

Avenue Income Credit Strategies Fund
Form N-Q
September 29, 2014

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM N-Q

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

Investment Company Act file number 811-22485

Avenue Income Credit Strategies Fund
(Exact name of registrant as specified in charter)

399 Park Avenue, 6th Floor

New York, NY
(Address of principal executive offices)

10022
(Zip code)

Randolph Takian

Avenue Capital Group

399 Park Avenue, 6th Floor

New York, NY 10022
(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 878-3500

Date of fiscal year end: October 31

Date of reporting period: July 31, 2014

Item 1. Schedule of Investments. The schedule of investments for the period ended July 31, 2014, is filed herewith.

Avenue Income Credit Strategies Fund

SCHEDULE OF INVESTMENTS

July 31, 2014 (unaudited)

| Security Description | Coupon | Maturity | Principal Amount (000) | Value |
|--|--------|-------------|------------------------|--------------|
| CORPORATE BONDS & NOTES 103.8% | | | | |
| Aerospace & Defense 1.6% | | | | |
| Accudyne Industries Borrower / Accudyne Industries LLC (a) | 7.75% | 12/15/2020 | \$ 3,800 | \$ 3,980,500 |
| Airlines 2.7% | | | | |
| US Airways 2000-3C Pass Through Trust | 8.39% | 3/1/2022 | 5,163 | 5,833,928 |
| US Airways 2011-1 Pass Through Trust | 10.88% | 10/22/2014 | 757 | 777,541 |
| | | | | 6,611,469 |
| Auto Components 3.4% | | | | |
| Chassis Holdings, Inc. PIK (a) | 10.00% | 12/15/2018 | 2,490 | 2,496,225 |
| Chassis, Inc. (a) | 9.25% | 8/1/2018 | 5,600 | 5,950,000 |
| | | | | 8,446,225 |
| Chemicals 1.0% | | | | |
| Perstorp Holding AB (a) | 8.75% | 5/15/2017 | 2,425 | 2,588,688 |
| Commercial Banks 1.9% | | | | |
| Royal Bank of Scotland Group PLC | 7.65% | (b) | 4,000 | 4,760,800 |
| Commercial Services & Supplies 0.6% | | | | |
| Light Tower Rentals, Inc. (a) | 8.13% | 8/1/2019 | 1,536 | 1,562,880 |
| Communications Equipment 5.0% | | | | |
| Alcatel-Lucent USA, Inc. (a) | 8.88% | 1/1/2020 | 3,195 | 3,546,450 |
| Aspect Software, Inc. | 10.63% | 5/15/2017 | 2,925 | 3,034,687 |
| Avaya, Inc.: | | | | |
| | 9.00% | 4/1/2019(a) | 3,700 | 3,774,000 |
| | 10.50% | 3/1/2021(a) | 2,199 | 1,924,125 |
| | | | | 12,279,262 |
| Computers & Peripherals 0.8% | | | | |
| Oberthur Technologies Holding SAS (a) | 9.25% | 4/30/2020 | EUR 1,357 | 1,989,715 |
| Construction Materials 3.6% | | | | |
| CeramTec Group GmbH (a) | 8.25% | 8/15/2021 | 6,100 | 8,964,606 |
| Consumer Finance 1.7% | | | | |
| Springleaf Finance Corp. | 6.90% | 12/15/2017 | \$ 4,000 | 4,330,000 |
| Containers & Packaging 1.7% | | | | |
| Ardagh Finance Holdings SA PIK (a) | 8.63% | 6/15/2019 | 3,261 | 3,285,457 |
| Ardagh Packaging Finance PLC / Ardagh Holdings USA, Inc. (a) | 4.25% | 1/15/2022 | EUR 750 | 983,198 |
| | | | | 4,268,655 |
| Diversified Telecommunication Services 1.9% | | | | |
| Avanti Communications Group PLC (a) | 10.00% | 10/1/2019 | \$ 3,761 | 3,826,818 |
| Wind Acquisition Finance SA (a) | 7.38% | 4/23/2021 | 950 | 990,375 |
| | | | | 4,817,193 |

