



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

FORM N-Q

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

Investment Company Act file number 811-576

Northeast Investors Trust

(Exact name of registrant as specified in charter)

**125 High Street
Boston, MA 02110**

(Address of principal executive offices) (Zip code)

**David Randall
125 High Street
Boston, MA 02110**

(Name and address of agent for service)

Registrant's telephone number, including area code: 800-225-6704

Date of fiscal year end: September 30
Date of reporting period: December 31, 2016

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.



200FT=pGZRo3vHk6A

Item 1. Schedule of Investments.

**Schedule of Investments (a)**
December 31, 2016

Asset Backed Securities — 0.93%		<i>Value</i>
<i>Name of Issuer</i>	<i>Principal</i>	<i>(Note B)</i>
Airline Lease — 0.93%		
Aircraft Fin Trust, 1.18389%, 5/15/24	\$17,573,793	\$ 3,426,890
Total Asset Backed Securities — (cost - \$7,644,600)		\$ 3,426,890
Convertible Bonds — 2.40%		
<i>Name of Issuer</i>	<i>Principal</i>	<i>Value</i> <i>(Note B)</i>
Energy/Natural Resources — 2.40%		
Comstock Resources, Inc. PIK, 7.75%, 4/01/19	\$10,000,000	8,800,000
Total Convertible Bonds — (cost - \$10,017,222)		\$ 8,800,000
Corporate Bonds & Notes — 62.12%		
<i>Name of Issuer</i>	<i>Principal</i>	<i>Value</i> <i>(Note B)</i>
Automobile & Truck — 0.38%		
Delphi Corp., 6.55%, 6/15/06 (b) (c)	\$36,950,000	1,385,625
Chemicals — 3.48%		
Cornerstone Chemical Co., 9.375%, 3/15/18 (d)	12,750,000	12,781,875
Coal — 0.75%		
Westmoreland Coal Co., 8.75%, 01/01/22 (d)	3,000,000	2,737,500
Construction & Farming — 3.24%		
Southern States Co-op, Inc., 10%, 8/15/21 (d)	13,000,000	11,911,250
Electrical Components & Equipment — 0.93%		
Advanced Lighting Technologies, 10.5%, 6/01/19 (d)	17,000,000	3,400,000
Electrical Utility — 1.48%		
Homer City Funding LLC, 8.137%, 10/01/19	12,633,042	5,432,208
Energy/Natural Resources — 9.30%		
Clayton Williams Energy, 7.75%, 4/01/19	28,000,000	28,140,000
Forest Oil Corporation, 7.25%, 6/15/19 (b)	29,500,000	0
RAAM Global Energy Co., 12.5%, 10/01/15 (b) (c)	23,000,000	345,000
Stone Energy Corp., 7.5%, 11/15/22	2,000,000	1,200,000
W & T Offshore, Inc., 8.5%, 6/15/19	7,000,000	4,480,000
		<u>34,165,000</u>
Financial Services Misc. — 1.93%		
Rialto Holdings LLC, 7%, 12/01/18 (d)	7,000,000	7,087,500

**Food Processing — 3.03%**

Simmons Food, Inc., 7.875%, 10/01/21 (d)	10,824,000	11,148,720
--	------------	------------

Gaming — 6.52%

Chester Downs & Marina LLC, 9.25%, 2/01/20 (d)	10,000,000	9,600,000
--	------------	-----------

Greektown Superholdings, 8.875%, 3/15/19 (d)	8,750,000	9,198,438
--	-----------	-----------

Isle of Capri Casinos, 5.875%, 3/15/21	5,000,000	5,175,000
--	-----------	-----------

		<u>23,973,438</u>
--	--	-------------------

Health Care Facility — 2.69%

Community Health Systems, Inc., 5.125%, 8/15/18	10,100,000	9,898,000
---	------------	-----------

Homebuilders — 0.30%

Tousa, Inc., 9%, 7/01/10 (b) (c)	14,111,000	599,717
----------------------------------	------------	---------

Tousa, Inc., 8.25%, 4/1/11 (b) (c)	12,250,000	520,625
------------------------------------	------------	---------

		<u>1,120,342</u>
--	--	------------------

Metals & Mining — 4.03%

American Gilsonite Co., 11.5%, 9/01/17 (d)	15,980,000	10,227,200
--	------------	------------

International Wire Group, 10.75, 8/01/21 (d)	4,880,000	4,587,200
--	-----------	-----------

