

Invesco High Income Trust II  
Form N-CSRS  
November 08, 2018

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 811-05769

Invesco High Income Trust II  
(Exact name of registrant as specified in charter)

1555 Peachtree Street, N.E., Suite 1800 Atlanta, Georgia 30309  
(Address of principal executive offices) (Zip code)

Sheri Morris 1555 Peachtree Street, N.E., Suite 1800 Atlanta, Georgia 30309  
(Name and address of agent for service)

Registrant's telephone number, including area code: (713) 626-1919

Date of fiscal year end: 2/28

Date of reporting period: 8/31/18

Item 1. Report to Stockholders.

**Semiannual Report to Shareholders**

**August 31, 2018**

**Invesco High Income Trust II**

NYSE: VLT

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Unless otherwise noted, all data provided by Invesco.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

## MANAGED DISTRIBUTION PLAN DISCLOSURE

The Board of Trustees (the Board) of Invesco High Income Trust II (the Trust) approved a Managed Distribution Plan (the Plan) whereby the Trust will increase its monthly dividend to common shareholders to a stated fixed monthly distribution amount based on a distribution rate of 8.5 percent of the closing market price per share as of August 1, 2018, the effective date of the Plan.

The Plan is intended to provide shareholders with a consistent, but not guaranteed, periodic cash payment from the Trust, regardless of when or whether income is earned or capital gains are realized. If sufficient investment income is not available for a monthly distribution, the Trust will distribute long-term capital gains and/or return of capital in order to maintain its managed distribution level under the Plan. A return of capital may

occur, for example, when some or all of the money that shareholders invested in the Trust is paid back to them. A return of capital distribution does not necessarily reflect the Trust's investment performance and should not be confused with yield or income. No conclusions should be drawn about the Trust's investment performance from the amount of the Trust's distributions or from the terms of the Plan. The Plan will be subject to periodic review by the Board, and the Board may amend the terms of the Plan or terminate the Plan at any time without prior notice to the Trust's shareholders. The amendment or termination of the Plan could have an adverse effect on the market price of the Trust's common shares.

The Trust will provide its shareholders of record on each distribution record date

with a Section 19 Notice disclosing the sources of its dividend payment when a distribution includes anything other than net investment income. The amounts and sources of distributions reported in Section 19 Notices are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Trust's investment experience during its full fiscal year and may be subject to changes based on tax regulations. The Trust will send shareholders a Form 1099-DIV for the calendar year that will tell them how to report these distributions for federal income tax purposes. Please refer to Distributions under Note 1 of the Notes to Financial Statements for information regarding the tax character of the Trust's distributions.

## Letters to Shareholders

Dear Fellow Shareholders:

As independent chair of the Invesco Funds Board, I can assure you that the members of the Board are strong advocates for the interests of investors in Invesco's mutual funds. We work hard to represent your interests through oversight of the quality of the investment management services your funds receive and other matters important to your investment. This includes but is not limited to: monitoring how the portfolio management teams of the Invesco funds are performing in light of changing economic and market conditions; assessing each portfolio management team's investment performance within the context of the fund's investment strategy; and monitoring for potential conflicts of interests that may impact the nature of the services that your funds receive.

We believe one of the most important services we provide our fund shareholders is the annual review of the funds advisory and sub-advisory contracts with Invesco Advisers and its affiliates. This review is required by the Investment Company Act of 1940 and focuses on the nature and quality of the services Invesco provides as the adviser to the Invesco funds and the reasonableness of the fees that it charges for those services. Each year, we spend months carefully reviewing information received from Invesco and a variety of independent sources, such as performance and fee data prepared by Lipper, Inc. (a subsidiary of Broadridge Financial Solutions, Inc.), an independent, third-party firm widely recognized as a leader in its field. We also meet with our independent legal counsel and other independent advisers to review and help us assess the information that we have received. Our goal is to assure that you receive quality investment management services for a reasonable fee.

As always, please contact me at [bruce@brucecrockett.com](mailto:bruce@brucecrockett.com) with any questions or concerns you may have. On behalf of the Board, we look forward to continuing to represent your interests and serving your needs.

Sincerely,

Bruce L. Crockett

Independent Chair

Invesco Funds Board of Trustees

Dear Shareholders:

This semiannual report includes information about your Trust, including performance data and a complete list of its investments as of the close of the reporting period.

The investment professionals at Invesco invest with high conviction. This means that, no matter the asset class or the strategy, each investment team has a passion to exceed. We want to help investors achieve better outcomes, such as seeking higher returns, helping mitigate risk and generating income. Of course, investing with high conviction can't guarantee a profit or ensure success; no investment strategy can. To learn more about how we invest with high conviction, visit [invesco.com/HighConviction](https://www.invesco.com/HighConviction).

Our website, [invesco.com/us](https://www.invesco.com/us), offers timely information about your Trust. Also, you can obtain updates to help you stay informed about the markets and the economy by connecting with Invesco on Twitter, LinkedIn or Facebook. Additionally, you can access our blog at [blog.invesco.us.com](https://blog.invesco.us.com).

Our goal is to provide you the information you want, when and where you want it.

Finally, I'm pleased to share with you Invesco's commitment to both the Principles for Responsible Investment and to considering environmental, social and governance issues in our robust investment process. I invite you to learn more at [invesco.com/esg](https://www.invesco.com/esg).

For questions about your account, contact an Invesco client services representative at 800 341 2929. For Invesco-related questions or comments, please email me directly at [phil@invesco.com](mailto:phil@invesco.com).

All of us at Invesco look forward to serving your investment management needs. Thank you for investing with us.

Sincerely,

Philip Taylor

Senior Managing Director, Invesco Ltd.

