

Edgar Filing: EATON VANCE MASSACHUSETTS MUNICIPAL INCOME TRUST - Form N-Q

EATON VANCE MASSACHUSETTS MUNICIPAL INCOME TRUST

Form N-Q

October 29, 2008

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**







# FORM N-Q







**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**



Investment Company Act File Number

811-09147

## **Eaton Vance Massachusetts Municipal Income Trust**

(Exact Name of Registrant as Specified in Charter)

**The Eaton Vance Building,  
255 State Street, Boston, Massachusetts**  
(Address of Principal Executive Offices)

**02109**  
(Zip code)

**Maureen A. Gemma**  
**Eaton Vance Management, 255 State Street, Boston, Massachusetts 02109**  
(Name and Address of Agent for Service)

Registrant's Telephone Number, Including Area  
Code:

(617) 482-8260

Date of Fiscal Year End:

November 30

Date of Reporting Period:

August 31, 2008

---

**Item 1. Schedule of Investments**

---

Eaton Vance Massachusetts Municipal Income Trust

as of August 31, 2008

## PORTFOLIO OF INVESTMENTS (Unaudited)

Tax-Exempt Investments 161.2%

Principal Amount (000 s omitted)	Security	Value
<b>Education 29.7%</b>		
\$ 2,790	Massachusetts Development Finance Agency, (Boston University), 5.45%, 5/15/59	\$ 2,796,668
600	Massachusetts Development Finance Agency, (Middlesex School), 5.00%, 9/1/33	597,450
500	Massachusetts Development Finance Agency, (Mount Holyoke College), 5.25%, 7/1/31	505,605
1,500	Massachusetts Development Finance Agency, (Wheeler School), 6.50%, 12/1/29	1,524,255
1,000	Massachusetts Development Finance Agency, (Xaverian Brothers High School), 5.65%, 7/1/29	975,420
1,500	Massachusetts Health and Educational Facilities Authority, (Berklee College of Music), 5.00%, 10/1/32	1,495,770
1,500	Massachusetts Health and Educational Facilities Authority, (Harvard University), 5.00%, 10/1/38 (1)	1,538,490
1,500	Massachusetts Health and Educational Facilities Authority, (Massachusetts Institute of Technology), 5.00%, 7/1/38	1,537,605
		<b>\$ 10,971,263</b>
<b>Electric Utilities 8.8%</b>		
\$ 1,000	Massachusetts Development Finance Agency, (Devens Electric System), 6.00%, 12/1/30	\$ 1,033,660
1,870	Massachusetts Development Finance Agency, (Dominion Energy Brayton Point), (AMT), 5.00%, 2/1/36	1,661,083
570	Puerto Rico Electric Power Authority, 5.00%, 7/1/25	561,672
		<b>\$ 3,256,415</b>
<b>Escrowed/Prerefunded 9.7%</b>		
\$ 400	Massachusetts Development Finance Agency, (Western New England College), Prerefunded to 12/1/12, 6.125%, 12/1/32	\$ 457,112
235	Massachusetts Health and Educational Facilities Authority, (Healthcare System-Covenant Health), Prerefunded to 1/1/12, 6.00%, 7/1/31	262,260
1,265	Massachusetts Health and Educational Facilities Authority, (South Shore Hospital), Prerefunded to 7/1/09, 5.75%, 7/1/29	1,317,814
960	Massachusetts Health and Educational Facilities Authority, (Winchester Hospital), Prerefunded to 7/1/10, 6.75%, 7/1/30	1,037,318
1,000	Rail Connections, Inc., (Route 128 Parking), (ACA), Prerefunded to 7/1/09, 0.00%, 7/1/20	494,910
		<b>\$ 3,569,414</b>
<b>Health Care-Miscellaneous 3.3%</b>		
\$ 510	Massachusetts Development Finance Agency, (MCHSP Human Services), 6.60%, 8/15/29	\$ 458,643
700	Massachusetts Health and Educational Facilities Authority, (Learning Center for Deaf Children), 6.125%, 7/1/29	661,962
100		94,227

Edgar Filing: EATON VANCE MASSACHUSETTS MUNICIPAL INCOME TRUST - Form N-Q

Puerto Rico Infrastructure Financing Authority, (Mepsi Campus Project), 6.50%, 10/1/37