		<u>14,814,400</u>
--	--	-------------------

Miscellaneous Manufacturing — 0.84%

Park-Ohio Industries, Inc., 8.125%, 4/01/21	3,000,000	3,097,500
---	-----------	-----------

Oil & Gas Drilling — 1.78%

Parker Drilling Co., 7.5%, 8/01/20	7,250,000	6,525,000
------------------------------------	-----------	-----------

Paper/Forest Products — 5.28%

Cenveo Corp., 6%, 8/01/19 (d)	2,250,000	2,008,125
-------------------------------	-----------	-----------

Cenveo Corp., 8.5%, 9/15/22 (d)	25,000,000	17,375,000
---------------------------------	------------	------------

		<u>19,383,125</u>
--	--	-------------------

Retail Stores — 2.46%

Claire's Stores, Inc., 9%, 3/15/19 (d)	12,000,000	6,060,000
--	------------	-----------

Claire's Stores, Inc., 6.125%, 3/15/20 (d)	6,365,000	2,991,550
--	-----------	-----------

		<u>9,051,550</u>
--	--	------------------

Systems Software — 3.46%

Interface Sec. Systems Holdings, 9.25%, 1/15/18	8,500,000	8,457,500
---	-----------	-----------

Interface Master Holding PIK, 12.5%, 8/01/18 (d)	4,500,000	4,252,500
--	-----------	-----------

		<u>12,710,000</u>
--	--	-------------------

Telecom Equipment — 6.51%

Nortel Networks LTD, 10.75%, 7/15/16 (b) (c)	23,850,000	23,909,625
--	------------	------------

Tobacco — 1.38%

Alliance One International, Inc., 8.5%, 4/15/21 (d)	5,000,000	5,075,000
---	-----------	-----------



Transportation — 2.35%		
Jack Cooper Holdings Corp., 9.25%, 6/01/20	20,000,000	8,650,000
Total Corporate Bonds & Notes — (cost - \$372,302,726)		\$228,257,658
Foreign Bonds — 0.86%		
<i>Name of issuer</i>	<i>Principal</i>	<i>Value (Note B)</i>
Republic of Argentina GDP Linked Security, FRN, 12/15/35 (b)	\$34,386,574	\$ 3,163,565
Total Foreign Bonds — (cost - \$1,423,421)		\$ 3,163,565
Common & Preferred Stocks — 21.03%		
<i>Name of issuer</i>	<i>Number of Shares</i>	<i>Value (Note B)</i>
Banks / Money Centers — 6.74%		
Citigroup, Inc.	416,930	\$ 24,778,150
Diversified Chemicals — 3.09%		
NL Industries (b)	510,200	4,158,130
Reichhold Cayman L.P. (b) (e)	15,438	7,200,746
		11,358,876
Energy / Natural Resources — 3.33%		
Energy XXI Gulf Coast, Inc. (b)	451,901	12,071,896
Swift Energy Co. (b)	4,889	164,759
		12,236,655
Food Processing — 1.77%		
Viskase Cos., Inc. (b)	2,096,128	6,497,997
Metals & Mining — 1.39%		
Horsehead Holding LLC (b) (f)	14,659	5,130,650
Ormet Corp. (b)	372,638	149
		5,130,799
Manufacturing — 3.82%		
Amtrol, Inc. (b) (e) (f)	7,131	8,275,476
Amtrol, Inc. PFD (b) (e) (f)	1,068	5,755,943
		14,031,419
Oil & Gas Drilling — 0.06%		
Key Energy Services, Inc. (b) (f)	6,503	207,771
Retail Food Chain — 0.81%		
Romacorp, Inc. (b) (e) (f)	82,220	2,959,920
Transportation — 0.02%		
Groupe Eurotunnel SA	5,424	51,148
Groupe Eurotunnel SA	1,925	18,153
		69,301
Total Common & Preferred Stocks — (cost - \$71,175,066)		\$ 77,270,888



Warrants — 0.04%	<i>Principal</i>	<i>Value</i>
<i>Name of issuer</i>		<i>(Note B)</i>
Energy XXI Gulf Coast, Inc. (b)	\$22,515	\$ 147,254
Total Warrants — (cost - \$816,502)		<u>\$ 147,254</u>
Repurchase Agreement — 11.31%		
State Street Bank & Trust Co. 0.01% dated 12/30/2016, to be repurchased at \$41,541,048 on 1/03/2017 (g)		
Total Repurchase Agreement — (cost - \$41,541,002)		41,541,002
Total Investments — 98.69% (cost - \$504,920,539)		<u>\$362,607,257</u>
Net Other Assets and Liabilities — 1.31%		<u>\$ 4,815,905</u>
Net Assets — 100%		<u>\$367,423,162</u>