## Trust Performance

### Performance summary

*Cumulative total returns, 2/28/18 to 8/31/18*

Trust at NAV	2.19%
Trust at Market Value	0.94
Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Cap Index	2.26
Market Price Discount to NAV as of 8/31/18	-13.05

Source: FactSet Research Systems Inc.

*The performance data quoted represent past performance and cannot guarantee comparable future results; current performance may be lower or higher. Investment return, net asset value (NAV) and share market price will fluctuate so that you may have a gain or loss when you sell shares. Please visit [invesco.com/us](http://invesco.com/us) for the most recent month-end performance. Performance figures reflect Trust expenses, the reinvestment of distributions (if any) and changes in NAV for performance based on NAV and changes in market price for performance based on market price.*

*Since the Trust is a closed-end management investment company, shares of the Trust may trade at a discount or premium from the NAV. This characteristic is separate and distinct from the risk that NAV could decrease as a result of investment activities and may be a greater risk to investors expecting to sell their shares after a short time. The Trust cannot predict whether shares will trade at, above or below NAV. The Trust should not be viewed as a vehicle for trading purposes. It is designed primarily for risk-tolerant long-term investors.*

The **Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Cap Index** is an unmanaged index considered representative of the US high-yield, fixed-rate corporate bond market. Index weights for each issuer are capped at 2%.

The Trust is not managed to track the performance of any particular index, including the index described here, and consequently, the performance of the Trust may deviate significantly from the performance of the index.

A direct investment cannot be made in an index. Unless otherwise indicated, index results include reinvested dividends, and they do not reflect sales charges. Performance of the peer group, if applicable, reflects fund expenses; performance of a market index does not.

### Important Notice Regarding Share Repurchase Program

In September 2018, the Trustees of the Trust approved a share repurchase program that allows the Trust to repurchase up to 25% of the 20-day

average trading volume of the Trust's common shares when the Trust is trading at a 10% or greater discount to its net asset value. The Trust will repurchase

shares pursuant to this program if the Adviser reasonably believes that such repurchases may enhance shareholder value.

**4 Invesco High Income Trust II**



## **Dividend Reinvestment Plan**

The dividend reinvestment plan (the Plan) offers you a prompt and simple way to reinvest your dividends and capital gains distributions (Distributions) into additional shares of your Invesco closed-end Trust (the Trust). Under the Plan, the money you earn from Distributions will be reinvested automatically in more shares of the Trust, allowing you to potentially increase your investment over time. All shareholders in the Trust are automatically enrolled in the Plan when shares are purchased.

### **Plan benefits**

#### **Add to your account:**

You may increase your shares in your Trust easily and automatically with the Plan.

#### **Low transaction costs:**

Shareholders who participate in the Plan may be able to buy shares at below-market prices when the Trust is trading at a premium to its net asset value (NAV). In addition, transaction costs are low because when new shares are issued by the Trust, there is no brokerage fee, and when shares are bought in blocks on the open market, the per share fee is shared among all participants.

#### **Convenience:**

You will receive a detailed account statement from Computershare Trust Company, N.A. (the Agent), which administers the Plan. The statement shows your total Distributions, date of investment, shares acquired, and price per share, as well as the total number of shares in your reinvestment account. You can also access your account at [invesco.com/closed-end](http://invesco.com/closed-end).

#### **Safekeeping:**

The Agent will hold the shares it has acquired for you in safekeeping.

### **Who can participate in the Plan**

If you own shares in your own name, your purchase will automatically enroll you in the Plan. If your shares are held in street name in the name of your brokerage firm, bank, or other financial institution you must instruct that entity to participate on your behalf. If they are unable to participate on your behalf, you may request that they reregister your shares in your own name so that you may enroll in the Plan.

### **How to enroll**

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If you haven't participated in the Plan in the past or chose to opt out, you are still eligible to participate. Enroll by visiting [invesco.com/closed-end](https://www.invesco.com/closed-end), by calling toll-free 800 341 2929 or by notifying us in writing at Invesco Closed-End Funds, Computershare Trust Company, N.A., P.O. Box 505000, Louisville, KY 40233-5000. If you are writing to us, please include the Trust name and account number and ensure that all shareholders listed on the account sign these written instructions. Your participation in the Plan will begin with the next Distribution payable after the Agent receives your authorization, as long as they receive it before the record date, which is generally 10 business days before the Distribution is paid. If your authorization arrives after such record date, your participation in the Plan will begin with the following Distribution.

### **How the Plan works**

If you choose to participate in the Plan, your Distributions will be promptly reinvested for you, automatically increasing your shares. If the Trust is trading at a share price that is equal to its NAV, you'll pay that amount for your reinvested shares. However, if the Trust is trading above or below NAV, the price is determined by one of two ways:

1. **Premium:** If the Trust is trading at a premium (a market price that is higher than its NAV) you'll pay either the NAV or 95 percent of the market price, whichever is greater. When the Trust trades at a premium, you may pay less for your reinvested shares than an investor purchasing shares on the stock exchange. Keep in mind, a portion of your price reduction may be taxable because you are receiving shares at less than market price.
2. **Discount:** If the Trust is trading at a discount (a market price that is lower than its NAV) you'll pay the market price for your reinvested shares.

### **Costs of the Plan**

There is no direct charge to you for reinvesting Distributions because the Plan's fees are paid by the Trust. If the Trust is trading at or above its NAV, your new shares are issued directly by the Trust and there are no brokerage charges or fees. However, if the Trust is trading at a discount, the shares are purchased on the open market, and you will pay your portion of any per share fees. These per share fees are typically less than the standard brokerage charges for individual transactions because shares are purchased for all participants in blocks, resulting in lower fees for each individual participant. Any service or per share fees are added to the purchase price. Per share fees include any applicable brokerage commissions the Agent is required to pay.

### **Tax implications**

The automatic reinvestment of Distributions does not relieve you of any income tax that may be due on Distributions. You will receive tax information annually to help you prepare your federal income tax return.