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Electric Utilities 1.8%

| | | | | |
|--|--------|----------|-------|-----------|
| Energy Future Intermediate Holding Corp. (a) | 11.75% | 3/1/2022 | 3,655 | 4,386,000 |
|--|--------|----------|-------|-----------|

Energy Equipment & Services 12.5%

| | | | | |
|--------------------------|--------|-------------------|-------|------------|
| CHC Helicopter SA | 9.38% | 6/1/2021 | 9,050 | 9,502,500 |
| Globe Luxembourg SCA (a) | 9.63% | 5/1/2018 | 7,150 | 7,863,427 |
| Hercules Offshore, Inc.: | | | | |
| | 6.75% | 4/1/2022(a) | 817 | 735,300 |
| | 8.75% | 7/15/2021(a) | 5,015 | 5,102,762 |
| | 10.25% | 4/1/2019(a) | 1,710 | 1,863,900 |
| Tervita Corp.: | | | | |
| | 8.00% | 11/15/2018(a) | 2,725 | 2,806,750 |
| | 9.00% | 11/15/2018(a) CAD | 1,500 | 1,399,780 |
| | 10.88% | 2/15/2018(a) \$ | 1,680 | 1,696,800 |
| | | | | 30,971,219 |

See Accompanying Notes to Schedule of Investments.

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| Security Description | Coupon | Maturity | Principal Amount (000) | Value |
|---|--------|---------------|------------------------|--------------|
| Health Care Equipment & Supplies 2.5% | | | | |
| ConvaTec Finance International SA PIK (a) | 8.25% | 1/15/2019 | \$ 5,000 | \$ 5,118,750 |
| Jaguar Holding Co. I PIK (a) | 9.38% | 10/15/2017 | 956 | 972,730 |
| | | | | 6,091,480 |
| Health Care Providers & Services 2.9% | | | | |
| Amsurg Corp. (a) | 5.63% | 7/15/2022 | 1,246 | 1,252,230 |
| HCA, Inc.: | | | | |
| | 7.05% | 12/1/2027 | 745 | 752,450 |
| | 7.50% | 11/6/2033 | 120 | 125,700 |
| | 7.58% | 9/15/2025 | 555 | 604,950 |
| | 7.69% | 6/15/2025 | 900 | 996,750 |
| | 7.75% | 7/15/2036 | 525 | 546,000 |
| Tenet Healthcare Corp.: | | | | |
| | 6.88% | 11/15/2031 | 2,475 | 2,376,000 |
| | 8.13% | 4/1/2022 | 525 | 586,688 |
| | | | | 7,240,768 |
| Hotels, Restaurants & Leisure 5.8% | | | | |
| Caesars Entertainment Operating Co, Inc.: | | | | |
| | 9.00% | 2/15/2020 | 6,215 | 5,173,987 |
| | 11.25% | 6/1/2017 | 5,850 | 5,148,000 |
| The Unique Pub Finance Co. PLC | 5.66% | 6/30/2027 | GBP 2,353 | 4,016,500 |
| | | | | 14,338,487 |
| Household Durables 3.2% | | | | |
| K Hovnanian Enterprises, Inc.: | | | | |
| | 7.00% | 1/15/2019(a) | \$ 240 | 241,200 |
| | 9.13% | 11/15/2020(a) | 7,000 | 7,700,000 |
| | | | | 7,941,200 |
| Independent Power Producers & Energy Traders 1.5% | | | | |
| Illinois Power Generating Co.: | | | | |
| | 6.30% | 4/1/2020 | 981 | 939,308 |
| | 7.00% | 4/15/2018 | 1,350 | 1,296,000 |
| | 7.95% | 6/1/2032 | 1,450 | 1,428,250 |
| | | | | 3,663,558 |
| Insurance 3.6% | | | | |
| American International Group, Inc.: | | | | |
| | 8.00% | 5/22/2068(a) | EUR 3,000 | 4,850,709 |
| | 8.18% | 5/15/2068 | \$ 3,000 | 4,143,750 |
| | | | | 8,994,459 |
| Machinery 2.7% | | | | |
| Emeco Pty Ltd. (a) | 9.88% | 3/15/2019 | 4,126 | 4,105,370 |
| Galapagos Holding SA (a) | 7.00% | 6/15/2022 | EUR 570 | 755,626 |
| Waterjet Holdings, Inc. (a) | 7.63% | 2/1/2020 | \$ 1,840 | 1,936,600 |
| | | | | 6,797,596 |
| Marine 4.9% | | | | |
| Global Ship Lease, Inc. (a) | 10.00% | 4/1/2019 | 2,954 | 3,101,700 |
| Navios Maritime Acquisition Corp. / Navios Acquisition Finance US, Inc. (a) | 8.13% | 11/15/2021 | 2,780 | 2,814,750 |
| Navios Maritime Holdings, Inc. / Navios Maritime Finance II US, Inc.: | | | | |
| | 7.38% | 1/15/2022(a) | 1,046 | 1,064,305 |
| | 8.13% | 2/15/2019 | 5,127 | 5,242,357 |
| | | | | 12,223,112 |
| Media 10.8% | | | | |
| Altice SA (a) | 7.75% | 5/15/2022 | 1,835 | 1,876,286 |
| Clear Channel Communications, Inc. | 11.25% | 3/1/2021 | 8,610 | 9,471,000 |

