GLOBAL HIGH INCOME FUND INC
Form N-CSRS
July 09, 2007

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: 811-07540

Global High Income Fund Inc.

(Exact name of registrant as specified in charter)

51 West 52nd Street, New York, New York 10019-6114

(Address of principal executive offices) (Zip code)

Mark F. Kemper, Esq.
UBS Global Asset Management (Americas) Inc.
51 West 52nd Street
New York, NY 10019-6114
(Name and address of agent for service)

Copy to:
Jack W. Murphy, Esq.
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Washington, DC 20006-2401
Registrant s telephone number, including area code: 212-882 5000

Date of fiscal year end: October 31

Date of reporting period: April 30, 2007

Item 1. Reports to Stockholders.

Global High Income Fund Inc.
Semiannual Report
April 30, 2007

Global High Income Fund Inc.

June 15, 2007

Dear shareholder,

We are pleased to present you with the semiannual report for Global High Income Fund Inc. (the Fund) for the six months ended April 30, 2007.

Performance

Over the six-month period ended April 30, 2007, the Funds net asset value return was 7.10%, compared with the 6.68% median net asset value return of its Lipper peer group, the Lipper Emerging Markets Debt Funds category, and the 5.29% return of its benchmark, the JP Morgan Emerging Markets Bond IndexGlobal (the Index). On a market price basis, the Fund returned 8.14% over the period, compared with its Lipper peer groups median market price return of 9.03%. (For more on the Funds performance, please refer to Performance at a glance on page 6.)

The Fund did not use leverage during the period. That is, the Fund did not have preferred stock outstanding or borrow from banks for investment purposes as some of its peers may have. Leverage magnifies returns on both the upside and on the downside, and creates a wider range of returns within the Funds peer group.

The Fund traded at a premium to its net asset value (NAV) per share during the entire reporting period. A fund trades at a premium when the market price at which its shares trade is more than its NAV. Alternately, a fund trades at a discount when the market price at which its shares trade is less 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 Funds securities, cash and other assets, less all liabilities, by the total number of common shares outstanding.

Global High Income Fund Inc.

Investment goals:
Primarily, high level of current income; secondarily, capital appreciation

Portfolio management:
Portfolio management team, including Uwe Schillhorn
UBS Global Asset Management (Americas) Inc.

Commencement:
October 8, 1993

NYSE symbol:
GHI

Distribution payments:
Monthly

An interview with portfolio manager Uwe Schillhorn

Q. How did emerging markets debt perform over the period?

A. Despite periods of volatility, emerging markets debt generated solid results over the six-month reporting period. During this time, economic fundamentals in most emerging countries continued to

Global High Income Fund Inc.

improve, helped, in some cases, by high commodity prices. At the same time, relatively low yields in developed markets continued to attract investors to the higher yields offered by emerging markets debt. The combination of these events during the reporting period provided support for the asset class, and emerging markets debt spread levels were close to reaching their all-time lows. (Here, spread levels refers to the difference in yield between emerging markets debt and US Treasury obligations, also known as the spread.) Historically, a large spread has existed between emerging markets debt and lower-risk US Treasury obligations. During the reporting period, however, prices of emerging markets debt remained high, pushing their yields lower. (Bond prices and yields generally move inversely to one another.) As a result, the spread levels between the yields of the two types of bonds narrowed, reflecting greater investor confidence in the relatively riskier emerging markets debt asset class.

Q. Were there any themes that emerged at the regional level?

A. Interest in Latin America remains strong. Overall, growth in Latin America was better than expected, which had a positive impact on credits in the region. In particular, Latin American countries including Colombia, Argentina, and Venezuela have experienced very high rates of economic growth. Larger economies, such as Brazils and Mexicos, have also experienced healthy growth.

It is worth noting the increase in our position to Venezuela. Recent comments by President Chavez implying that he would be willing to end his governments membership in the International Monetary Fund (IMF)which, due to clauses within Venezuelas external debt, would suggest the potential for a technical default - have generated concerns about Venezuela in the investment community.