*Invesco does not offer tax advice. The tax information contained herein is general and is not exhaustive by nature. It was not intended or written to be used, and it cannot be used, by any taxpayer for avoiding penalties that may be imposed on the taxpayer under US federal tax laws. Federal and state tax laws are complex and constantly changing. Shareholders should always consult a legal or tax adviser for information concerning their individual situation.*

### **How to withdraw from the Plan**

You may withdraw from the Plan at any time by calling 800 341 2929, by visiting [invesco.com/closed-end](http://invesco.com/closed-end) or by writing to Invesco Closed-End Funds, Computershare Trust Company, N.A., P.O. Box 505000, Louisville, KY 40233-5000. Simply indicate that you would like to withdraw from the Plan, and be sure to include your Trust name and account number. Also, ensure that all shareholders listed on the account sign these written instructions. If you withdraw, you have three options with regard to the shares held in the Plan:

1. If you opt to continue to hold your non-certificated whole shares (Investment Plan Book Shares), they will be held by the Agent electronically as Direct Registration Book-Shares (Book-Entry Shares) and fractional shares will be sold at the then-current market price. Proceeds will be sent via check to your address of record after deducting applicable fees, including per share fees such as any applicable brokerage commissions the Agent is required to pay.
2. If you opt to sell your shares through the Agent, we will sell all full and fractional shares and send the proceeds via check to your address of record after deducting a \$2.50 service fee and per share fees. Per share fees include any applicable brokerage commissions the Agent is required to pay.
3. You may sell your shares through your financial adviser through the Direct Registration System (DRS). DRS is a service within the securities industry that allows Trust shares to be held in your name in electronic format. You retain full ownership of your shares, without having to hold a share certificate. You should contact your financial adviser to learn more about any restrictions or fees that may apply.

The Trust and Computershare Trust Company, N.A. may amend or terminate the Plan at any time. Participants will receive at least 30 days written notice before the effective date of any amendment. In the case of termination, Participants will receive at least 30 days written notice before the record date for the payment of any such Distributions by the Trust. In the case of amendment or termination necessary or appropriate to comply with applicable law or the rules and policies of the Securities and Exchange Commission or any other regulatory authority, such written notice will not be required.

**To obtain a complete copy of the current Dividend Reinvestment Plan, please call our Client Services department at 800 341 2929 or visit [invesco.com/closed-end](http://invesco.com/closed-end).**

**Schedule of Investments<sup>(a)</sup>**

August 31, 2018

(Unaudited)

	Principal Amount	Value
<b>U.S. Dollar Denominated Bonds &amp; Notes 128.30%</b>		
<b>Advertising 1.03%</b>		
Lamar Media Corp., Sr. Unsec. Gtd. Global Notes, 5.75%, 02/01/2026	\$ 1,261,000	\$ 1,314,593
<b>Aerospace &amp; Defense 2.68%</b>		
BBA U.S. Holdings, Inc., Sr. Unsec. Notes, 5.38%, 05/01/2026 <sup>(c)</sup>	203,000	204,015
Bombardier Inc. (Canada), Sr. Unsec. Notes, 6.13%, 01/15/2023 <sup>(c)</sup>	449,000	454,612
7.50%, 03/15/2025 <sup>(c)</sup>	613,000	635,987
Moog Inc., Sr. Unsec. Gtd. Notes, 5.25%, 12/01/2022 <sup>(c)</sup>	455,000	462,394
TransDigm Inc., Sr. Unsec. Gtd. Sub. Global Notes, 6.50%, 07/15/2024	154,000	156,888
6.50%, 05/15/2025	336,000	342,720
TransDigm UK Holdings PLC, Sr. Unsec. Sub. Gtd. Notes, 6.88%, 05/15/2026 <sup>(c)</sup>	601,000	618,171
Triumph Group, Inc., Sr. Unsec. Gtd. Global Notes, 7.75%, 08/15/2025	560,000	545,300
		3,420,087
<b>Agricultural &amp; Farm Machinery 0.71%</b>		
Titan International, Inc., Sr. Sec. Gtd. First Lien Global Notes, 6.50%, 11/30/2023	914,000	900,290
<b>Agricultural Products 0.36%</b>		
Kernel Holding SA (Ukraine), REGS, Sr. Unsec. Gtd. Euro Notes, 8.75%, 01/31/2022 <sup>(c)</sup>	457,000	464,998
<b>Air Freight &amp; Logistics 0.15%</b>		
XPO Logistics, Inc., Sr. Unsec. Gtd. Notes, 6.50%, 06/15/2022 <sup>(c)</sup>	187,000	193,867
<b>Alternative Carriers 0.83%</b>		
Level 3 Financing, Inc., Sr. Unsec. Gtd. Global Notes, 5.25%, 03/15/2026	466,000	457,892
5.38%, 05/01/2025	612,000	605,880
		1,063,772
<b>Aluminum 1.06%</b>		
Alcoa Nederland Holding B.V., Sr. Unsec. Gtd. Notes, 6.75%, 09/30/2024 <sup>(c)</sup>	800,000	852,000
Novelis Corp., Sr. Unsec. Gtd. Notes, 5.88%, 09/30/2026 <sup>(c)</sup>	63,000	61,507
6.25%, 08/15/2024 <sup>(c)</sup>	431,000	437,465
		1,350,972
<b>Apparel Retail 1.79%</b>		

