

MFS INTERMEDIATE HIGH INCOME FUND

Form N-CSRS

July 27, 2017

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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 811-5567

**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, 2017

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**ITEM 1. REPORTS TO STOCKHOLDERS.**

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**SEMIANNUAL REPORT**

May 31, 2017

**MFS® INTERMEDIATE HIGH INCOME FUND**

CIH-SEM

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### **MANAGED DISTRIBUTION POLICY**

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:

Despite policy uncertainty accompanying a new presidential administration in the United States and unease over looming Brexit negotiations, most markets have proved

resilient. U.S. share prices have reached new highs, and U.S. bond yields rose on hopes surrounding President Trump's proposed fiscal policies and indications that the U.S. Federal Reserve will continue to gradually hike interest rates. However, interest rates in most developed markets remain very low, with central banks maintaining accommodative monetary policies in hopes of reinvigorating slow-growing economies and lifting inflation.

Globally, economic growth has shown signs of recovery, led by China, the U.S. and the eurozone. Despite better growth, there are few immediate signs of worrisome inflation, as wage growth remains muted. Emerging market economies are recovering at a

somewhat slower pace amid fears that restrictive U.S. trade policies could further hamper the restrained pace of global trade growth. Looking ahead, markets will have to contend with elections in the United Kingdom and Germany in the months ahead, as well as geopolitical hot spots on the Korean peninsula and in the Middle East.

At MFS®, we believe time is an asset. A patient, long-term approach to investing can have a powerful impact on decision making and outcomes. Time arbitrage, as we call it, simply comes down to having the conviction and discipline to allow enough time for good investment ideas to play out. In our view, such an approach, along with the professional guidance of a financial advisor, will help you reach your investment objectives.

Respectfully,

**Robert J. Manning**

Executive Chairman

MFS Investment Management

July 14, 2017

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

**Table of Contents****PORTFOLIO COMPOSITION****Portfolio structure (i)**

<b>Top five industries (i)</b>	
Medical & Health Technology & Services	9.7%
Cable TV	9.7%
Energy Independent	7.8%
Midstream	6.7%
Building	6.5%
<b>Composition including fixed income credit quality (a)(i)</b>	
BBB	4.2%
BB	62.0%
B	55.8%
CCC	12.6%
CC	0.4%
C (o)	0.0%
D	0.1%
Not Rated	(1.2)%
Non-Fixed Income	0.3%
Cash & Cash Equivalents (less liabilities)	(36.2)%
Other	2.0%
<b>Portfolio facts (i)</b>	
Average Duration (d)	4.9
Average Effective Maturity (m)	6.7 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, including fixed income futures contracts, 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 an 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.

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

Percentages are based on net assets as of May 31, 2017.

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



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**PORTFOLIO MANAGERS PROFILES**

<b>Portfolio Manager</b>	<b>Primary Role</b>	<b>Since</b>	<b>Title and Five Year History</b>
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.

**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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5/31/17 (unaudited)

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

<b>Bonds - 131.3%</b>		
<b>Issuer</b>	<b>Shares/Par</b>	<b>Value (\$)</b>
<b>Aerospace - 1.4%</b>		
KLX, Inc., 5.875%, 12/01/2022 (n)	\$ 325,000	\$ 342,901
TransDigm, Inc., 6%, 7/15/2022	55,000	56,961
TransDigm, Inc., 6.5%, 7/15/2024	265,000	275,600
TransDigm, Inc., 6.375%, 6/15/2026	115,000	117,875
		\$ 793,337
<b>Asset-Backed &amp; Securitized - 0.0%</b>		
Citigroup Commercial Mortgage Trust, FRN, 5.701%, 12/10/2049	\$ 275,000	\$ 21,332
<b>Automotive - 2.6%</b>		
Allison Transmission, Inc., 5%, 10/01/2024 (n)	\$ 300,000	\$ 306,000
Gates Global LLC, 6%, 7/15/2022 (n)	280,000	285,264
IHO Verwaltungs GmbH, 4.75%, 9/15/2026 (n)	400,000	404,000
ZF North America Capital, Inc., 4.5%, 4/29/2022 (n)	300,000	315,375
ZF North America Capital, Inc., 4.75%, 4/29/2025 (n)	150,000	157,875
		\$ 1,468,514
<b>Broadcasting - 4.1%</b>		
CBS Radio, Inc., 7.25%, 11/01/2024 (n)	\$ 230,000	\$ 242,650
Clear Channel Worldwide Holdings, Inc., A, 6.5%, 11/15/2022	85,000	86,700
Clear Channel Worldwide Holdings, Inc., B, 6.5%, 11/15/2022	305,000	315,294
E. W. Scripps Co., 5.125%, 5/15/2025 (n)	200,000	204,750
Liberty Media Corp. - Liberty Formula One, 8.5%, 7/15/2029	250,000	277,500
Liberty Media Corp. - Liberty Formula One, 8.25%, 2/01/2030	10,000	10,713
Match Group, Inc., 6.375%, 6/01/2024	245,000	267,050
Netflix, Inc., 5.375%, 2/01/2021	250,000	271,250
Netflix, Inc., 5.875%, 2/15/2025	145,000	159,138
Netflix, Inc., 4.375%, 11/15/2026 (n)	125,000	125,163
WMG Acquisition Corp., 5%, 8/01/2023 (z)	65,000	66,544
WMG Acquisition Corp., 4.875%, 11/01/2024 (n)	280,000	282,800
		\$ 2,309,552
<b>Building - 5.9%</b>		
ABC Supply Co., Inc., 5.75%, 12/15/2023 (n)	\$ 240,000	\$ 254,400
Allegion PLC, 5.875%, 9/15/2023	117,000	126,360
Allegion U.S. Holding Co., Inc., 5.75%, 10/01/2021	380,000	395,390
Beacon Roofing Supply, Inc., 6.375%, 10/01/2023	290,000	313,200
Gibraltar Industries, Inc., 6.25%, 2/01/2021	250,000	257,500
HD Supply, Inc., 5.75%, 4/15/2024 (n)	330,000	351,863