Our view on this, however, is that the government intends to continue honoring its obligations even if it withdraws from the IMF. We believe President Chavezs opposition to the IMF is philosophical in nature, and that he does not intend to default on his countrys external debt simply to make his point about the organization and its policies. We believe that a default would prove too costly in terms of maintaining Venezuelas access to the international capital markets. (In fact, it has been said that Venezuela played a role in encouraging Ecuador to remain current on its debt, despite Ecuadors stated intention to default.) Moreover, we find from historical experience that in cases of external debt default by emerging economies, the reason is normally one of inability to pay, not one of lack of willingness to pay.

As a result of the rise in oil prices over recent years, Venezuela has accumulated reserves that should allow it to comfortably service its current obligations. As such, and despite President Chavezs comments,

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we think that his government□s interests are aligned with continued debt service from a cost-benefit perspective□especially now, at a time when they are able to make those payments.

Another theme worth noting is the proposed inclusion of certain countries in the European Union. The possibility of their becoming aligned with more developed economies in Europe bodes favorably for those credits. We continue to monitor this situation closely, as it could have broad implications for the emerging markets debt asset class.

Q. What were some of the portfolio positioning strategies you employed over the period?

A. As always, we conducted extensive research and employed a wide variety of strategies to seek to generate a high level of current income and capital appreciation for the Fund.[1] This effort attempts to keep the Fund from being overly dependent on any one area to generate positive returns□an important factor, given the risks associated with investing in emerging markets debt. In particular, we sought to meet the Fund□s goals by strategically allocating its portfolio among various countries, securities and currencies.

At the country level, Argentina was the Fund□s second-largest position during most of the period, although it represented the Fund□s largest overweight position relative to the benchmark. (□Overweight□ or □underweight□ refers to how much of a particular sector, country or currency the Fund holds relative to its benchmark index.) Argentina has shored up its financial position by restructuring a portion of its debt, leading to renewed investor demand. As a result, the Fund□s holdings of Argentine bonds benefited performance over the period.

For the duration of the reporting period, the Fund maintained a large underweight to Mexico. This underweight position was not due to concerns with Mexican debt, but primarily because we found more compelling opportunities elsewhere, such as in Argentina. Our underweight stance dragged on performance when Mexican bonds did well over the period. Despite this, gains generated by our overweight to Argentine debt more than made up the difference over the course of the reporting period, contributing to Fund performance. While we reduced our position in Argentina over the course of the reporting period, the Fund was still overweight in this area (relative to the benchmark) at period end.

[1] In this regard, shareholders are reminded that the Fund has a managed distribution policy in which regular monthly distributions are currently paid at a set rate expressed as a percentage of net asset value. Further information regarding the Fund□s distribution policy appears towards the back of this report under □General Information.□

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In our last annual report, we alerted you to changes in the Fund’s investment policies that permit increased investment in securities denominated in foreign currencies. We have put that increased flexibility to use, shifting a portion of the Fund’s assets from US dollar-denominated issues to local currency issues. This allowed the portfolio to benefit from appreciation in other countries’ currencies, bolstering performance during the reporting period.

Q. How was the portfolio positioned with regard to other emerging markets countries?

A. In Turkey, which was the portfolio’s largest position for most of the reporting period, the focus remained on the country’s potential inclusion in the European Union. The possibility that Turkey could become increasingly aligned with more developed economies in Europe bodes favorably for that country’s credit. We increased the Fund’s positions in Turkey, both in dollar-denominated Turkish government debt and lira-denominated Turkish government debt. Overall, our position in Turkey enhanced the Fund’s performance.

Elsewhere, our investment in Ecuador was impacted by its presidential election. The winning candidate discussed restructuring the country’s external debt and perhaps even defaulting on it—particularly that which he considered illegitimate. Of greatest concern to the market was the categorization of Ecuador’s 2012, 2015 and 2030 global bonds within his definition of illegitimate. Though viewed by some as a calculated move to increase investor worries and retire some of the higher-paying debt at a low price, the stance resulted in increased volatility, and Ecuadorian bonds dropped significantly. As the markets regained a more solid footing and liquidity increased, we pared back our exposure in this area. However, we did this opportunistically, and sometimes at lower than expected valuations. As a result, our exposure to Ecuador marginally detracted from the Fund’s results during the period.

