

FORT DEARBORN INCOME SECURITIES INC
Form N-CSRS
June 08, 2012

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: 811-02319

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)

Joseph J. Alessie, Esq.
UBS Global Asset Management
1285 Avenue of the Americas
New York, NY 10019
(Name and address of agent for service)

Copy to:
Bruce Leto, Esq.
Stradley Ronon Stevens & Young, LLP
2600 One Commerce Square
Philadelphia, PA 19103-7098

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

Date of fiscal year end: September 30

Date of reporting period: March 31, 2012

Item 1. Reports to Stockholders.

Closed-end funds

Fort Dearborn Income
Securities, Inc.
Semiannual Report
March 31, 2012

Fort Dearborn Income Securities, Inc.

May 9, 2012

Dear shareholder,

We present you with the semiannual report for Fort Dearborn Income Securities, Inc. (the "Fund") for the six months ended March 31, 2012.

Performance

For the six months ended March 31, 2012, the Fund returned 3.31% on a net asset value ("NAV") basis, and 7.53% on a market price basis. Over the same period, the Fund's benchmark, the Investment Grade Bond Index (the "Index"), returned 3.08%, while the Fund's peer group, as measured by the Lipper Corporate Debt Funds BBB-Rated median, posted a return of 5.18% on a NAV basis, and 9.38% on a market price basis.¹ (For more performance information, please refer to "Performance at a glance" on page 7.)

Fort Dearborn Income Securities, Inc.

Investment goal:

Current income consistent with external interest rate conditions and total return.

Portfolio manager:

Michael Dow
UBS Global Asset Management (Americas) Inc.

Commencement:

December 19, 1972

NYSE symbol:

FDI

Dividend payments:

Quarterly.

On a NAV and market price basis, the Fund outperformed its benchmark during the reporting period. During the period, neither the Fund nor the Index used leverage, although some funds in its Lipper peer group may have. (Leverage magnifies returns on both the upside and on the downside, creating a wider range of returns.)

The Fund traded at a discount to its NAV throughout the reporting period. When the period began, the Fund was trading at a 7.1% discount to its

¹ The Investment Grade Bond Index is an unmanaged index compiled by the Advisor, constructed as follows: From 12/31/81 to present—5% Barclays US Agency Index (7+ years), 75% Barclays US Credit Index (7+ years), 10% Barclays US Mortgage-Backed Securities Index (all maturities) and 10% Barclays US Treasury Index (7+ years). Investors should note that indices do not reflect the deduction of fees and expenses.

Fort Dearborn Income Securities, Inc.

NAV. This was less than the Fund's Lipper peer group median discount, which was 7.5% as of the same date. As of March 31, 2012, the Fund traded at a 3.6% discount versus its NAV, the same as its Lipper peer group median.

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

An interview with Portfolio Manager Michael Dow

Q. How would you describe the economic environment during the reporting period?

A. Although the overall US economy continued to grow, elevated unemployment and ongoing strains in the housing market held back a more robust expansion. Looking back, the Commerce Department reported that gross domestic product ("GDP") growth in the US was a tepid 1.3% during the second quarter of 2011, and then grew 1.8% and 3.0% over the third and fourth quarters. On April 27, 2012, after the Fund's reporting period had ended, the Commerce Department's initial estimate for first quarter 2012 GDP growth was 2.2%.

Q. How did the Federal Reserve Board (the "Fed") react to the economic environment?

A. In August 2011, prior to the beginning of the reporting period, the Fed, acknowledging that economic growth had been considerably slower than it expected, declared that it would keep the extremely low federal funds rate of between 0% and 0.25% on hold until at least through mid-2013. (The federal funds rate, or "fed funds" rate, is the rate that banks charge one another for funds they borrow on an overnight basis.) In January 2012, the Fed extended this period, noting that economic conditions warranted maintaining exceptionally

Fort Dearborn Income Securities, Inc.

low levels at least through late 2014. Additionally, the Fed also announced its plan to purchase \$400 billion of longer-term Treasury securities, and to sell an equal amount of shorter-term Treasury securities by June 2012. Dubbed "Operation Twist," the Fed noted that its intention with this program was to "put downward pressure on longer-term interest rates and help make broader financial conditions more accommodative."

Q. How did the bond market perform during the reporting period?

- A. Despite some setbacks, the US taxable spread sectors (non-US Treasury fixed income securities) generated solid results during the reporting period. Positive investor sentiment was due, in part, to some positive economic news in the US. In particular, unemployment declined, consumer spending was solid, the manufacturing sector continued to expand and there were indications that the housing market may be finally reaching a bottom. In addition, during the second half of the period, concerns regarding the European sovereign debt crisis moderated as Greece restructured its debt and the European Central Bank's Long-Term Refinancing Operation (LTRO) helped alleviate a European banking crisis, at least for now. Against this backdrop, the spread sectors (non-US Treasuries) generated positive results and outperformed comparable duration Treasuries during the period. All told, during the six months ended March 31, 2012, the overall US bond market, as measured by the Barclays US Aggregate Index, returned 1.43%.

Q. How was the Fund managed from a duration and yield curve perspective during the reporting period?

- A. We tactically adjusted the Fund's duration, which measures a portfolio's sensitivity to changes in interest rates, over the reporting period. To a great extent, the Fund had a neutral duration during the first half of the period given uncertainties regarding the economy. As the period progressed and the economy showed signs of improvement, we adjusted the Fund's duration and had a bias of being generally short duration versus the Index. Overall, duration positioning did not significantly impact results during the six-month reporting period.

Fort Dearborn Income Securities, Inc.

The Fund's yield curve positioning was largely in line with that of the Index during the reporting period and it did not meaningfully impact performance. (The yield curve plots the interest rates, at a set point in time, of bonds having equal credit quality, but differing maturity dates.)

Q. How did you manage the Fund's portfolio during the reporting period?

A. The key driver of the Fund's outperformance versus the Index during the quarter was its allocation to the spread sector. One notable area of strength was security selection across the corporate bond subsectors, especially within financials and industrials. In particular, as the reporting period progressed, the Fund benefited from security selection of higher beta (riskier) financials, such as select US banks. On the heels of generally improving macroeconomic data in the US and diminished intensity of sovereign and banking risks in Europe, higher beta issuers/issues across the corporate bond market performed well. In addition to US banks, exposures and security selection in more economically sensitive sectors (most of which we were overweight), such as energy, basic industries, communications and consumer discretionary enhanced the Fund's results.