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

<b>Issuer</b>	<b>Shares/Par</b>	<b>Value (\$)</b>
<b>Bonds - continued</b>		
<b>Building - continued</b>		
New Enterprise Stone & Lime Co, Inc., 10.125%, 4/01/2022 (z)	\$ 210,000	\$ 222,600
PriSo Acquisition Corp., 9%, 5/15/2023 (n)	280,000	286,300
Standard Industries, Inc., 5.375%, 11/15/2024 (n)	380,000	399,475
Standard Industries, Inc., 6%, 10/15/2025 (n)	180,000	194,400
Summit Materials LLC/Summit Materials Finance Co., 6.125%, 7/15/2023	400,000	418,000
Summit Materials LLC/Summit Materials Finance Co., 5.125%, 6/01/2025 (z)	85,000	86,063
		\$ 3,305,551
<b>Business Services - 3.7%</b>		
Alliance Data Systems Corp., 5.875%, 11/01/2021 (n)	\$ 340,000	\$ 351,900
Alliance Data Systems Corp., 5.375%, 8/01/2022 (n)	110,000	111,375
CDK Global, Inc., 4.875%, 6/01/2027 (n)	155,000	156,648
Equinix, Inc., 4.875%, 4/01/2020	190,000	194,988
Equinix, Inc., 5.375%, 1/01/2022	70,000	73,959
Equinix, Inc., 5.375%, 4/01/2023	240,000	251,328
Equinix, Inc., 5.75%, 1/01/2025	40,000	43,200
First Data Corp., 5%, 1/15/2024 (n)	440,000	455,616
Iron Mountain, Inc., REIT, 6%, 10/01/2020 (n)	120,000	125,100
Iron Mountain, Inc., REIT, 6%, 8/15/2023	320,000	339,200
		\$ 2,103,314
<b>Cable TV - 9.6%</b>		
Altice Financing S.A., 6.625%, 2/15/2023 (n)	\$ 480,000	\$ 510,720
Altice U.S. Finance I Corp., 5.5%, 5/15/2026 (n)	200,000	209,500
CCO Holdings LLC/CCO Holdings Capital Corp., 5.125%, 5/01/2023 (n)	600,000	631,128
CCO Holdings LLC/CCO Holdings Capital Corp., 5.75%, 1/15/2024	425,000	450,237
CCO Holdings LLC/CCO Holdings Capital Corp., 5.375%, 5/01/2025 (n)	80,000	84,700
CCO Holdings LLC/CCO Holdings Capital Corp., 5.75%, 2/15/2026 (n)	175,000	187,031
Cequel Communications Holdings, 6.375%, 9/15/2020 (n)	192,000	196,800
CSC Holdings LLC, 5.5%, 4/15/2027 (n)	400,000	418,928
DISH DBS Corp., 5%, 3/15/2023	190,000	195,286
DISH DBS Corp., 5.875%, 11/15/2024	310,000	330,150
Intelsat Jackson Holdings S.A., 7.25%, 4/01/2019	125,000	119,688
Intelsat Jackson Holdings S.A., 5.5%, 8/01/2023	100,000	82,250
Intelsat Jackson Holdings S.A., 8%, 2/15/2024 (n)	65,000	70,159
LGE Holdco VI B.V., 7.125%, 5/15/2024 (n)	EUR 135,000	171,746
Sirius XM Radio, Inc., 4.625%, 5/15/2023 (n)	\$ 125,000	126,954
Sirius XM Radio, Inc., 6%, 7/15/2024 (n)	325,000	344,906
Sirius XM Radio, Inc., 5.375%, 4/15/2025 (n)	165,000	169,538

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

<b>Issuer</b>	<b>Shares/Par</b>	<b>Value (\$)</b>
<b>Bonds - continued</b>		
<b>Cable TV - continued</b>		
Unitymedia Hessen, 5.5%, 1/15/2023 (n)	\$ 250,000	\$ 260,000
Videotron Ltd., 5.375%, 6/15/2024 (n)	80,000	85,291
Videotron Ltd., 5.125%, 4/15/2027 (n)	325,000	336,375
Virgin Media Finance PLC, 5.75%, 1/15/2025 (n)	200,000	204,500
Ziggo Bond Finance B.V., 5.875%, 1/15/2025 (n)	200,000	204,500
		\$ 5,390,387
<b>Chemicals - 2.5%</b>		
Axalta Coating Systems Co., 4.875%, 8/15/2024 (n)	\$ 300,000	\$ 307,125
Chemours Co., 6.625%, 5/15/2023	165,000	176,119
Chemours Co., 7%, 5/15/2025	65,000	71,988
GCP Applied Technologies Co., 9.5%, 2/01/2023 (n)	255,000	290,700
Tronox Finance LLC, 6.375%, 8/15/2020	35,000	35,350
Tronox Finance LLC, 7.5%, 3/15/2022 (n)	245,000	254,494
W.R. Grace & Co., 5.125%, 10/01/2021 (n)	245,000	260,925
		\$ 1,396,701