Q. What is your outlook for emerging markets debt?

A. We believe the asset class generally is fairly valued at this time. Overall, we believe that investor demand for higher-yielding assets should continue to provide a source of support for emerging markets debt. We continue to find attractive opportunities in local markets where economic conditions are favorable, and where yields are relatively higher. In some emerging markets countries, we expect double-digit yields to move lower, leading to relative gains for local currency bonds, which we believe should outperform their US dollar-denominated counterparts. However, please bear in mind that emerging markets can be volatile and unpredictable at times.

Global High Income Fund 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,
Kai R. Sotorp
President
Global High Income Fund Inc.
Head of the Americas
UBS Global Asset Management (Americas) Inc.
Uwe Schillhorn, CFA
Portfolio Management Team Member
Global High Income Fund Inc.
Executive Director
UBS Global Asset Management (Americas) Inc.

This letter is intended to assist shareholders in understanding how the Fund performed during the six months ended April 30, 2007. The views and opinions in the letter were current as of June 15, 2007. They are not guarantees of 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.

Global High Income Fund Inc.

Performance at a glance (unaudited)

Average annual total returns for periods ended 04/30/07

Net asset value returns	6 months	1 year	5 years	10 years
Global High Income Fund Inc.	7.10%	11.51%	14.92%	12.20%
Lipper Emerging Markets Debt Funds median	6.68	12.04	15.42	11.77
Market price returns				
Global High Income Fund Inc.	8.14%	17.08%	15.67%	15.12%
Lipper Emerging Markets Debt Funds median	9.03	18.03	14.12	12.73
Index returns				
J.P. Morgan EMBI Global Index*	5.29%	11.92%	13.31%	10.57%

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. Fund net asset value ("NAV") return assumes, for illustration only, that distributions were reinvested at the NAV on the payable dates. The Fund's market price return assumes that all distributions were reinvested at prices obtained under the Fund's Dividend Reinvestment Plan. Returns do not reflect the deduction of taxes that a shareholder would pay on Fund 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.

* J.P. Morgan Emerging Markets Bond Index (EMBI) is an unmanaged index which tracks total returns for traded external debt instruments in the emerging markets. The instruments include external-currency-denominated Brady bonds, loans and Eurobonds, as well as U.S. dollar local markets instruments.

Global High Income Fund Inc.

Portfolio statistics (unaudited)

Characteristics*	04/30/07	10/31/06	04/30/06
Net asset value	$15.20	$14.85	$14.91
Market price	$16.66	$16.06	$15.50
12-month distributions	$1.3326	$2.5517	$2.6258
Distribution at period-end	$0.1136	$0.1104	$0.1116
Net assets (mm)	$328.2	$320.5	$322.0

Currency exposure**	04/30/07	10/31/06	04/30/06
US dollar denominated	67.1%	80.3%	86.4%
Foreign denominated	32.9	19.7	13.6
Total	100.0%	100.0%	100.0%

Top ten countries (excluding US)**	04/30/07		10/31/06		04/30/06
Turkey	15.6%	Argentina	17.2%	Argentina	15.3%
Argentina	11.7	Turkey	10.6	Brazil	13.1
Russia	6.5	Russia	8.5	Russia	9.8
Brazil	5.4	Brazil	8.2	Mexico	9.1
Indonesia	5.1	Malaysia	4.2	Peru	5.3
Venezuela	4.8	Indonesia	4.2	Philippines	4.6
Malaysia	4.4	Dominican Republic	4.1	Malaysia	4.1
Egypt	4.2	Uruguay	4.0	Turkey	3.9
Dominican Republic	3.4	Colombia	2.7	Uruguay	3.8
Serbia	2.8	Serbia	2.7	Venezuela	3.4
Total	63.9%		66.4%		72.4%

Credit quality**	**04/30/07**	**10/31/06**	**04/30/06**
AAA	3.7%	1.4%	
A	1.6	2.5	3.0%
BBB	0.8	9.5	17.6
BB	33.9	29.2	33.6
B	14.6	19.8	21.0
CCC	0.7		2.8
D	1.2		
Non-rated	28.1	25.7	14.2
Cash equivalents	5.0	10.2	7.7
Other assets less liabilities	10.4	1.7	0.1
Total	100.0%	100.0%	100.0%

* Prices and other characteristics will vary over time.