A small allocation to commercial mortgage-backed securities (CMBS) was rewarded given the sector's strong results during the period. Positive security selection of Build America Bonds (BABs) also positively contributed to performance. BABs, while no longer issued, represent a key allocation within broad US credit indexes. As a result of the supply/demand characteristics of that market segment, certain issues have generated relatively strong performance. Elsewhere, during the second half of the period, we increased the Fund's mortgage-backed security (MBS) exposure from an underweight to a near neutral weight relative to the Index. This had a small positive impact on results.

Somewhat detracting from results during the period was our positioning in non-corporate credit. Overall, the Fund was underweight

Fort Dearborn Income Securities, Inc.

sovereign issuers during a period when global sovereign performance was rather strong. In addition, sector allocation within the corporate sector was a slight negative. In particular, while an overweight in financials was beneficial, it was not enough to offset our underweight to industrials.

Q. What factors do you believe will affect the Fund over the coming months?

- A. We feel that the US economic expansion will continue in 2012, although growth will likely be far from robust. Against this backdrop, we expect the Fed to maintain its accommodative monetary policy to support the economy. This was evident in January 2012, when the Fed indicated its intention of keeping the federal funds rate within a historically low range of 0% to 0.25% until at least late 2014. In Europe, we believe the sovereign debt crisis will spur continued market volatility.

Fort Dearborn Income Securities, Inc.

We thank you for your continued support and welcome any comments or questions you may have. For additional information regarding the Fund, please contact your Financial Advisor, or visit us at www.ubs.com/globalam-us.

Sincerely,

Mark E. Carver
President
Fort Dearborn Income
Securities, Inc.
Managing Director
UBS Global Asset Management
(Americas) Inc.
Michael Dow
Portfolio Manager
Fort Dearborn Income
Securities, Inc.
Head of US Long Duration Fixed Income
UBS Global Asset Management (Americas) Inc.

This letter is intended to assist shareholders in understanding how the Fund performed during the six months ended March 31, 2012. The views and opinions in the letter were current as of May 9, 2012. They are not guarantees of future performance or investment results and should not be taken as investment advice. Investment decisions reflect a variety of factors, and we reserve the right to change our views about individual securities, sectors and markets at any time. As a result, the views expressed should not be relied upon as a forecast of the Fund's future investment intent. We encourage you to consult your financial advisor regarding your personal investment program.

Fort Dearborn Income Securities, Inc.

Performance at a glance (unaudited)

Average annual total returns for periods ended 03/31/2012

Net asset value returns	6 months	1 year	5 years	10 years
Fort Dearborn Income Securities, Inc.	3.31%	13.47%	8.43%	7.56%
Lipper Corporate Debt Funds BBB-Rated median	5.18	7.91	6.64	6.85

Market price returns

Fort Dearborn Income Securities, Inc.	7.53	21.17	9.62	8.06
Lipper Corporate Debt Funds BBB-Rated median	9.38	14.24	6.96	7.87

Index returns

Investment Grade Bond Index ¹	3.08	14.16	8.11	7.67
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Past performance does not predict future performance. The return and value of an investment will fluctuate so that an investor's shares, when sold, may be worth more or less than their original cost. The Fund's net asset value ("NAV") returns assume, for illustration only, that dividends and other distributions, if any, were reinvested at the NAV on the payable dates. The Fund's market price returns assume that all dividends and other distributions, if any, were reinvested at prices obtained under the Fund's Dividend Reinvestment Plan. NAV and market price returns for the period of less than one year have not been annualized. Returns do not reflect the deduction of taxes that a shareholder would pay on Fund dividends and other distributions, if any, or the sale of Fund shares.

Lipper peer group data calculated by Lipper Inc.; used with permission. The Lipper median is the return of the fund that places in the middle of the peer group.

¹ The Investment Grade Bond Index is an unmanaged index compiled by the Advisor, constructed as follows: From 12/31/81 to present—5% Barclays US Agency (7+ years), 75% Barclays US Credit Index (7+ years), 10% Barclays US Mortgage-Backed Securities Index (all maturities) and 10% Barclays US Treasury Index (7+ years). Investors should note that indices do not reflect the deduction of fees and expenses.

Fort Dearborn Income Securities, Inc.

Portfolio statistics (unaudited)

Characteristics ¹	03/31/12	09/30/11	03/31/11
Net asset value	\$16.77	\$17.29	\$16.10
Market price	\$16.17	\$16.07	\$14.61
12-month dividends/distributions	\$1.4610	\$1.3500	\$1.4700
Dividend/distribution at period-end	\$0.1750	\$0.1900	\$0.1900
Net assets (mm)	\$147.2	\$151.7	\$141.3
Weighted average maturity (yrs.)	17.9	16.6	15.9
Duration (yrs.) ²	9.7	10.0	8.9

Credit quality ³	03/31/12	09/30/11	03/31/11
AAA	1.1%	0.9%	5.4%
US Treasury ⁴	12.2	23.8	15.3
US Agency ^{4,5}	8.8	1.9	2.5
AA	6.3	5.9	3.9
A	32.1	28.1	32.5
BBB	30.4	32.8	36.4
BB	1.8	1.8	1.5
B	0.1		0.9
CCC and Below	0.8	0.7	
Non-rated	2.2	1.9	0.2
Cash equivalents	3.2	1.3	0.4
Other assets, less liabilities	1.0	0.9	1.0
Total	100.0%	100.0%	100.0%

¹ Prices and other characteristics will vary over time.

- ² Duration is a measure of price sensitivity of a fixed-income investment or portfolio (expressed as % change in price) to a 1 percentage point (i.e. 100 basis points) change in interest rates, accounting for optionality in bonds such as prepayment risk and call/put features.
 - ³ Weightings represent percentages of net assets as of the dates indicated. The Fund's portfolio is actively managed and its composition will vary over time. Credit quality ratings shown are based on those assigned by Standard & Poor's, a division of the McGraw-Hill Companies, Inc. (S&P), to individual portfolio holdings. S&P is an independent ratings agency.
 - ⁴ S&P downgraded long-term US government debt on August 5, 2011 to AA+. Other rating agencies continue to rate long-term US government debt in their highest ratings categories. The Fund's aggregate exposure to AA rated debt as of March 31, 2012 would include both the percentages indicated above for AA and US government debt but has been broken out into two separate categories to facilitate understanding.
 - ⁵ Includes agency debentures and agency mortgage-backed securities.
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Fort Dearborn Income Securities, Inc.

