 Index and the Fund pays quarterly fixed rate of 1.000% per annum. Underlying credit default swap terminating 06/20/20. European style. Counterparty: JPMCB, Notional Amount USD 13,685,000 | October 2015 | 32,502 | (32,699) |
| Total options written | | \$ 253,497 | \$ (192,688) |

Written options activity for the period ended June 30, 2015 was as follows:

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| | Number of contracts | Premiums received |
|---|--------------------------------|------------------------------|
| Options outstanding at September 30, 2014 | 566 | \$ 192,581 |
| Options written | 1,902 | 1,299,501 |
| Options terminated in closing purchase transactions | (2,276) | (1,286,157) |
| Options expired prior to exercise | | |
| Options outstanding at June 30, 2015 | 192 | \$ 205,925 |

Written swaptions activity for the period ended June 30, 2015 was as follows:

| | |
|---|------------------|
| Swaptions outstanding at September 30, 2014 | \$ 17,325 |
| Swaptions written | 117,322 |
| Swaptions terminated in closing purchase transactions | (87,075) |
| Swaptions expired prior to exercise | |
| Swaptions outstanding at June 30, 2015 | \$ 47,572 |

Fort Dearborn Income Securities, Inc.**Portfolio of investments June 30, 2015 (unaudited)**

The following is a summary of the fair valuations according to the inputs used as of June 30, 2015 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 |
|--|--|---|-------------------------------|-----------------------|
| Assets | | | | |
| Corporate bonds | \$ | \$ 107,678,902 | \$ | \$ 107,678,902 |
| Asset-backed security | | 259,691 | | 259,691 |
| Collateralized debt obligations | | 3,768,998 | 2,210,250 | 5,979,248 |
| Commercial mortgage-backed securities | | 8,379,670 | 495,000 | 8,874,670 |
| Mortgage & agency debt securities | | 2,216,553 | | 2,216,553 |
| Residential mortgage-backed securities | | 653,079 | | 653,079 |
| Municipal bonds | | 2,275,773 | | 2,275,773 |
| US government obligations | | 3,724,084 | | 3,724,084 |
| Non-US government obligation | | 1,115,850 | | 1,115,850 |
| Preferred stocks | 94,320 | 21,220 | | 115,540 |
| Common stock | 67,184 | | | 67,184 |
| Short-term investment | | 234,151 | | 234,151 |
| Options purchased | 294,986 | 23,996 | | 318,982 |
| Futures contracts | 574,792 | | | 574,792 |
| Swap agreements | | 547,702 | | 547,702 |
| Total | \$ 1,031,282 | \$ 130,899,669 | \$ 2,705,250 | \$ 134,636,201 |
| Liabilities | | | | |
| Futures contracts | \$ (518,599) | \$ | \$ | \$ (518,599) |
| Swap agreements | | (291,831) | | (291,831) |
| Options written | (153,925) | (38,763) | | (192,688) |
| Total | \$ (672,524) | \$ (330,594) | \$ | \$ (1,003,118) |

At June 30, 2015, there were no transfers between Level 1 and Level 2.

| | Collateralized debt obligation | Commercial Mortgage-backed Security | Total |
|--|--------------------------------|-------------------------------------|---------------------|
| Assets | | | |
| Beginning balance | \$ 1,803,750 | \$ | \$ 1,803,750 |
| Purchases | 1,209,350 | 497,500 | 1,706,850 |
| Sales | (534,985) | | (534,985) |
| Accrued discounts (premiums) | | | |
| Total realized gain | (770) | | (770) |
| Change in net unrealized appreciation/depreciation | 18,808 | (2,500) | 16,308 |
| Transfers into Level 3 | 982,092 | | 982,092 |
| Transfers out of Level 3 | (1,267,995) | | (1,267,995) |
| Ending balance | \$ 2,210,250 | \$ 495,000 | \$ 2,705,250 |

The change in net unrealized appreciation/depreciation relating to the Level 3 investments held at June 30, 2015 was \$16,308. Transfers into and out of Level 3 represent the value at the end of the period. At June 30, 2015, securities were transferred from Level 2 to Level 3 as the valuations are based on unobservable inputs. Securities were also transferred from Level 3 to Level 2 as the valuations are based primarily on observable inputs from an established pricing source.

Fort Dearborn Income Securities, Inc.**Portfolio of investments June 30, 2015 (unaudited)****Portfolio footnotes**

* Non-income producing security.

¹ 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 June 30, 2015, the value of these securities amounted to \$32,711,230 or 24.04% of net assets.

² Variable or floating rate security The interest rate shown is the current rate as of June 30, 2015 and changes periodically.

³ Perpetual investment. Date shown reflects the next call date.

⁴ 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 June 30, 2015, the value of this security amounted to \$414,758 or 0.30% of net assets.

⁵ Illiquid investment as of June 30, 2015.

⁶ Security is being fair valued by a valuation committee under direction of the Board of Trustees. At June 30, 2015, the value of these securities amounted to \$879,000 or 0.65% of net assets.

⁷ On September 7, 2008, the Federal Housing Finance Agency placed the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association into conservatorship, and the US Treasury guaranteed the debt issued by those organizations.