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	849,000	827,775
	<b>Principal Amount</b>	<b>Value</b>
Hot Topic, Inc., Sr. Sec. Gtd. First Lien Notes, 9.25%, 06/15/2021 <sup>(c)</sup>		
<b>Apparel Retail (continued)</b>		
L Brands, Inc., Sr. Unsec. Gtd. Global Notes, 5.63%, 02/15/2022	\$ 999,000	\$ 1,015,234
6.75%, 07/01/2036	104,000	85,280
6.88%, 11/01/2035	416,000	348,525
		2,276,814
<b>Auto Parts &amp; Equipment 0.94%</b>		
Dana Financing Luxembourg S.a.r.l., Sr. Unsec. Gtd. Notes, 5.75%, 04/15/2025 <sup>(c)</sup>	265,000	265,663
Dana Inc., Sr. Unsec. Notes, 5.50%, 12/15/2024	229,000	228,141
Delphi Technologies PLC, Sr. Unsec. Gtd. Notes, 5.00%, 10/01/2025 <sup>(c)</sup>	445,000	421,437
Flexi-Van Leasing, Inc., Sec. Second Lien Notes, 10.00%, 02/15/2023 <sup>(c)</sup>	328,000	287,000
		1,202,241
<b>Automobile Manufacturers 0.84%</b>		
J.B. Poindexter & Co., Inc., Sr. Unsec. Bonds, 7.13%, 04/15/2026 <sup>(c)</sup>	1,026,000	1,065,758
Motors Liquidation Co., Sr. Unsec. Deb., 0.00%, 07/15/2033 <sup>(d)(e)</sup>	1,640,000	0
		1,065,758
<b>Automotive Retail 1.23%</b>		
Lithia Motors, Inc., Sr. Unsec. Gtd. Notes, 5.25%, 08/01/2025 <sup>(c)</sup>	230,000	221,145
Murphy Oil USA, Inc., Sr. Unsec. Gtd. Global Notes, 5.63%, 05/01/2027	613,000	613,766
Penske Automotive Group Inc., Sr. Unsec. Sub. Gtd. Notes, 5.50%, 05/15/2026	749,000	735,893
		1,570,804
<b>Broadcasting 3.32%</b>		
Clear Channel Worldwide Holdings, Inc., Series B, Sr. Unsec. Gtd. Global Notes, 6.50%, 11/15/2022	520,000	534,300
Sr. Unsec. Gtd. Sub. Global Notes, 7.63%, 03/15/2020	847,000	853,352
Netflix, Inc., Sr. Unsec. Global Notes, 5.75%, 03/01/2024	475,000	487,469
Sr. Unsec. Notes, 5.88%, 11/15/2028 <sup>(c)</sup>	441,000	444,224
Nexstar Broadcasting, Inc., Sr. Unsec. Gtd. Notes, 5.63%, 08/01/2024 <sup>(c)</sup>	525,000	517,230
Sirius XM Radio Inc., Sr. Unsec. Gtd. Notes, 5.38%, 04/15/2025 <sup>(c)</sup>	3,000	3,052
5.38%, 07/15/2026 <sup>(c)</sup>	356,000	356,000
6.00%, 07/15/2024 <sup>(c)</sup>	663,000	690,581
Tribune Media Co., Sr. Unsec. Gtd. Global Notes, 5.88%, 07/15/2022	148,000	150,960

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
<b>Broadcasting (continued)</b>		
TV Azteca, S.A.B. de C.V. (Mexico), REGS, Sr. Unsec. Gtd. Euro Notes, 8.25%, 08/09/2024 <sup>(c)</sup>	\$ 200,000	\$ 196,846
		4,234,014
<b>Building Products 1.69%</b>		
BMC East, LLC, Sr. Sec. Gtd. First Lien Notes, 5.50%, 10/01/2024 <sup>(c)</sup>	647,000	630,825
Gibraltar Industries Inc., Sr. Unsec. Gtd. Sub. Global Notes, 6.25%, 02/01/2021	557,000	562,570
SRS Distribution Inc., Sr. Unsec. Gtd. Notes, 8.25%, 07/01/2026 <sup>(c)</sup>	297,000	280,665
Standard Industries Inc., Sr. Unsec. Notes, 5.00%, 02/15/2027 <sup>(c)</sup>	500,000	476,250
6.00%, 10/15/2025 <sup>(c)</sup>	200,000	205,536
		2,155,846
<b>Cable &amp; Satellite 11.84%</b>		
Altice France S.A. (France), Sr. Sec. Gtd. First Lien Bonds, 6.25%, 05/15/2024 <sup>(c)</sup>	534,000	529,327
Sr. Sec. Gtd. First Lien Notes, 7.38%, 05/01/2026 <sup>(c)</sup>	703,000	693,334
AMC Networks Inc., Sr. Unsec. Gtd. Global Notes, 4.75%, 08/01/2025	121,000	117,068
5.00%, 04/01/2024	491,000	484,249
CCO Holdings LLC/CCO Holdings Capital Corp., Sr. Unsec. Global Notes, 5.75%, 09/01/2023	675,000	688,500
Sr. Unsec. Notes, 5.75%, 02/15/2026 <sup>(c)</sup>	1,445,000	1,448,612
CSC Holdings LLC, Sr. Unsec. Gtd. Notes, 6.63%, 10/15/2025 <sup>(c)</sup>	215,000	223,869
Sr. Unsec. Notes, 10.13%, 01/15/2023 <sup>(c)</sup>	1,395,000	1,531,012
10.88%, 10/15/2025 <sup>(c)</sup>	419,000	488,659
DISH DBS Corp., Sr. Unsec. Gtd. Global Notes, 5.88%, 11/15/2024	1,865,000	1,629,544
7.75%, 07/01/2026	178,000	161,313
7.88%, 09/01/2019	1,076,000	1,115,005
Hughes Satellite Systems Corp., Sr. Sec. Gtd. First Lien Global Notes, 5.25%, 08/01/2026	171,000	164,160
Sr. Unsec. Gtd. Global Notes, 7.63%, 06/15/2021	619,000	668,520
Intelsat Jackson Holdings S.A. (Luxembourg), Sr. Unsec. Gtd. Global Bonds, 5.50%, 08/01/2023	1,454,000	1,329,974
Telenet Finance Luxembourg Notes S.a r.l. (Belgium), Sr. Sec. First Lien Notes, 5.50%, 03/01/2028 <sup>(c)</sup>	400,000	376,000
Unitymedia Hessen GmbH & Co. KG/Unitymedia NRW GmbH (Germany), Sr. Sec. Gtd. First Lien Bonds, 5.00%, 01/15/2025 <sup>(c)</sup>	855,000	873,169
	Principal Amount	Value
<b>Cable &amp; Satellite (continued)</b>		
UPC Holding B.V. (Netherlands), Sr. Sec. First Lien Notes, 5.50%, 01/15/2028 <sup>(c)</sup>	\$ 200,000	\$ 186,750