Industry diversification (unaudited)

As a percentage of net assets

As of March 31, 2012

Bonds

Corporate bonds

Aerospace & defense	0.76%
Automobiles	1.28
Banks	0.33
Beverages	0.50
Biotechnology	0.07
Building products	0.36
Capital markets	2.97
Chemicals	0.81
Commercial banks	2.29
Commercial services & supplies	0.90
Communications equipment	0.30
Computers & peripherals	0.21
Diversified financial services	5.85
Diversified telecommunication services	4.13
Electric utilities	4.67
Energy equipment & services	0.99
Food & staples retailing	2.06
Food products	1.36
Gas utilities	0.22
Health care providers & services	0.76
Hotels, restaurants & leisure	0.23
Household durables	0.42
Independent power producers & energy traders	0.67
Industrial conglomerates	0.05
Insurance	3.18
Leisure equipment & products	0.27
Life sciences tools & services	0.10
Machinery	0.40
Media	4.31
Metals & mining	3.25
Multiline retail	0.52
Multi-utilities	1.00
Office electronics	0.43
Oil, gas & consumable fuels	7.83
Paper & forest products	0.59
Pharmaceuticals	0.93
Real estate investment trust (REIT)	0.62
Road & rail	0.77

Fort Dearborn Income Securities, Inc.

Industry diversification (unaudited) (concluded)

As a percentage of net assets

As of March 31, 2012

Bonds (concluded)

Corporate bonds (concluded)

Semiconductors & semiconductor equipment	0.24%
Software	0.28
Specialty retail	0.16
Tobacco	2.10
Wireless telecommunication services	0.83

Total corporate bonds	60.00%
Asset-backed securities	0.61
Commercial mortgage-backed securities	1.42
Mortgage & agency debt securities	9.85
Municipal bonds	7.32
US government obligations	12.21
Non-US government obligations	4.18
Supranational bond	0.16

Total bonds	95.75%
Preferred stock	0.02
Short-term investment	3.21

Total investments	98.98%
Cash and other assets, less liabilities	1.02

Net assets	100.00%
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Fort Dearborn Income Securities, Inc.
Portfolio of investments March 31, 2012
(unaudited)

Security description	Face amount	Value
Bonds 95.75%		
Corporate bonds 60.00%		
Australia 1.15%		
Rio Tinto Finance USA Ltd., 3.750%, due 09/20/21	\$400,000	\$412,943
5.200%, due 11/02/40	750,000	792,374
9.000%, due 05/01/19	355,000	479,651
Total Australia corporate bonds		1,684,968
Austria 0.28%		
PE Paper Escrow GmbH, 12.000%, due 08/01/14 ¹	375,000	406,875
Bermuda 0.11%		
Validus Holdings Ltd., 8.875%, due 01/26/40	150,000	165,806
Brazil 0.57%		
Petrobras International Finance Co., 5.375%, due 01/27/21	400,000	432,052
6.875%, due 01/20/40	350,000	411,134
Total Brazil corporate bonds		843,186
Canada 2.09%		
Anadarko Finance Co., Series B, 7.500%, due 05/01/31	490,000	605,319
Canadian Natural Resources Ltd., 5.850%, due 02/01/35	435,000	498,355
EnCana Corp., 6.625%, due 08/15/37	250,000	272,170

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Petro-Canada, 6.800%, due 05/15/38	520,000	663,454
Teck Resources Ltd., 6.250%, due 07/15/41	375,000	406,821
TransCanada PipeLines Ltd., 7.125%, due 01/15/19	500,000	633,810
Total Canada corporate bonds		3,079,929
Cayman Islands 2.06%		
Transocean, Inc., 6.800%, due 03/15/38	535,000	598,303
7.500%, due 04/15/31	575,000	652,734

Fort Dearborn Income Securities, Inc.
Portfolio of investments March 31, 2012
(unaudited)

Security description	Face amount	Value
Bonds (continued)		
Corporate bonds (continued)		
Cayman Islands (concluded)		
Vale Overseas Ltd., 4.375%, due 01/11/22	\$965,000	\$969,290
4.625%, due 09/15/20	765,000	804,687
Total Cayman Islands corporate bonds		3,025,014
France 0.31%		
Electricite de France, 6.950%, due 01/26/39 ¹	300,000	356,167
France Telecom SA, 8.500%, due 03/01/31	75,000	106,358
Total France corporate bonds		462,525
Luxembourg 0.76%		
Covidien International Finance SA, 4.200%, due 06/15/20	440,000	475,510
Enel Finance International SA, 6.000%, due 10/07/39 ¹	365,000	331,266
Telecom Italia Capital SA, 6.375%, due 11/15/33	350,000	315,000
Total Luxembourg corporate bonds		1,121,776
Malaysia 0.13%		
Petronas Capital Ltd., 5.250%, due 08/12/19 ¹	175,000	195,182
Mexico 0.79%		
America Movil SAB de CV, 5.000%, due 03/30/20	625,000	694,997

Petroleos Mexicanos, 6.500%, due 06/02/41	410,000	461,250
Total Mexico corporate bonds		1,156,247
Netherlands 0.34%		
Koninklijke Philips Electronics NV, 5.000%, due 03/15/42	75,000	74,846
Siemens Financieringsmaatschappij NV, 6.125%, due 08/17/26 ¹	350,000	425,896
Total Netherlands corporate bonds		500,742

Fort Dearborn Income Securities, Inc.
Portfolio of investments March 31, 2012
(unaudited)

Security description	Face amount	Value
Bonds (continued)		
Corporate bonds (continued)		
Netherlands Antilles 0.09%		
Teva Pharmaceutical Finance IV BV, 3.650%, due 11/10/21	\$125,000	\$126,535
Norway 0.12%		
Statoil ASA, 4.250%, due 11/23/41	175,000	174,319
Portugal 0.21%		
EDP Finance BV, 6.000%, due 02/02/18 ¹	350,000	309,325
Qatar 0.38%		
Qtel International Finance Ltd., 7.875%, due 06/10/19 ¹	455,000	558,513
South Africa 0.30%		
AngloGold Ashanti Holdings PLC, 5.375%, due 04/15/20	430,000	442,613
Sweden 0.15%		
Nordea Bank AB, 4.875%, due 05/13/21 ¹	230,000	223,839
United Kingdom 1.31%		
Barclays Bank PLC, 5.140%, due 10/14/20	60,000	57,801
British Telecommunications PLC, 9.625%, due 12/15/30	555,000	816,584
HSBC Bank PLC, 3.100%, due 05/24/16 ¹	215,000	219,002