- (a) Portions of the portfolio may be pledged to collateralize short term borrowings.
- (b) Non-income producing security.
- (c) Security is in principal default. As of the date of this report, the bond holders are in discussion with the issuer to negotiate repayment terms of principal.
- (d) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At the period end, the value of these securities amounted to \$120,441,858 which represents 32.78% of total net assets. All of these securities are deemed liquid.
- (e) Security is valued at fair value as determined in good faith under consistently applied procedures approved by the Board of Trustees. The aggregate market value of good faith securities as of December 31, 2016 was \$24,192,085 which represents 6.58% of total net assets.
- (f) All or a portion the security is restricted. The Trust may acquire unregulated restricted securities. Restricted securities are subject to legal or contractual restrictions on resale and may be illiquid.

The aggregate market value of restricted securities as of December 31, 2016 was \$22,241,035 which represents 6.05% of total net assets. Additional information on each holding is as follows:

Security	Acquisition Date	Acquisition Cost
Amtrol, Inc.	6/22/2007 - 12/2/2014	\$6,951,542
Amtrol, Inc. PFD	12/14/12	\$1,068,000
Horsehead Holding LLC	7/19/12 - 9/30/16	\$8,474,521
Key Energy Services, Inc.	3/1/2011	\$ 38,357
Romacorp, Inc.	11/15/06	\$ 4,118,756

- (g) Collateralized by \$27,277,330 of US Treasury Notes 1.75% due 09/30/2019; \$15,099,494 of US Treasury Notes 1.625% due 06/30/2019

PIK Payment in Kind

FRN Floating Rate Note

PFD Preferred Security

**Investment Valuation**

Accounting Standards Codification ASC 820, "Fair Value Measurements and Disclosures" (ASC 820) defines fair value as the price that would be received to sell an investment in an orderly transaction between two market participants at the measurement date. ASC 820 establishes a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Trust's own market assumptions (unobservable inputs). The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities and the determination of the significance of certain inputs to the fair value measurement requires judgments and considers factors that may be specific to each security. The various inputs that may be used to determine the value of the Trust's investments are summarized in the following fair value hierarchy:

Level 1 - Unadjusted quoted prices in active markets for identical securities.

Level 2 - Other significant observable inputs based on data obtained from various pricing sources (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 - Significant unobservable inputs including the Trust's own assumptions used to determine the fair value of investments. Factors considered in making such determinations may include, but are not limited to, information obtained directly from the company or analysts and the analysis of the company's financial statements or other documents.

The following table summarized the Trust's investment as of December 31, 2016, based on the inputs used to value them.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total as of 12/31/2016</u>
Corporate Bonds & Notes	\$ —	\$228,257,658	\$ —	\$228,257,658
Common & Preferred Stock	\$29,308,959	\$ 23,769,844	\$24,192,085	\$ 77,270,888
Convertible Bonds	\$ —	\$ 8,800,000	\$ —	\$ 8,800,000
Asset Backed Security	\$ —	\$ 3,426,890	\$ —	\$ 3,426,890
Foreign Bonds	\$ —	\$ 3,163,565	\$ —	\$ 3,163,565
Warrants	\$ —	\$ 147,254	\$ —	\$ 147,254
Repurchase Agreement	\$ —	\$ 41,541,002	\$ —	\$ 41,541,002
	<u>\$29,308,959</u>	<u>\$309,106,213</u>	<u>\$24,192,085</u>	<u>\$362,607,257</u>

Transfers between hierarchy levels may occur due to market fluctuation, changes in valuation techniques and/or changes in the availability of market data used in the determination of an investment's valuation. The Trust recognizes transfers between the levels at the end of each period. As of December 31, 2016, there was one transfer from Level 3 to Level 2 due to an increase of observable inputs.