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| | | | | |
|--|--------|--------------|-------|-----------|
| Clear Channel Communications, Inc. PIK | 14.00% | 2/1/2021 | 1,853 | 1,848,367 |
| Clear Channel Worldwide Holdings, Inc. | 7.63% | 3/15/2020 | 3,500 | 3,675,000 |
| Gibson Brands, Inc. (a) | 8.88% | 8/1/2018 | 3,948 | 3,987,480 |
| Univision Communications, Inc.: | | | | |
| | 7.88% | 11/1/2020(a) | 3,000 | 3,225,000 |

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|---|--------|--------------|------------------------|--------------|
| | 8.50% | 5/15/2021(a) | \$ 2,500 | \$ 2,700,000 |
| | | | | 26,783,133 |
| Metals & Mining 4.3% | | | | |
| Essar Steel Minnesota LLC (a) | 11.50% | 5/15/2020 | 3,973 | 4,082,258 |
| Schmolz + Bickenbach Luxembourg SA (a) | 9.88% | 5/15/2019 | EUR 2,268 | 3,385,533 |
| Wise Metals Group LLC / Wise Alloys Finance Corp. (a) | 8.75% | 12/15/2018 | \$ 820 | 879,450 |
| Wise Metals Intermediate Holdings LLC/Wise Holdings Finance Corp. (a) | 9.75% | 6/15/2019 | 2,263 | 2,308,260 |
| | | | | 10,655,501 |
| Multiline Retail 2.2% | | | | |
| JC Penney Corp, Inc. | 5.65% | 6/1/2020 | 5,150 | 4,493,375 |
| The Neiman Marcus Group, Inc. (a) | 8.00% | 10/15/2021 | 150 | 158,250 |
| The Neiman Marcus Group, Inc. PIK (a) | 8.75% | 10/15/2021 | 645 | 688,538 |
| | | | | 5,340,163 |
| Oil, Gas & Consumable Fuels 7.4% | | | | |
| Connacher Oil and Gas Ltd. (a) | 8.50% | 8/1/2019 | 4,000 | 3,160,000 |
| Halcon Resources Corp.: | | | | |
| | 8.88% | 5/15/2021 | 6,300 | 6,536,250 |
| | 9.25% | 2/15/2022 | 3,458 | 3,635,222 |
| Midstates Petroleum Co, Inc. / Midstates Petroleum Co. LLC | 10.75% | 10/1/2020 | 1,612 | 1,736,930 |
| New Gulf Resources LLC/NGR Finance Corp. | 11.75% | 5/15/2019 | 1,800 | 1,845,000 |
| Westmoreland Coal Company (a) | 10.75% | 2/1/2018 | 1,360 | 1,448,400 |
| | | | | 18,361,802 |
| Personal Products 2.6% | | | | |