** Weightings represent percentages of net assets of the entire Fund as of the dates indicated. The Funds portfolio is actively managed and its composition will vary over time. Credit quality ratings shown are based on those assigned by Standard & Poors, a division of The McGraw-Hill Companies, Inc. (S&P), to individual portfolio holdings. S&P is an independent ratings agency.

Global High Income Fund Inc.

Industry diversification
As a percentage of net assets
As of April 30, 2007 (unaudited)

International bonds	
International corporate bonds	
Capital markets	1.97%
Commercial banks	2.60
Diversified financial services	5.07
Electric utilities	2.22
Oil, gas & consumable fuels	4.09
Total international corporate bonds	15.95
Foreign government bonds	67.58
Total international bonds	83.53
Rights	0.01
Warrants	0.37
Short-term investments	5.00
Options purchased	0.18
Investment of cash collateral from securities loaned	0.55
Total investments	89.64
Cash and other assets, less liabilities	10.36
Net assets	100.00%

Global High Income Fund Inc.

Portfolio of investments April 30, 2007 (unaudited)

		Face amount		Value
International Bonds 83.53%				
Argentina 11.38%				
Banco de Galicia y Buenos Aires, 11.000%, due 01/01/19[1]	$	811,785	$	892,963
Banco Hipotecario SA, 9.750%, due 04/27/16		1,690,000		1,774,500
Empresa Distribuidora y Comercializadora Norte, 3.500%, due 12/14/14[1]		2,290,000		2,347,250
Province of Mendoza, 5.500%, due 09/04/18		1,307,069		1,111,009
Republic of Argentina, 2.000%, due 03/15/24[2]	ARS	2,100,000		591,358
2.000%, due 09/30/14[2]		9,000,000		3,343,939
3.000%, due 04/30/13[2]	$	2,820,000		1,861,905
5.475%, due 08/03/12[2]		21,542,000		15,644,877
11.000%, due 12/04/05[3]		1,000,000		355,000
11.000%, due 10/09/06[3]		4,500,000		1,620,000
11.375%, due 03/15/10[3]		800,000		280,000
11.375%, due 01/30/17[3]		1,800,000		630,000
12.250%, due 06/19/18[3]		2,850,000		997,500
Republic of Argentina, DISC, 5.830%, due 12/31/33[2]	ARS	159,571		78,120
Republic of Argentina, NGB, 2.000%, due 02/04/18[2]		7,200,000		3,576,346
YPF S.A., 10.000%, due 11/02/28	$	1,800,000		2,232,000
				37,336,767

Brazil5.41%

Federal Republic of Brazil, 6.000%, due 01/17/17	$	7,980,000	8,135,610
6.000%, due 05/15/45[4]	BRL	7,200,000	5,748,621
Federal Republic of Brazil, EXIT Bond, 6.000%, due 09/15/13	$	2,708,333	2,708,333
Union National FIDC Trust, 0.000%, due 12/01/08[2,5]	BRL	2,141,490	1,157,052
			17,749,616

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Portfolio of investments—April 30, 2007 (unaudited)

	Face amount	Value
International Bonds—(continued)		
Colombia—2.42%		
Republic of Colombia, 6.917%, due 11/16/15[2]	$ 1,500,000	$ 1,601,250
7.375%, due 01/27/17	1,335,000	1,467,833
11.750%, due 02/25/20	3,255,000	4,856,460
		7,925,543
Dominican Republic—3.45%		
Republic of Dominica, 9.500%, due 09/27/11	$ 8,522,038	9,139,886
Republic of Dominica Credit Linked Note, 10.967%, due 02/29/08[6]	2,222,444	2,173,090
		11,312,976
Ecuador—0.73%		
Republic of Ecuador, 10.000%, due 08/15/30[1]	$	