

EATON VANCE MASSACHUSETTS MUNICIPAL INCOME TRUST  
Form N-Q  
October 29, 2008

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549





# 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<br>(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)



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.

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)                    |
|                                       |                 |                                 |                             |   | \$ (194,890)                |

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:

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

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<br>Securities | Other Financial<br>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

---