			<b>\$ 1,214,832</b>
<b>Hospital</b>	<b>21.0%</b>		
\$	1,000	Massachusetts Development Finance Agency, (Biomedical Research Corp.), 6.25%, 8/1/20	\$ 1,051,600
	1,000	Massachusetts Health and Educational Facilities Authority, (Baystate Medical Center), 5.75%, 7/1/33	1,006,920
	400	Massachusetts Health and Educational Facilities Authority, (Berkshire Health System), 6.25%, 10/1/31	406,804
	105	Massachusetts Health and Educational Facilities Authority, (Central New England Health Systems), 6.30%, 8/1/18	105,167
	1,575	Massachusetts Health and Educational Facilities Authority, (Dana-Farber Cancer Institute), 5.00%, 12/1/37	1,546,366
	865	Massachusetts Health and Educational Facilities Authority, (Healthcare System-Covenant Health), 6.00%, 7/1/31	886,634
	2,000	Massachusetts Health and Educational Facilities Authority, (Partners Healthcare Systems), 5.00%, 7/1/32 (1)	2,002,030
	735	Massachusetts Health and Educational Facilities Authority, (South Shore Hospital), 5.75%, 7/1/29	737,029
			<b>\$ 7,742,550</b>

Edgar Filing: EATON VANCE MASSACHUSETTS MUNICIPAL INCOME TRUST - Form N-Q

<b>Housing 13.0%</b>			
\$	2,100	Massachusetts Housing Finance Agency, (AMT), 4.75%, 12/1/48	\$ 1,671,243
	1,000	Massachusetts Housing Finance Agency, (AMT), 4.85%, 6/1/40	818,220
	650	Massachusetts Housing Finance Agency, (AMT), 5.00%, 12/1/28	587,008
	2,000	Massachusetts Housing Finance Agency, (AMT), 5.10%, 12/1/37	1,745,600
			<b>\$ 4,822,071</b>
<b>Industrial Development Revenue 1.9%</b>			
\$	695	Massachusetts Industrial Finance Agency, (American Hingham Water Co.), (AMT), 6.60%, 12/1/15	\$ 696,279
			<b>\$ 696,279</b>
<b>Insured-Education 20.7%</b>			
\$	1,000	Massachusetts College Building Authority, (XLCA), 5.50%, 5/1/39	\$ 1,074,150
	1,000	Massachusetts Development Finance Agency, (Boston University), (XLCA), 5.375%, 5/15/39	1,006,170
	1,365	Massachusetts Development Finance Agency, (College of the Holy Cross), (AMBAC), 5.25%, 9/1/32 (1)	1,480,643
	1,600	Massachusetts Development Finance Agency, (Franklin W. Olin College), (XLCA), 5.25%, 7/1/33	1,573,712
	1,000	Massachusetts Health and Educational Facilities Authority, (Northeastern University), (MBIA), 5.00%, 10/1/29	993,510
	1,500	University of Massachusetts Building Authority, (FSA), 5.00%, 5/1/38	1,506,750
			<b>\$ 7,634,935</b>
<b>Insured-General Obligations 8.3%</b>			
\$	2,255	Milford, (FSA), 4.25%, 12/15/46	\$ 1,996,577
	900	Puerto Rico, (FSA), Variable Rate, 9.32%, 7/1/27 (2)(3)	1,068,678
			<b>\$ 3,065,255</b>
<b>Insured-Other Revenue 3.9%</b>			
\$	1,250	Massachusetts Development Finance Agency, (WGBH Educational Foundation), (AMBAC), 5.75%, 1/1/42	\$ 1,430,363
			<b>\$ 1,430,363</b>
<b>Insured-Special Tax Revenue 8.0%</b>			
\$	1,500	Martha's Vineyard Land Bank, (AMBAC), 5.00%, 5/1/32	\$ 1,523,610
	8,945	Puerto Rico Sales Tax Financing, (AMBAC), 0.00%, 8/1/54	640,373
	1,520	Puerto Rico Sales Tax Financing, (MBIA), 0.00%, 8/1/44	199,059
	3,015	Puerto Rico Sales Tax Financing, (MBIA), 0.00%, 8/1/45	372,051
	1,905	Puerto Rico Sales Tax Financing, (MBIA), 0.00%, 8/1/46	220,980
			<b>\$ 2,956,073</b>
<b>Insured-Student Loan 4.2%</b>			
\$	1,985	Massachusetts Educational Financing Authority, (AMBAC), (AMT), 4.70%, 1/1/33	\$ 1,561,957
			<b>\$ 1,561,957</b>
<b>Insured-Transportation 6.2%</b>			
\$	800	Massachusetts Port Authority, (Bosfuel Project), (FGIC), (AMT), 5.00%, 7/1/32	\$ 712,160
	1,820	Massachusetts Port Authority, (Bosfuel Project), (FGIC), (AMT), 5.00%, 7/1/38	1,588,915
			<b>\$ 2,301,075</b>