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HSBC Holdings PLC, 4.000%, due 03/30/22	275,000	272,585
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6.100%, due 01/14/42	150,000	174,529
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Vodafone Group PLC, 5.450%, due 06/10/19	325,000	383,270
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Total United Kingdom corporate bonds		1,923,771
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United States 48.85%

AEP Texas Central Co., Series E, 6.650%, due 02/15/33	495,000	596,894
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Aflac, Inc., 6.450%, due 08/15/40	325,000	361,861
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Fort Dearborn Income Securities, Inc.
Portfolio of investments March 31, 2012
(unaudited)

Security description	Face amount	Value
Bonds (continued)		
Corporate bonds (continued)		
United States (continued)		
Alabama Power Co., 4.100%, due 01/15/42	\$550,000	\$527,759
Allergan, Inc., 5.750%, due 04/01/16	495,000	574,711
Alltel Corp., 7.875%, due 07/01/32	300,000	428,836
Altria Group, Inc., 9.700%, due 11/10/18	310,000	421,236
9.950%, due 11/10/38	480,000	730,103
American International Group, Inc., 4.250%, due 09/15/14	275,000	283,719
5.850%, due 01/16/18	525,000	570,941
Amgen, Inc., 5.650%, due 06/15/42	100,000	106,920
Anadarko Petroleum Corp., 6.450%, due 09/15/36	375,000	434,101
Anheuser-Busch Cos., Inc., 6.450%, due 09/01/37	400,000	527,411
Apache Corp., 5.100%, due 09/01/40	625,000	682,327
Archer-Daniels-Midland Co., 4.535%, due 03/26/42	418,000	420,872
AT&T, Inc., 6.500%, due 09/01/37	1,665,000	1,999,402
AXA Financial, Inc., 7.000%, due 04/01/28	165,000	175,793

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Bank of America Corp., 5.875%, due 02/07/42	120,000	119,353
Bank of America N.A., 6.000%, due 10/15/36	250,000	247,367
Bear Stearns Cos. LLC, 7.250%, due 02/01/18	1,310,000	1,579,629
Boeing Co., 6.875%, due 03/15/39	400,000	558,312

Fort Dearborn Income Securities, Inc.
Portfolio of investments March 31, 2012
(unaudited)

Security description	Face amount	Value
Bonds (continued)		
Corporate bonds (continued)		
United States (continued)		
Burlington Northern Santa Fe LLC, 5.400%, due 06/01/41	\$480,000	\$521,495
Caterpillar, Inc., 3.900%, due 05/27/21	330,000	361,674
6.050%, due 08/15/36	175,000	221,476
CenterPoint Energy Resources Corp., 6.000%, due 05/15/18	285,000	328,607
CenturyLink, Inc., Series P, 7.600%, due 09/15/39	200,000	189,183
Cisco Systems, Inc., 5.900%, due 02/15/39	175,000	212,555
Citigroup, Inc., 4.500%, due 01/14/22	800,000	803,132
6.125%, due 05/15/18	810,000	907,999
6.875%, due 03/05/38	125,000	144,325
Comcast Corp., 6.950%, due 08/15/37	1,750,000	2,215,629
ConocoPhillips, 6.500%, due 02/01/39	925,000	1,228,507
Consolidated Edison Co., Inc., Series 2012 A, 4.200%, due 03/15/42	125,000	123,255
7.125%, due 12/01/18	400,000	517,872
CSX Corp., 6.220%, due 04/30/40	150,000	178,134
CVS Caremark Corp.,		

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6.250%, due 06/01/27	500,000	597,318
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Daimler Finance North America LLC, 8.500%, due 01/18/31	460,000	669,606
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Dell, Inc., 5.400%, due 09/10/40	290,000	301,947
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DirectTV Holdings LLC, 6.000%, due 08/15/40	445,000	475,201
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Dominion Resources, Inc., Series B, 5.950%, due 06/15/35	495,000	590,204
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Fort Dearborn Income Securities, Inc.
Portfolio of investments March 31, 2012
(unaudited)

Security description	Face amount	Value
Bonds (continued)		
Corporate bonds (continued)		
United States (continued)		
Dow Chemical Co., 4.125%, due 11/15/21	\$750,000	\$771,559
8.550%, due 05/15/19	222,000	290,935
Duke Energy Carolinas LLC, 6.050%, due 04/15/38	350,000	442,603
El du Pont de Nemours & Co., 5.600%, due 12/15/36	50,000	59,037
Enterprise Products Operating LLC, 6.125%, due 10/15/39	500,000	563,077
ERAC USA Finance Co., 7.000%, due 10/15/37 ¹	415,000	473,446
ERP Operating LP, 4.750%, due 07/15/20	485,000	517,883
Fidelity National Financial, Inc., 6.600%, due 05/15/17	150,000	158,817
Florida Power Corp., 6.350%, due 09/15/37	215,000	277,112
Ford Motor Co., 7.450%, due 07/16/31	1,000,000	1,222,500
FPL Group Capital, Inc., 6.650%, due 06/15/67 ²	200,000	205,000
Freeport-McMoRan Copper & Gold, Inc., 3.550%, due 03/01/22	200,000	192,084
General Electric Capital Corp., 4.650%, due 10/17/21	800,000	851,456
5.875%, due 01/14/38	1,000,000	1,099,235

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Genworth Financial, Inc., 7.625%, due 09/24/21	300,000	310,341
Goldman Sachs Group, Inc., 5.750%, due 01/24/22	1,355,000	1,393,943
6.750%, due 10/01/37	570,000	556,932
Halliburton Co., 4.500%, due 11/15/41	200,000	202,499
Harris Corp., 6.375%, due 06/15/19	200,000	231,223

Fort Dearborn Income Securities, Inc.
Portfolio of investments March 31, 2012
(unaudited)