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UPCB Finance IV Ltd. (Netherlands), Sr. Sec. First Lien Notes, 5.38%, 01/15/2025 <sup>(c)</sup>	250,000	247,525
Virgin Media Finance PLC (United Kingdom), REGS, Sr. Unsec. Gtd. Euro Notes, 6.00%, 10/15/2024 <sup>(c)</sup>	218,000	216,092
Virgin Media Secured Finance PLC (United Kingdom), Sr. Sec. Gtd. First Lien Notes, 5.50%, 08/15/2026 <sup>(c)</sup>	269,000	264,965
REGS, Sr. Sec. Gtd. First Lien Euro Bonds, 5.50%, 01/15/2025 <sup>(c)</sup>	630,000	622,912
VTR Finance B.V. (Chile), Sr. Sec. First Lien Notes, 6.88%, 01/15/2024 <sup>(c)</sup>	620,000	635,345
Ziggo B.V. (Netherlands), Sr. Sec. Gtd. First Lien Notes, 5.50%, 01/15/2027 <sup>(c)</sup>	175,000	165,267
Ziggo Bond Finance B.V. (Netherlands), REGS, Sr. Unsec. Euro Notes, 5.88%, 01/15/2025 <sup>(c)</sup>	250,000	234,687
		15,095,858
<b>Casinos &amp; Gaming 3.05%</b>		
Boyd Gaming Corp., Sr. Unsec. Gtd. Global Notes, 6.00%, 08/15/2026	212,000	214,650
6.38%, 04/01/2026	230,000	236,038
6.88%, 05/15/2023	525,000	553,875
Codere Finance 2 (Luxembourg) S.A. (Spain), Sr. Sec. Gtd. First Lien Notes, 7.63%, 11/01/2021 <sup>(c)</sup>	240,000	222,150
MGM Resorts International, Sr. Unsec. Gtd. Notes, 6.00%, 03/15/2023	325,000	338,211
7.75%, 03/15/2022	327,000	360,109
Pinnacle Entertainment, Inc., Sr. Unsec. Global Notes, 5.63%, 05/01/2024	467,000	492,685
Scientific Games International Inc., Sr. Unsec. Gtd. Global Notes, 10.00%, 12/01/2022	806,000	855,448
Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp., Sr. Unsec. Gtd. Notes, 5.50%, 03/01/2025 <sup>(c)</sup>	626,000	620,929
		3,894,095
<b>Commodity Chemicals 0.56%</b>		
Koppers Inc., Sr. Unsec. Gtd. Notes, 6.00%, 02/15/2025 <sup>(c)</sup>	446,000	449,345
Nufarm Australia Ltd./Nufarm Americas Inc. (Australia), Sr. Unsec. Gtd. Notes, 5.75%, 04/30/2026 <sup>(c)</sup>	290,000	270,063
		719,408
<b>Construction &amp; Engineering 0.21%</b>		
AECOM, Sr. Unsec. Gtd. Global Notes, 5.13%, 03/15/2027	266,000	262,010

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
<b>Construction Machinery &amp; Heavy Trucks 0.59%</b>		
Meritor Inc., Sr. Unsec. Gtd. Notes, 6.25%, 02/15/2024	\$ 305,000	\$ 311,448
Terex Corp., Sr. Unsec. Gtd. Notes, 5.63%, 02/01/2025 <sup>(c)</sup>	444,000	441,225
		752,673
<b>Consumer Finance 2.80%</b>		
Ally Financial Inc., Sr. Unsec. Global Notes, 4.63%, 03/30/2025	704,000	705,760
5.13%, 09/30/2024	900,000	922,500
Sr. Unsec. Gtd. Global Notes, 8.00%, 03/15/2020	240,000	255,300
Discover Financial Services, Inc., Series C, Jr. Unsec. Sub. Global Notes, 5.50% <sup>(f)</sup>	356,000	351,995
Navient Corp., Sr. Unsec. Medium-Term Notes, 7.25%, 01/25/2022	325,000	344,906
8.00%, 03/25/2020	640,000	680,160
Unifin Financiera, S.A.B. de C.V., SOFOM, E.N.R. (Mexico), Sr. Unsec. Notes, 7.38%, 02/12/2026 <sup>(c)</sup>	320,000	309,203
		3,569,824
<b>Copper 1.06%</b>		
First Quantum Minerals Ltd. (Zambia), Sr. Unsec. Gtd. Notes, 7.00%, 02/15/2021 <sup>(c)</sup>	825,000	817,781
7.50%, 04/01/2025 <sup>(c)</sup>	555,000	536,269
		1,354,050
<b>Data Processing &amp; Outsourced Services 1.17%</b>		
First Data Corp., Sr. Sec. Gtd. First Lien Notes, 5.00%, 01/15/2024 <sup>(c)</sup>	400,000	402,320
Sr. Unsec. Gtd. Notes, 7.00%, 12/01/2023 <sup>(c)</sup>	1,047,000	1,092,021
		1,494,341
<b>Diversified Banks 3.35%</b>		
Barclays Bank PLC (United Kingdom), Unsec. Sub. Global Notes, 7.63%, 11/21/2022	200,000	217,252
Barclays PLC (United Kingdom), Jr. Unsec. Sub. Global Bonds, 7.75% <sup>(f)</sup>	300,000	303,390
REGS, Jr. Unsec. Sub. Euro Bonds, 7.88% <sup>(c)(f)</sup>	245,000	254,930
Credit Agricole S.A. (France), REGS, Jr. Unsec. Sub. Euro Notes, 8.13% <sup>(c)(f)</sup>	288,000	317,591
Dresdner Funding Trust I (Germany), REGS, Jr. Unsec. Sub. Euro Notes, 8.15%, 06/30/2031 <sup>(c)</sup>	385,000	475,602
ING Groep N.V. (Netherlands), REGS, Jr. Unsec. Sub. Euro Bonds, 6.88% <sup>(c)(f)</sup>	261,000	266,174
Lloyds Banking Group PLC (United Kingdom), Jr. Unsec. Sub. Global Bonds, 7.50% <sup>(f)</sup>	258,000	268,651
	<b>Principal Amount</b>	<b>Value</b>