⁸ 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 09/30/14 | Purchases during the nine months ended 06/30/15 | Sales during the nine months ended 06/30/15 | Value 06/30/15 | Net income earned from affiliate for the nine months ended 06/30/15 |
|---|---------------------------|--|--|---------------------------|--|
| UBS Cash Management Prime Relationship Fund | \$ 2,708,315 | \$ 17,588,616 | \$ 20,062,780 | \$ 234,151 | \$ 990 |

- ⁹ 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 underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap agreement less the recovery value of the referenced obligation or underlying securities comprising the referenced index.
- ¹⁰ 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.
- ¹¹ Payments made or received are based on the notional amount.
- ¹² Credit spreads, where available, 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.
- ¹³ 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 (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap agreement less the recovery value of the referenced obligation.

Portfolio acronyms

| | |
|-------|--|
| BBSW | Bank Bill Swap Reference Rate (Australian Financial Market) |
| CLO | Collateralized Loan Obligations |
| GO | General Obligation |
| GS | Goldman Sachs |
| GSR | Goldman Sachs Residential |
| IO | Interest only This security entitles the holder to receive interest payments from an underlying pool of mortgages. The risk associated with this security is related to the speed of the principal paydowns. High prepayments would result in a smaller amount of interest being received and cause the yield to decrease. Low prepayments would result in a greater amount of interest being received and cause the yield to increase. |
| LIBOR | London Interbank Offered Rate |
| REIT | Real Estate Investment Trust |
| REMIC | Real Estate Mortgage Investment Conduit |
| TIPS | Treasury inflation protected securities (TIPS) are debt securities issued by the US Treasury 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 TIPS is fixed, while the principal value rises or falls based on changes in a published Consumer Price Index (CPI). Thus, if inflation occurs, the principal and interest payments on the TIPS are adjusted accordingly to protect investors from inflationary loss. During a deflationary period, the principal and interest payments decrease, although the TIPS principal amounts will not drop below their face amounts at maturity. In exchange for the inflation protection, the TIPS generally pay lower interest rates than typical US Treasury securities. Only if inflation occurs will TIPS offer a higher real yield than a conventional Treasury security of the same maturity. |

Counterparty abbreviation

| | |
|-------|---------------------|
| BOA | Bank of America |
| CITI | Citibank NA |
| JPMCB | JPMorgan Chase Bank |

Currency abbreviations

| | |
|-----|----------------------|
| AUD | Australian Dollar |
| EUR | Euro |
| GBP | Great Britain Pound |
| JPY | Japanese Yen |
| USD | United States Dollar |

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 investments from independent pricing sources and broker-dealers. Independent pricing sources may use reported last sale prices, official market closing prices, current market quotations or valuations from computerized evaluation systems that derive values based on comparable investments. 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 investments. Investments also may be valued based on appraisals derived from information concerning the investments or similar investments received from recognized dealers in those holdings. Investments 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 available prior to valuation. Investments which are listed on US and foreign stock exchanges normally are valued at the market closing price, 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 investments are traded on more than one exchange, the investments are valued on the exchange designated as the primary market by UBS Global Asset Management (Americas) Inc. (UBS Global AM), the investment advisor of the Fund. If a market value is not readily available from an independent pricing source for a particular investment, that investment 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 an investment'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 investments; and the evaluation of forces which influence the market in which the investments are purchased and sold. Certain investments 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 are so significant that they will materially affect the value of the Fund's investments, the Fund may adjust the previous closing prices to reflect what is believed to be the fair value of these investments as of 4:00 p.m. Eastern time. 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.

The Fund's Board of Directors (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 investments 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 of security valuations.

The types of investments for which such fair value pricing may be necessary include, but are not limited to: foreign investments under some circumstances, as discussed below, securities of an issuer that has entered into a restructuring; investments 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 investments that are restricted as to transfer or resale. The need to fair value the Fund's portfolio investments may also result from low trading volume in foreign markets or thinly traded domestic investments, and when a security that 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 an investment'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 investments; and the evaluation of forces which influence the market in which the investments are purchased and sold. Valuing investments at fair value involves greater reliance on judgment than valuing investments that have readily available market quotations. Fair value determinations can also involve reliance on quantitative models employed by a fair value pricing service.

US Generally Accepted Accounting Principles (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.

For more information regarding the Fund's other significant accounting policies, please refer to the Fund's Semi-annual report to shareholders dated March 31, 2015.

Item 2. Controls and Procedures.

- (a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended ("Investment Company Act")) are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.

- (b) The registrant's principal executive officer and principal financial officer are aware of no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act) that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

- (a) Certifications of principal executive officer and principal financial officer of registrant pursuant to Rule 30a-2(a) under the Investment Company Act is attached hereto as Exhibit EX-99.CERT.

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.

Fort Dearborn Income Securities, Inc.

By: /s/ Mark E. Carver
Mark E. Carver
President
Date: August 31, 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.

Fort Dearborn Income Securities, Inc.

By: /s/ Mark E. Carver
Mark E. Carver
President

Date: August 31, 2015

By: /s/ Thomas Disbrow
Thomas Disbrow
Vice President, Treasurer and Principal
Accounting Officer
Date: August 31, 2015