At December 31, 2016, the reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value, is as follows:

	Corporate Bonds & Notes	Common & PFD Stock	Totals as of 12/31/2016
Beginning Balance @ 9/30/16	\$ 614,456	\$28,956,260	\$29,570,716
Purchases	\$ —	\$ —	\$ —
Sales	\$ (614,456)	\$ —	\$ (614,456)
Realized Gain(Loss)	\$(7,404,403)	\$ —	\$(7,404,403)
Net Change in Unrealized			
Appreciation/(Depreciation)	\$ 7,404,403	\$ 366,475	\$ 7,770,878
Transfers into Level 3	\$ —	\$ —	\$ —
Transfers out of Level 3	\$ —	\$(5,130,650)	\$(5,130,650)
Ending Balance @ 12/31/16	\$ —	\$24,192,085	\$24,192,085

	Change in Unrealized Gain / (Loss) for Positions Still Held at December 31, 2016
Corporate Bonds, Notes and Preferred Securities	\$ —
Common & Preferred Stocks	\$ —
Totals	\$ —

The Financial Accounting Standard Board (“FASB”) issued guidance that a reporting entity should disclose quantitative information about the unobservable inputs used in the fair value determinations that are categorized in the Level 3 hierarchy. The guidance also required additional disclosure regarding the valuation process used and the sensitivity of the fair value measurements to changes in unobservable inputs and the interrelationships between those unobservable inputs within Level 3. The following table presents a summary of valuation techniques, inputs and quantitative information used in determining the fair value of the Trust’s Level 3 securities as of December 31, 2016:



200FT=pGZSJ4!kgD

Investment Type	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range	Increase to Valuation from an Increase in Input (1)
Equity					
Diversified Chemicals	\$ 7,200,746	Market Approach (2)	Recovery Rate	not applicable	Increase
Misc Manufacturing	\$14,031,419	Market Approach (2)	Recovery Rate	not applicable	Increase
Retail Food Chains	\$ 2,959,920	Recent Transaction	not applicable	not applicable	Increase
		Price (3)			
	<u>\$24,192,085</u>				

- (1) This column represents the direction change in the fair value of the Level 3 securities that would result from an increase to the corresponding unobservable input. A decrease to the unobservable inputs would have the opposite effect. Significant increases and decreases of these inputs could result in significantly higher or lower fair value determinations.
- (2) A market approach using the value of the underlying assets of the company.
- (3) Certain securities are values based on recent transactions (generally within six months of valuation date). In some cases, the fair value may be based on a pending transaction expected to occur after the valuation date.

Other Information

Income Tax Information

At December 31, 2016 the cost of investment securities for income tax purposes was \$504,758,286. Net unrealized depreciation aggregated (\$142,151,029) of which \$27,145,991 related to appreciated investment securities and (\$169,297,020) related to depreciated investment securities.

For additional information on the Trust's policy regarding valuation of investments and other significant accounting policies, please refer to the Fund's most recent semiannual or annual shareholder report.



200FT=pGZRo3u6Vg?

Item 2. Controls and Procedures.

- (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

Certifications pursuant to Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)) and Section 302 of the Sarbanes-Oxley Act of 2002 are filed herewith.



200FT=pGZRo3ylSgi

SIGNATURES

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.

(Registrant) Northeast Investors Trust

By (Signature and Title) /s/ Bruce H. Monrad
Bruce H. Monrad
President
(principal executive officer)

Date: March 1, 2017

By (Signature and Title) /s/ Gordon C. Barrett
Gordon C. Barrett
Treasurer
(principal financial officer)

Date: March 1, 2017

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.

(Registrant) Northeast Investors Trust

By (Signature and Title) /s/ Bruce H. Monrad
Bruce H. Monrad
President
(principal executive officer)

Date: March 1, 2017

By (Signature and Title) /s/ Gordon C. Barrett
Gordon C. Barrett
Treasurer
(principal financial officer)

Date: March 1, 2017



200FT-pGZRjLqx76"

Certification Pursuant to Rule 30a-2(a) under the 1940 Act and
Section 302 of the Sarbanes-Oxley Act

I, Bruce H. Monrad, certify that:

1. I have reviewed this report on Form N-Q of Northeast Investors Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the schedules of investments included in this report fairly present in all material respects the investments of the registrant as of the end of the fiscal quarter for which the report is filed;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):



200FT-pGZRjL#gg9

Certification Pursuant to Rule 30a-2(a) under the 1940 Act and
Section 302 of the Sarbanes-Oxley Act

I, Gordon C. Barrett, certify that:

1. I have reviewed this report on Form N-Q of Northeast Investors Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the schedules of investments included in this report fairly present in all material respects the investments of the registrant as of the end of the fiscal quarter for which the report is filed;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):



200FT=pGZRL%Wgk

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2017 /s/ Gordon C. Barrett
Gordon C. Barrett
Treasurer
(principal financial officer)