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**Diversified Banks (continued)**

Royal Bank of Scotland Group PLC (The) (United Kingdom), Jr. Unsec. Sub. Bonds, 7.50% <sup>(f)</sup>	\$ 432,000	\$ 443,832
Jr. Unsec. Sub. Notes 8.63% <sup>(f)</sup>	245,000	262,861
Unsec. Sub. Global Bonds, 5.13%, 05/28/2024	900,000	903,859
Societe Generale S.A. (France), REGS, Jr. Unsec. Sub. Euro Notes, 7.38% <sup>(c)(f)</sup>	288,000	300,989
Standard Chartered PLC (United Kingdom), REGS, Jr. Unsec. Sub. Euro Bonds, 7.50% <sup>(c)(f)</sup>	245,000	253,575
		4,268,706

**Diversified Capital Markets 0.21%**

Credit Suisse Group AG (Switzerland), REGS, Jr. Unsec. Sub. Euro Bonds, 7.13% <sup>(c)(f)</sup>	261,000	269,809
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**Diversified Chemicals 0.38%**

Chemours Co. (The), Sr. Unsec. Gtd. Global Notes, 7.00%, 05/15/2025	210,000	225,225
Trinseo Materials Operating S.C.A./Trinseo Materials Finance, Inc., Sr. Unsec. Gtd. Notes, 5.38%, 09/01/2025 <sup>(c)</sup>	264,000	259,710
		484,935

**Diversified Metals & Mining 1.89%**

Freeport-McMoRan Inc., Sr. Unsec. Gtd. Global Notes, 5.40%, 11/14/2034	1,044,000	969,291
HudBay Minerals, Inc. (Canada), Sr. Unsec. Gtd. Notes, 7.63%, 01/15/2025 <sup>(c)</sup>	532,000	543,305
Teck Resources Ltd. (Canada), Sr. Unsec. Notes, 6.13%, 10/01/2035	445,000	473,925
Vedanta Resources PLC (India), Sr. Unsec. Notes, 6.38%, 07/30/2022 <sup>(c)</sup>	444,000	425,685
		2,412,206

**Electric Utilities 0.24%**

Southern Co. (The), Series B, Jr. Unsec. Sub. Global Notes, 5.50%, 03/15/2057	298,000	304,755
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**Electronic Equipment & Instruments 0.34%**

Itron, Inc., Sr. Unsec. Gtd. Notes, 5.00%, 01/15/2026 <sup>(c)</sup>	460,000	439,622
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**Environmental & Facilities Services 1.90%**

Advanced Disposal Services, Inc., Sr. Unsec. Gtd. Notes, 5.63%, 11/15/2024 <sup>(c)</sup>	397,000	397,992
Core & Main LP, Sr. Unsec. Notes, 6.13%, 08/15/2025 <sup>(c)</sup>	595,000	574,175
Hulk Finance Corp. (Canada), Sr. Unsec. Notes, 7.00%, 06/01/2026 <sup>(c)</sup>	1,014,000	975,975
Waste Pro USA, Inc., Sr. Unsec. Notes, 5.50%, 02/15/2026 <sup>(c)</sup>	364,000	352,170
Wrangler Buyer Corp., Sr. Unsec. Notes, 6.00%, 10/01/2025 <sup>(c)</sup>	123,000	119,310
		2,419,622