Security description	Face amount	Value
Bonds (continued)		
Corporate bonds (continued)		
United States (continued)		
Hasbro, Inc., 6.350%, due 03/15/40	\$365,000	\$395,636
HSBC Bank USA N.A., 4.875%, due 08/24/20	250,000	256,163
5.625%, due 08/15/35	855,000	869,689
Intel Corp., 4.800%, due 10/01/41	335,000	356,843
International Lease Finance Corp., 7.125%, due 09/01/18 ¹	750,000	817,500
International Paper Co., 7.500%, due 08/15/21	365,000	460,085
JP Morgan Chase Capital XXV, Series Y, 6.800%, due 10/01/37	1,100,000	1,106,160
JPMorgan Chase & Co., 3.150%, due 07/05/16	500,000	515,432
5.400%, due 01/06/42	150,000	159,272
Kinder Morgan Energy Partners LP, 5.800%, due 03/15/35	710,000	733,505
6.500%, due 09/01/39	75,000	83,344
Kraft Foods, Inc., 6.875%, due 02/01/38	430,000	540,085
6.875%, due 01/26/39	440,000	551,663
Kroger Co., 6.900%, due 04/15/38	650,000	809,561
Lehman Brothers Holdings, Inc.,		

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6.750%, due 12/28/17 ^{3,4}	585,000	0
6.875%, due 05/02/18 ⁴	785,000	235,500
Life Technologies Corp., 6.000%, due 03/01/20	135,000	154,444
Lowe's Cos., Inc., 5.125%, due 11/15/41	210,000	228,983
Massachusetts Mutual Life Insurance Co., 8.875%, due 06/01/39 ¹	275,000	390,244

Fort Dearborn Income Securities, Inc.
Portfolio of investments March 31, 2012
(unaudited)

Security description	Face amount	Value
Bonds (continued)		
Corporate bonds (continued)		
United States (continued)		
McDonald's Corp., 3.700%, due 02/15/42	\$140,000	\$129,422
5.700%, due 02/01/39	160,000	200,104
Merck & Co., Inc., 6.400%, due 03/01/28	520,000	664,889
Merrill Lynch & Co., Inc., 6.875%, due 04/25/18	1,015,000	1,128,374
MetLife, Inc., 5.875%, due 02/06/41	650,000	777,694
Monsanto Co., 5.500%, due 08/15/25	65,000	77,488
Morgan Stanley, Series F, 5.625%, due 09/23/19	575,000	568,341
6.625%, due 04/01/18	450,000	473,856
Motiva Enterprises LLC, 6.850%, due 01/15/40 ¹	340,000	422,339
National Rural Utilities Cooperative Finance Corp., 10.375%, due 11/01/18	160,000	232,052
News America, Inc., 6.200%, due 12/15/34	695,000	770,770
7.750%, due 12/01/45	350,000	409,823
Norfolk Southern Corp., 5.590%, due 05/17/25	200,000	235,165
Oncor Electric Delivery Co. LLC, 6.800%, due 09/01/18	425,000	513,764

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7.000%, due 09/01/22	380,000	461,138
<hr/>		
ONEOK Partners LP, 8.625%, due 03/01/19	215,000	277,227
<hr/>		
Oracle Corp., 6.500%, due 04/15/38	320,000	415,029
<hr/>		
Owens Corning, 6.500%, due 12/01/16	475,000	527,711
<hr/>		

Fort Dearborn Income Securities, Inc.
Portfolio of investments March 31, 2012
(unaudited)

Security description	Face amount	Value
Bonds (continued)		
Corporate bonds (continued)		
United States (continued)		
Pacific Gas & Electric Co., 6.050%, due 03/01/34	\$400,000	\$486,230
8.250%, due 10/15/18	275,000	364,034
Pacific Life Insurance Co., 9.250%, due 06/15/39 ¹	210,000	271,978
Pemex Project Funding Master Trust, 5.750%, due 03/01/18	685,000	770,625
Philip Morris International, Inc., 5.650%, due 05/16/18	1,200,000	1,430,237
Phillips 66, 4.300%, due 04/01/22 ¹	200,000	203,440
Prudential Financial, Inc., 5.625%, due 05/12/41	110,000	114,548
Series B, 5.750%, due 07/15/33	40,000	41,124
Series D, 6.100%, due 06/15/17	505,000	583,157
6.625%, due 12/01/37	260,000	300,215
PSEG Power LLC, 8.625%, due 04/15/31	695,000	986,496
Qwest Corp., 7.625%, due 06/15/15	340,000	394,069
Republic Services, Inc., 6.200%, due 03/01/40	425,000	506,847
Reynolds American, Inc., 7.250%, due 06/15/37	425,000	495,805
SABMiller Holdings, Inc.,		

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3.750%, due 01/15/22 ¹	200,000	203,472
<hr/>		
Safeway, Inc., 7.450%, due 09/15/27	725,000	828,445
<hr/>		
San Diego Gas & Electric Co., 3.950%, due 11/15/41	275,000	265,983
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SC Johnson & Son, Inc., 4.800%, due 09/01/40 ¹	250,000	255,869
<hr/>		
Simon Property Group LP, 6.750%, due 02/01/40	325,000	399,566
<hr/>		

Fort Dearborn Income Securities, Inc.
Portfolio of investments March 31, 2012
(unaudited)

Security description	Face amount	Value
Bonds (continued)		
Corporate bonds (continued)		
United States (continued)		
Southern California Edison Co., 4.050%, due 03/15/42	\$175,000	\$168,724
6.650%, due 04/01/29	320,000	408,069
Southern Copper Corp., 6.750%, due 04/16/40	250,000	270,165
Southern Natural Gas Co., 8.000%, due 03/01/32	430,000	532,413
Sprint Capital Corp., 6.875%, due 11/15/28	200,000	153,000
SunTrust Bank, 7.250%, due 03/15/18	495,000	566,099
Swiss Re Solutions Holding Corp., 7.000%, due 02/15/26	295,000	340,060
Target Corp., 6.350%, due 11/01/32	315,000	389,592
6.500%, due 10/15/37	185,000	239,376
7.000%, due 01/15/38	105,000	141,383
Time Warner Cable, Inc., 7.300%, due 07/01/38	600,000	756,598
8.750%, due 02/14/19	410,000	534,478
Time Warner, Inc., 7.625%, due 04/15/31	710,000	909,053
Tupperware Brands Corp., 4.750%, due 06/01/21	355,000	361,101
Union Electric Co.,		