Edgar Filing: EATON VANCE MASSACHUSETTS MUNICIPAL INCOME TRUST - Form N-Q

<b>Nursing Home 2.9%</b>			
\$	500	Boston Industrial Development Authority, (Alzheimer s Center), (FHA), 6.00%, 2/1/37	\$ 504,325
	580	Massachusetts Health and Educational Facilities Authority, (Christopher House), 6.875%, 1/1/29	580,267
			<b>\$ 1,084,592</b>
<b>Senior Living/Life Care 7.8%</b>			
\$	250	Massachusetts Development Finance Agency, (Berkshire Retirement), 5.15%, 7/1/31	\$ 221,055
	1,500	Massachusetts Development Finance Agency, (Berkshire Retirement), 5.625%, 7/1/29	1,435,185
	140	Massachusetts Development Finance Agency, (First Mortgage VOA Concord), 5.125%, 11/1/27	115,879
	425	Massachusetts Development Finance Agency, (First Mortgage VOA Concord), 5.20%, 11/1/41	327,930
	910	Massachusetts Development Finance Agency, (Linden Ponds, Inc.), 5.75%, 11/15/42	776,776
			<b>\$ 2,876,825</b>
<b>Special Tax Revenue 4.5%</b>			
\$	1,665	Massachusetts Bay Transportation Authority, Sales Tax Revenue, 0.00%, 7/1/31	\$ 464,135
	5,195	Massachusetts Bay Transportation Authority, Sales Tax Revenue, 0.00%, 7/1/34	1,188,720
			<b>\$ 1,652,855</b>
<b>Water and Sewer 7.3%</b>			
\$	100	Massachusetts Water Pollution Abatement Trust, 5.00%, 8/1/32	\$ 100,846
	965	Massachusetts Water Pollution Abatement Trust, 5.375%, 8/1/27	990,244
	2,000	Massachusetts Water Resources Authority, 4.00%, 8/1/46	1,623,640
			<b>\$ 2,714,730</b>
<b>Total Tax-Exempt Investments 161.2%</b>			
<b>(identified cost \$61,939,320)</b>			<b>\$ 59,551,484</b>
<b>Other Assets, Less Liabilities (6.9%)</b>			<b>\$ (2,539,610)</b>
<b>Auction Preferred Shares Plus Cumulative Unpaid Dividends (54.3%)</b>			<b>\$ (20,059,033)</b>
<b>Net Assets Applicable to Common Shares 100.0%</b>			<b>\$ 36,952,841</b>

ACA	ACA Financial Guaranty Corporation
AMBAC	AMBAC Financial Group, Inc.
AMT	Interest earned from these securities may be considered a tax preference item for purposes of the Federal Alternative Minimum Tax.
FGIC	Financial Guaranty Insurance Company
FHA	Federal Housing Administration
FSA	Financial Security Assurance, Inc.
MBIA	Municipal Bond Insurance Association
XLCA	XL Capital Assurance, Inc.

The Trust invests primarily in debt securities issued by Massachusetts municipalities. The ability of the issuers of the debt securities to meet their obligations may be affected by economic developments in a specific industry or municipality. In order to reduce the risk associated with such economic developments, at August 31, 2008, 31.8% of total investments are backed by bond insurance of various financial institutions and financial guaranty assurance agencies. The aggregate percentage insured by an individual financial institution ranged from 3.0% to 11.2% of total investments.

- (1) Security represents the underlying municipal obligation of an inverse floating rate obligation held by the Trust.
- (2)



Edgar Filing: EATON VANCE MASSACHUSETTS MUNICIPAL INCOME TRUST - Form N-Q

Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be sold in transactions exempt from registration, normally to qualified institutional buyers. At August 31, 2008, the aggregate value of these securities is \$1,068,678 or 2.9% of the Trust's net assets applicable to common shares.

- (3) Security has been issued as a leveraged inverse floater bond. The stated interest rate represents the rate in effect at August 31, 2008.