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
<b>Fertilizers &amp; Agricultural Chemicals 0.41%</b>		
OCI N.V. (Netherlands), Sr. Sec. Gtd. Notes, 6.63%, 04/15/2023 <sup>(c)</sup>	\$ 504,000	\$ 523,530
<b>Food Distributors 0.61%</b>		
US Foods, Inc., Sr. Unsec. Gtd. Notes, 5.88%, 06/15/2024 <sup>(c)</sup>	766,000	775,575
<b>Food Retail 1.94%</b>		
1011778 BC ULC/ New Red Finance, Inc. (Canada), Sec. Gtd. Second Lien Notes, 5.00%, 10/15/2025 <sup>(c)</sup>	1,647,000	1,597,590
Albertsons Cos. LLC/ Safeway Inc./New Albertsons, Inc./Albertsons LLC, Sr. Unsec. Gtd. Global Notes, 6.63%, 06/15/2024	714,000	692,580
Ingles Markets, Inc., Sr. Unsec. Global Notes, 5.75%, 06/15/2023	187,000	188,870
		2,479,040
<b>Gas Utilities 1.77%</b>		
AmeriGas Partners, L.P./AmeriGas Finance Corp., Sr. Unsec. Global Notes, 5.63%, 05/20/2024	404,000	402,990
5.88%, 08/20/2026	622,000	620,445
Ferrellgas L.P./Ferrellgas Finance Corp., Sr. Unsec. Global Notes, 6.50%, 05/01/2021	373,000	343,160
Suburban Propane Partners, L.P./Suburban Energy Finance Corp., Sr. Unsec. Global Notes, 5.50%, 06/01/2024	900,000	886,500
		2,253,095
<b>Health Care Equipment 1.14%</b>		
Eagle Holding Co. II, LLC, Sr. Unsec. PIK Notes, 8.38% PIK Rate, 7.63% Cash Rate, 05/15/2022 <sup>(c)(g)</sup>	757,000	768,355
Hill-Rom Holdings, Inc., Sr. Unsec. Gtd. Notes, 5.00%, 02/15/2025 <sup>(c)</sup>	596,000	582,590
Teleflex Inc., Sr. Unsec. Gtd. Global Notes, 4.88%, 06/01/2026	109,000	107,910
		1,458,855
<b>Health Care Facilities 4.37%</b>		
Acadia Healthcare Co., Inc., Sr. Unsec. Gtd. Global Notes, 6.50%, 03/01/2024	375,000	390,469
Community Health Systems, Inc., Sec. Gtd. Second Lien Notes, 8.13%, 06/30/2024 <sup>(c)</sup>	15,000	12,412
Sr. Sec. Gtd. First Lien Global Notes, 5.13%, 08/01/2021	285,000	276,450
Sr. Sec. Gtd. First Lien Notes, 6.25%, 03/31/2023	677,000	646,535
Encompass Health Corp., Sr. Unsec. Gtd. Global Notes, 5.75%, 09/15/2025	620,000	627,750
HCA Healthcare, Inc., Sr. Unsec. Notes, 6.25%, 02/15/2021	610,000	638,975
	<b>Principal Amount</b>	<b>Value</b>
<b>Health Care Facilities (continued)</b>		
HCA, Inc., Sr. Sec. Gtd. First Lien Notes, 5.25%, 04/15/2025	\$ 1,025,000	\$ 1,059,594
Sr. Unsec. Gtd. Global Notes, 7.50%, 02/15/2022	283,000	311,300
Sr. Unsec. Gtd. Notes, 5.38%, 02/01/2025	540,000	547,522

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5.38%, 09/01/2026	206,000	207,545
5.88%, 02/15/2026	824,000	853,870
		5,572,422
<b>Health Care REITs 0.67%</b>		
MPT Operating Partnership L.P./MPT Finance Corp., Sr. Unsec. Gtd.		
Global Notes, 5.00%, 10/15/2027	874,000	858,705
<b>Health Care Services 3.81%</b>		
AMN Healthcare, Inc., Sr. Unsec. Gtd. Notes, 5.13%, 10/01/2024 <sup>(c)</sup>	410,000	399,237
DaVita Inc., Sr. Unsec. Gtd. Global Notes, 5.00%, 05/01/2025	656,000	624,840
Envision Healthcare Corp., Sr. Unsec. Gtd. Notes, 6.25%, 12/01/2024 <sup>(c)</sup>	204,000	218,790
Heartland Dental, LLC, Sr. Unsec. Notes, 8.50%, 05/01/2026 <sup>(c)</sup>	481,000	456,950
MEDNAX, Inc., Sr. Unsec. Gtd. Notes, 5.25%, 12/01/2023 <sup>(c)</sup>	437,000	437,000
MPH Acquisition Holdings LLC, Sr. Unsec. Gtd. Notes, 7.13%, 06/01/2024 <sup>(c)</sup>	251,000	260,412
Surgery Center Holdings, Inc., Sr. Unsec. Gtd. Notes, 6.75%, 07/01/2025 <sup>(c)</sup>	130,000	126,100
8.88%, 04/15/2021 <sup>(c)</sup>	459,000	480,229
Team Health Holdings, Inc., Sr. Unsec. Gtd. Notes, 6.38%, 02/01/2025 <sup>(c)</sup>	450,000	392,625
Tenet Healthcare Corp., Sec. Gtd. Second Lien Notes, 7.50%, 01/01/2022 <sup>(c)</sup>	106,000	111,400
Sr. Unsec. Global Notes, 6.75%, 06/15/2023	909,000	912,409
8.13%, 04/01/2022	415,000	439,900
		4,859,892
<b>Home Furnishings 0.36%</b>		
Prestige Brands, Inc., Sr. Unsec. Gtd. Notes, 6.38%, 03/01/2024 <sup>(c)</sup>	456,000	462,407
<b>Home Improvement Retail 0.70%</b>		
Hillman Group Inc. (The), Sr. Unsec. Gtd. Notes, 6.38%, 07/15/2022 <sup>(c)</sup>	933,000	891,015
<b>Homebuilding 3.24%</b>		
Ashton Woods USA LLC/Ashton Woods Finance Co., Sr. Unsec. Notes, 6.75%, 08/01/2025 <sup>(c)</sup>	168,000	157,604
6.88%, 02/15/2021 <sup>(c)</sup>	402,000	408,030