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6.700%, due 02/01/19	340,000	417,854
Union Pacific Corp., 5.780%, due 07/15/40	180,000	212,665
United Technologies Corp., 5.700%, due 04/15/40	290,000	349,159
6.700%, due 08/01/28	160,000	209,301
UnitedHealth Group, Inc., 4.375%, due 03/15/42	50,000	48,234
5.800%, due 03/15/36	50,000	57,515
6.875%, due 02/15/38	415,000	544,519

Fort Dearborn Income Securities, Inc.
Portfolio of investments March 31, 2012
(unaudited)

Security description	Face amount	Value
Bonds (continued)		
Corporate bonds (concluded)		
United States (concluded)		
Valero Energy Corp., 6.625%, due 06/15/37	\$150,000	\$163,261
7.500%, due 04/15/32	465,000	541,284
Verizon New York, Inc., Series B, 7.375%, due 04/01/32	1,085,000	1,286,686
Viacom, Inc., 4.500%, due 02/27/42	300,000	283,822
Virginia Electric & Power Co., 6.350%, due 11/30/37	165,000	214,385
Wal-Mart Stores, Inc., 6.500%, due 08/15/37	600,000	789,929
Washington Mutual Bank, 5.500%, due 01/15/13 ⁴	750,000	75
Washington Mutual Preferred Funding LLC, 9.750%, due 12/15/17 ^{1,2,4,5,6}	1,300,000	6,500
Wells Fargo Bank N.A., 5.950%, due 08/26/36	450,000	492,826
Wells Fargo Capital X, 5.950%, due 12/15/36	475,000	479,322
Williams Cos., Inc., 8.750%, due 03/15/32	177,000	233,342
Williams Partners LP, 6.300%, due 04/15/40	275,000	319,686
Wisconsin Power & Light Co., 7.600%, due 10/01/38	175,000	258,721
WM Wrigley Jr. Co., 3.700%, due 06/30/14 ¹	465,000	482,234

Xcel Energy, Inc., 4.800%, due 09/15/41	475,000	498,673
Xerox Corp., 6.350%, due 05/15/18	540,000	626,536
Total United States corporate bonds		71,893,423
Total corporate bonds (cost \$82,510,722)		88,294,588

Fort Dearborn Income Securities, Inc.
Portfolio of investments March 31, 2012
(unaudited)

Security description	Face amount	Value
Bonds (continued)		
Asset-backed securities 0.61%		
United States 0.61%		
Amerquest Mortgage Securities, Inc., Series 2005-R6, Class A2, 0.442%, due 08/25/35 ²	\$80,635	\$77,337
Citibank Credit Card Issuance Trust, Series 2007-A3, Class A3, 6.150%, due 06/15/39	390,000	503,731
Continental Airlines, Inc., Series 2009-2, Class A, 7.250%, due 11/10/19	278,058	311,424
Total asset-backed securities (cost \$728,889)		892,492
Commercial mortgage-backed securities 1.42%		
United States 1.42%		
Banc of America Commercial Mortgage, Inc., Series 2007-2, Class AM, 5.674%, due 04/10/49 ²	475,000	472,267
Greenwich Capital Commercial Funding Corp., Series 2007-GG9, Class AM, 5.475%, due 03/10/39	1,100,000	1,091,672
JP Morgan Chase Commercial Mortgage Securities Corp., Series 2007-LD11, Class A4, 5.816%, due 06/15/49 ²	475,000	520,640
Total commercial mortgage-backed securities (cost \$1,418,096)		2,084,579
Mortgage & agency debt securities 9.85%		
United States 9.85%		
Federal Home Loan Mortgage Corp., ⁷ 5.000%, due 01/30/14	30,000	32,518

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Federal Home Loan Mortgage Corp. Gold Pools, ⁷ #E01127, 6.500%, due 02/01/17	40,499	44,255
Federal National Mortgage Association Pools, ⁷ #AE1568, 4.000%, due 09/01/40	796,920	836,087
#AI7381, 4.000%, due 09/01/41	2,051,313	2,153,093
#AL0160, 4.500%, due 05/01/41	1,168,184	1,244,323
#688066, 5.500%, due 03/01/33	171,219	189,498

Fort Dearborn Income Securities, Inc.
Portfolio of investments March 31, 2012
(unaudited)

Security description	Face amount	Value
Bonds (continued)		
Mortgage & agency debt securities (concluded)		
United States (concluded)		
Federal National Mortgage Association Pools, ⁷ (concluded) #793666, 5.500%, due 09/01/34	\$728,501	\$799,957
#802481, 5.500%, due 11/01/34	149,205	163,968
#596124, 6.000%, due 11/01/28	115,153	128,428
#253824, 7.000%, due 03/01/31	66,049	75,697
Federal National Mortgage Association Re-REMIC, ⁷ Series 1993-106, Class Z, 7.000%, due 06/25/13	8,635	8,900
Government National Mortgage Association Pools, #5204, 4.500%, due 10/20/41	6,690,590	7,300,904
#781029, 6.500%, due 05/15/29	36,023	41,844
GSR Mortgage Loan Trust, Series 2006-2F, Class 3A4, 6.000%, due 02/25/36	1,231,578	1,130,962
Wells Fargo Mortgage Backed Securities Trust, Series 2003-18, Class A2, 5.250%, due 12/25/33	334,080	347,019
Total mortgage & agency debt securities (cost \$14,398,806)		14,497,453
Municipal bonds 7.32%		
California 1.34%		
Los Angeles Unified School District, 6.758%, due 07/01/34	150,000	191,979
State of California, GO, 6.650%, due 03/01/22	300,000	361,008
7.300%, due 10/01/39	570,000	713,640

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7.550%, due 04/01/39	365,000	468,992
University of California Revenue Bonds, Series 2009, 5.770%, due 05/15/43	195,000	229,283
		1,964,902
Georgia 0.12%		
Municipal Electric Authority of Georgia Revenue Bonds, 6.637%, due 04/01/57	150,000	168,380
Illinois 1.51%		
Illinois State Taxable Pension, 5.100%, due 06/01/33	2,350,000	2,225,074

Fort Dearborn Income Securities, Inc.
Portfolio of investments March 31, 2012
 (unaudited)