## Edgar Filing: EATON VANCE MASSACHUSETTS MUNICIPAL INCOME TRUST - Form N-Q

A summary of financial instruments at August 31, 2008 is as follows:

### Interest Rate Swaps

Counterparty	Notional Amount	Annual Fixed Rate Paid By Trust	Floating Rate Paid To Trust	Effective Date/ Termination Date	Net Unrealized Depreciation
Lehman Brothers, Inc.	\$ 1,575,000	4.985%	3-month USD- LIBOR-BBA	September 28, 2008 / September 28, 2038	\$ (38,283)
Merrill Lynch Capital Services, Inc.	2,500,000	5.065	3-month USD- LIBOR-BBA	April 1, 2009 / April 1, 2039	(67,706)
Morgan Stanley Capital Services, Inc.	925,000	5.428	3-month USD- LIBOR-BBA	September 10, 2008 / September 10, 2038	(88,901)
					<b>\$ (194,890)</b>

The effective date represents the date on which the Trust and the counterparty to the interest rate swap contract begin interest payment accruals.

At August 31, 2008, the Trust had sufficient cash and/or securities to cover commitments under these contracts.

The cost and unrealized appreciation (depreciation) of investments of the Trust at August 31, 2008, as determined on a federal income tax basis, were as follows:

<b>Aggregate cost</b>	<b>\$ 57,882,937</b>
<b>Gross unrealized appreciation</b>	<b>\$ 1,110,511</b>
<b>Gross unrealized depreciation</b>	<b>(3,321,964)</b>
<b>Net unrealized depreciation</b>	<b>\$ (2,211,453)</b>

The Trust adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157 (FAS 157), Fair Value Measurements, effective December 1, 2007. FAS 157 established a three-tier hierarchy to prioritize the assumptions, referred to as inputs, used in valuation techniques to measure fair value. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

- Level 1 quoted prices in active markets for identical investments
- Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 significant unobservable inputs (including a fund's own assumptions in determining the fair value of investments)

## Edgar Filing: EATON VANCE MASSACHUSETTS MUNICIPAL INCOME TRUST - Form N-Q

At August 31, 2008, the inputs used in valuing the Trust's investments, which are carried at value, were as follows:

Valuation Inputs	Investment in Securities	Other Financial Instruments*
Level 1 Quoted Prices	\$	\$
Level 2 Other Significant Observable Inputs	59,551,484	(194,890)
Level 3 Significant Unobservable Inputs		
<b>Total</b>	<b>\$ 59,551,484</b>	<b>\$ (194,890)</b>

\* Other financial instruments include futures and interest rate swap contracts not reflected in the Portfolio of Investments, which are valued at the unrealized appreciation (depreciation) on the instrument.

The Trust held no investments or other financial instruments as of November 30, 2007 whose fair value was determined using Level 3 inputs.

Municipal bonds and taxable obligations, if any, are generally valued on the basis of valuations furnished by a pricing vendor, as derived from such vendor's pricing models. Inputs to the models may include, but are not limited to, reported trades, executable bid and asked prices, broker/dealer quotations, benchmark curves or information pertaining to the issuer. The pricing vendor may use a matrix approach, which considers information regarding securities with similar characteristics to determine the valuation for a security. Financial futures contracts and options on financial futures contracts listed on commodity exchanges are valued based on the closing price on the primary exchange on which such contracts trade. Interest rate swaps are normally valued using valuations provided by a pricing vendor. Such vendor valuations are based on the present value of fixed and projected floating rate cash flows over the term of the swap contract. Future cash flows are discounted to their present value using swap curves provided by electronic data services or by broker/dealers. Short-term obligations, maturing in sixty days or less, are valued at amortized cost, which approximates market value.

**Item 2. Controls and Procedures**

(a) It is the conclusion of the registrant's principal executive officer and principal financial officer that the effectiveness of the registrant's current disclosure controls and procedures (such disclosure controls and procedures having been evaluated within 90 days of the date of this filing) provide reasonable assurance that the information required to be disclosed by the registrant has been recorded, processed, summarized and reported within the time period specified in the Commission's rules and forms and that the information required to be disclosed by the registrant has been accumulated and communicated to the registrant's principal executive officer and principal financial officer in order to allow timely decisions regarding required disclosure.

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

---



**Signatures**



## Edgar Filing: EATON VANCE MASSACHUSETTS MUNICIPAL INCOME TRUST - Form N-Q

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

Eaton Vance Massachusetts Municipal Income Trust

By: /s/ Robert B. MacIntosh  
Robert B. MacIntosh  
President

Date: October 23, 2008

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

By: /s/ Robert B. MacIntosh  
Robert B. MacIntosh  
President

Date: October 23, 2008

By: /s/ Barbara E. Campbell  
Barbara E. Campbell  
Treasurer

Date: October 23, 2008

---