Security description	Face amount	Value
Bonds (continued)		
Municipal bonds (concluded)		
Massachusetts 0.10%		
Commonwealth of Massachusetts, GO, 5.456%, due 12/01/39	\$125,000	\$150,075
New Jersey 3.34%		
New Jersey Economic Development Authority Revenue Bonds, Series B, 4.761%, due 02/15/18 ⁸	5,000,000	4,075,100
New Jersey State Turnpike Authority Revenue Bonds, Series F, 7.414%, due 01/01/40	140,000	199,683
New Jersey Transportation Trust Fund Authority Revenue Bonds, 6.561%, due 12/15/40	500,000	643,875
		4,918,658
New York 0.38%		
Metropolitan Transportation Authority Revenue Bonds, 6.668%, due 11/15/39	200,000	250,710
New York State Urban Development Corp. Revenue Bonds, 5.770%, due 03/15/39	265,000	310,707
		561,417
Pennsylvania 0.22%		
Commonwealth of Pennsylvania, GO, 5.350%, due 05/01/30	300,000	329,037
Tennessee 0.24%		
Metropolitan Government of Nashville & Davidson County Convention Center Authority Revenue Bonds, 6.731%, due 07/01/43	300,000	352,770

Texas 0.07%

Texas Transportation Commission Revenue Bonds, Series B, 5.178%, due 04/01/30	90,000	105,034
<hr/>		
Total municipal bonds (cost \$9,342,389)		10,775,347
<hr/>		

Fort Dearborn Income Securities, Inc.
Portfolio of investments March 31, 2012
(unaudited)

Security description	Face amount	Value
Bonds (concluded)		
US government obligations 12.21%		
US Treasury Bonds, 3.125%, due 11/15/41	\$5,435,000	\$5,213,355
3.125%, due 02/15/42	1,790,000	1,715,883
3.750%, due 08/15/41	1,190,000	1,286,502
US Treasury Notes, 0.250%, due 02/28/14	1,130,000	1,128,323
0.875%, due 02/28/17	260,000	258,172
2.000%, due 02/15/22	8,525,000	8,361,158
Total US government obligations (cost \$18,087,289)		17,963,393
Non-US government obligations 4.18%		
Brazil 1.64%		
Brazilian Government International Bond, 8.250%, due 01/20/34	900,000	1,356,750
8.875%, due 04/15/24	700,000	1,065,750
		2,422,500
Israel 1.58%		
Israel Government AID Bond, 1.663%, due 02/15/17 ^B	2,500,000	2,323,360
Mexico 0.96%		
United Mexican States, 4.750%, due 03/08/44	225,000	221,625
8.300%, due 08/15/31	800,000	1,188,000
		1,409,625

Total Non-US government obligations (cost \$5,370,087)	6,155,485
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Supranational bond 0.16%

Inter-American Development Bank, 7.000%, due 06/15/25 (cost \$245,612)	175,000	239,551
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Total bonds (cost \$132,101,890)	140,902,888
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Fort Dearborn Income Securities, Inc.
Portfolio of investments March 31, 2012
(unaudited)

Security description	Shares	Value
Preferred stock 0.02%		
United States 0.02%		
Ally Financial, Inc., 7.000% ^{1,9} (cost \$34,713)	42	\$34,990
Short-term investment 3.21%		
Investment company 3.21%		
UBS Cash Management Prime Relationship Fund ¹⁰ (cost \$4,723,002)	4,723,002	4,723,002
Total investments 98.98% (cost \$136,859,605)		145,660,880
Cash and other assets, less liabilities 1.02%		1,505,514
Net assets 100.00%		\$147,166,394

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

Gross unrealized appreciation	\$12,722,108
Gross unrealized depreciation	(3,920,833)
Net unrealized appreciation of investments	\$8,801,275

For a listing of defined portfolio acronyms that are used throughout the Portfolio of investments as well as the tables that follow, please refer to page 29. Portfolio footnotes begin on page 28.

Fort Dearborn Income Securities, Inc.
Portfolio of investments March 31, 2012
(unaudited)

The following is a summary of the inputs used as of March 31, 2012 in valuing the Fund's investments:

Description	Unadjusted quoted prices in active markets for identical investments (Level 1)	Other significant observable inputs (Level 2)	Unobservable inputs (Level 3)	Total
Corporate bonds	\$	\$88,294,588	\$0	\$88,294,588
Asset-backed securities		892,492		892,492
Commercial mortgage-backed securities		2,084,579		2,084,579
Mortgage & agency debt securities		14,497,453		14,497,453
Municipal bonds		10,775,347		10,775,347
US government obligations		17,963,393		17,963,393
Non-US government obligations		6,155,485		6,155,485
Supranational bond		239,551		239,551
Preferred stock		34,990		34,990
Short-term investment		4,723,002		4,723,002
Total	\$	\$145,660,880	\$0	\$145,660,880

Fort Dearborn Income Securities, Inc.
Portfolio of investments March 31, 2012
(unaudited)

Level 3 rollforward disclosure

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

	Corporate bonds	Total
Assets		
Beginning balance	\$ 19,500	\$ 19,500
Purchases		
Issuances		
Sales		
Settlements		
Accrued discounts (premiums)		
Total realized gain (loss)		
Change in net unrealized appreciation/depreciation	(13,000)	(13,000)
Transfers into Level 3		
Transfers out of Level 3 ¹¹	(6,500)	(6,500)
Ending balance	\$0	\$0

The change in net unrealized appreciation/depreciation relating to the Level 3 investments held at March 31, 2012 was \$0.

Portfolio footnotes

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 March 31, 2012, the value of these securities amounted to \$6,588,077 or 4.48% of net assets.

² Variable or floating rate security. The interest rate shown is the current rate as of March 31, 2012 and changes periodically.

³ Security is being fair valued by a valuation committee under the direction of the Board of Trustees. At March 31, 2012, the value of this security amounted to \$0 or 0.00% of net assets.

⁴ Security is in default.

Fort Dearborn Income Securities, Inc.
Portfolio of investments March 31, 2012
(unaudited)

⁵ This security, which represents 0.00% of net assets as of March 31, 2012, is considered restricted. (See restricted security table below for more information.)

Restricted security	Acquisition date	Acquisition cost	Acquisition cost as a percentage of net assets	Value 03/31/12	Value as a percentage of net assets
Washington Mutual Preferred Funding LLC, 9.750%, due 12/15/17	10/19/07 - 11/02/07	\$ 1,299,750	0.88%	\$ 6,500	0.00% ^a

^a Amount represents less than 0.005%

⁶ Perpetual bond security. The maturity date reflects the next call date.

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 Rate shown reflects annualized yield at March 31, 2012 on zero coupon bond.

⁹ This security is subject to a perpetual call and may be called in full or partially on or anytime after June 6, 2012.

¹⁰ The table below details the Fund's investments 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 09/30/11	Purchases during the six months ended 03/31/12	Sales during the six months ended 03/31/12	Value 03/31/12	Income earned from affiliate for the six months ended 03/31/12
UBS Cash Management Prime Relationship Fund	\$ 1,913,431	\$ 47,499,229	\$ 44,689,658	\$ 4,723,002	\$ 1,860

¹¹ Transfers out of Level 3 represent the value at the end of the period. At March 31, 2012, a security was transferred from Level 3 to Level 2 as the valuation is based on observable inputs from an established pricing source.

Portfolio acronyms

AID	Agency for International Development
GO	General Obligation
GSR	Goldman Sachs Residential
REIT	Real estate investment trust
Re-REMIC	Combined Real Estate Mortgage Investment Conduit

Fort Dearborn Income Securities, Inc.

Statement of assets and liabilities

March 31, 2012 (unaudited)

Assets:

Investments in securities of unaffiliated issuers, at value (cost \$132,136,603)	\$ 140,937,878
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Investments in affiliated issuers, at value (cost \$4,723,002)	4,723,002
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Total investments (cost \$136,859,605)	145,660,880
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Interest receivable	1,575,964
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Receivable for investments sold	1,813,188
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Other assets	30,436
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Total assets	149,080,468
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Liabilities:

Payable for investments purchased	1,638,957
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Payable for investment advisory fees	172,243
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Directors' fees payable	4,428
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Accrued expenses and other liabilities	98,446
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Total liabilities	1,914,074
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Net assets:

Capital stock \$0.01 par value; 12,000,000 shares authorized; 8,775,665 shares issued and outstanding	\$ 135,116,083
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Accumulated undistributed net investment income	331,988
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Accumulated net realized gain	2,917,048
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Net unrealized appreciation	8,801,275
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Net assets	\$ 147,166,394
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Net asset value per share	\$ 16.77
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Fort Dearborn Income Securities, Inc.

Statement of operations

	For the six months ended March 31, 2012 (unaudited)
Investment income:	
Interest	\$ 3,458,211
Affiliated interest	1,860
Dividends	1,469
Total investment income	3,461,540
Expenses:	
Investment advisory fees	348,869
Professional fees	43,229
Custody and accounting fees	31,181
Reports and notices to shareholders	23,264
Transfer agency fees	21,358
Listing fees	11,907
Directors fees	10,018
Franchise taxes	5,926
Insurance expense	4,413
Other expenses	8,853
Total expenses	509,018
Net investment income	2,952,522
Realized and unrealized gains (losses) from investment activities:	
Net realized gain on investment activities	3,465,559
Net change in unrealized appreciation/depreciation on investments	(1,459,747)
Net realized and unrealized gain from investment activities	2,005,812
Net increase in net assets resulting from operations	\$ 4,958,334

See accompanying notes to financial statements

Fort Dearborn Income Securities, Inc.

Statement of changes in net assets

	For the six months ended March 31, 2012 (unaudited)	For the year ended September 30, 2011
From operations:		
Net investment income	\$ 2,952,522	\$ 6,568,558
Net realized gain	3,465,559	6,033,597
Net change in unrealized appreciation/depreciation	(1,459,747)	(1,301,918)
Net increase in net assets resulting from operations	4,958,334	11,300,237
Dividends and distributions to shareholders from:		
Net investment income	(3,203,117)	(8,091,164)
Net realized gains	(6,283,376)	(3,755,985)
Total dividends and distributions to shareholders	(9,486,493)	(11,847,149)
Net decrease in net assets	(4,528,159)	(546,912)
Net assets:		
Beginning of period	151,694,553	152,241,465
End of period	\$ 147,166,394	\$ 151,694,553
Accumulated undistributed net investment income	\$ 331,988	\$ 582,583

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33

Fort Dearborn Income Securities, Inc.

Financial highlights

Selected data for a share of capital stock outstanding through each period is presented below:

	For the six months ended March 31, 2012 (unaudited)
Net asset value, beginning of period	\$ 17.29
Net investment income ¹	0.34
Net realized and unrealized gains (losses)	0.23
Net increase (decrease) from operations	0.57
Dividends from net investment income	(0.37)
Distributions from net realized gains	(0.72)
Total dividends and distributions	(1.09)
Net asset value, end of period	\$ 16.77
Market price, end of period	\$ 16.17
Total net asset value return²	3.31%
Total market price return³	7.53%
Ratios to average net assets:	
Expenses	0.68% ⁴
Net investment income	3.96% ⁴
Supplemental data:	
Net assets, end of period (in millions)	\$ 147.2
Portfolio turnover rate	78%
Number of shares outstanding at end of period (in thousands)	8,776

¹ Calculated using the average shares method.

² Total net asset value return is calculated assuming a \$10,000 purchase of common stock at the current net asset value on the first day of each period reported and a sale at the current net asset value on the last day of each period reported, and assuming reinvestment of dividends and other distributions at the net asset value on the payable dates. Total net asset value return does

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not reflect the deduction of taxes that a shareholder would pay on Fund dividends/distributions or a sale of Fund shares. Total return based on net asset value is hypothetical as investors cannot purchase or sell Fund shares at the net asset value but only at market prices.

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

⁴ Annualized.

Fort Dearborn Income Securities, Inc.

Financial highlights

For the years ended September 30,

2011	2010	2009	2008	2007
\$17.35	\$ 16.50	\$ 13.81	\$ 15.68	\$ 15.80
0.75	0.81	0.78	0.85	0.82
0.54	1.23	2.63	(1.83)	(0.14)
1.29	2.04	3.41	(0.98)	0.68
(0.92)	(0.90)	(0.71)	(0.80)	(0.80)
(0.43)	(0.29)	(0.01)	(0.09)	
(1.35)	(1.19)	(0.72)	(0.89)	(0.80)
\$17.29	\$ 17.35	\$ 16.50	\$ 13.81	\$ 15.68
\$16.07	\$ 16.15	\$ 14.85	\$ 12.92	\$ 13.86