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
<b>Homebuilding (continued)</b>		
Beazer Homes USA, Inc., Sr. Unsec. Gtd. Global Notes, 5.88%, 10/15/2027	\$ 85,000	\$ 72,888
6.75%, 03/15/2025	641,000	602,540
8.75%, 03/15/2022	400,000	423,876
KB Home, Sr. Unsec. Gtd. Notes, 7.50%, 09/15/2022	400,000	427,000
Lennar Corp., Sr. Unsec. Gtd. Global Notes, 4.75%, 11/15/2022	135,000	135,675
5.25%, 06/01/2026	133,000	132,292
5.38%, 10/01/2022	640,000	656,800
8.38%, 01/15/2021	112,000	123,480
Meritage Homes Corp., Sr. Unsec. Gtd. Global Notes, 7.15%, 04/15/2020	300,000	316,500
Taylor Morrison Communities Inc./ Taylor Morrison Holdings II, Inc., Sr. Unsec. Gtd. Notes, 5.88%, 04/15/2023 <sup>(c)</sup>	548,000	550,904
William Lyon Homes Inc., Sr. Unsec. Gtd. Notes, 6.00%, 09/01/2023 <sup>(c)</sup>	136,000	131,961
		4,139,550
<b>Household Products 1.80%</b>		
Reynolds Group Issuer Inc./LLC, Sr. Sec. Gtd. First Lien Global Notes, 5.75%, 10/15/2020	278,134	278,829
Sr. Sec. Gtd. First Lien Notes, 5.13%, 07/15/2023 <sup>(c)</sup>	207,000	206,482
Sr. Unsec. Gtd. Notes, 7.00%, 07/15/2024 <sup>(c)</sup>	1,114,000	1,133,913
Spectrum Brands, Inc., Sr. Unsec. Gtd. Global Notes, 5.75%, 07/15/2025	663,000	672,945
		2,292,169
<b>Independent Power Producers &amp; Energy Traders 1.80%</b>		
AES Corp. (The), Sr. Unsec. Notes, 5.50%, 04/15/2025	1,199,000	1,237,967
Calpine Corp., Sr. Unsec. Global Notes, 5.50%, 02/01/2024	294,000	270,989
NRG Energy, Inc., Sr. Unsec. Gtd. Global Notes, 6.25%, 05/01/2024	306,000	318,240
6.63%, 01/15/2027	167,000	175,559
Vistra Energy Corp., Sr. Unsec. Gtd. Global Notes, 7.38%, 11/01/2022	275,000	287,031
		2,289,786
<b>Industrial Machinery 1.14%</b>		
Cleaver-Brooks, Inc., Sr. Sec. Notes, 7.88%, 03/01/2023 <sup>(c)</sup>	879,000	909,765
Mueller Industries, Inc., Unsec. Sub. Deb., 6.00%, 03/01/2027	401,000	394,985
Mueller Water Products, Inc., Sr. Unsec. Notes, 5.50%, 06/15/2026 <sup>(c)</sup>	144,000	145,080
		1,449,830
<b>Integrated Oil &amp; Gas 1.32%</b>		
California Resources Corp., Sec. Gtd. Second Lien Notes, 8.00%, 12/15/2022 <sup>(c)</sup>	479,000	431,699
	<b>Principal Amount</b>	<b>Value</b>
<b>Integrated Oil &amp; Gas (continued)</b>		
Petrobras Global Finance B.V. (Brazil), Sr. Unsec. Gtd. Global Notes, 5.75%, 02/01/2029	\$ 675,000	\$ 588,262

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<b>Petróleos Mexicanos (Mexico),</b>		
Sr. Unsec. Gtd. Global Notes, 6.88%, 08/04/2026	201,000	208,538
Sr. Unsec. Gtd. Notes, 5.35%, 02/12/2028 <sup>(c)</sup>	490,000	458,395
		1,686,894
<b>Integrated Telecommunication Services 2.56%</b>		
CenturyLink, Inc.,		
Series S, Sr. Unsec. Notes, 6.45%, 06/15/2021	587,000	613,415
Series Y, Sr. Unsec. Global Notes, 7.50%, 04/01/2024	580,000	622,050
Cincinnati Bell Inc.,		
Sr. Unsec. Gtd. Notes, 7.00%, 07/15/2024 <sup>(c)</sup>	417,000	369,045
Sr. Unsec. Notes, 8.00%, 10/15/2025 <sup>(c)</sup>	84,000	74,970
Frontier Communications Corp., Sr. Unsec. Global Notes,		
10.50%, 09/15/2022	1,038,000	918,630
11.00%, 09/15/2025	344,000	264,880
Telecom Italia Capital S.A. (Italy), Sr. Unsec. Gtd. Global Notes,		
6.38%, 11/15/2033	92,000	93,840
7.20%, 07/18/2036	289,000	309,952
		3,266,782
<b>Internet Software &amp; Services 1.81%</b>		
CyrusOne L.P./CyrusOne Finance Corp.,		
Sr. Unsec. Gtd. Global Notes, 5.00%, 03/15/2024	240,000	243,600
5.38%, 03/15/2027	314,000	316,355
Equinix Inc., Sr. Unsec. Notes,		
5.88%, 01/15/2026	1,171,000	1,217,840
Rackspace Hosting, Inc., Sr. Unsec. Gtd. Notes, 8.63%, 11/15/2024 <sup>(c)</sup>		
	541,000	533,899
		2,311,694
<b>Leisure Facilities 0.74%</b>		
Cedar Fair L.P./Canada's Wonderland Co./Magnum Management Corp.,		
Sr. Unsec. Gtd. Global Notes, 5.38%, 06/01/2024	259,000	260,619
Six Flags Entertainment Corp., Sr. Unsec. Gtd. Notes,		
4.88%, 07/31/2024 <sup>(c)</sup>	700,000	689,500
		950,119
<b>Leisure Products 0.42%</b>		
Mattel, Inc.,		
Sr. Unsec. Gtd. Notes, 6.75%, 12/31/2025 <sup>(c)</sup>	441,000	433,036
Sr. Unsec. Notes,		
6.20%, 10/01/2040	118,000	98,825
		531,861

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
<b>Life Sciences Tools &amp; Services 0.13%</b>		
Charles River Laboratories International, Inc., Sr. Unsec. Gtd. Notes, 5.50%, 04/01/2026 <sup>(c)</sup>	\$ 164,000	\$ 166,870
<b>Managed Health Care 1.33%</b>		
Centene Corp., Sr. Unsec. Notes, 4.75%, 01/15/2025	306,000	308,295
Molina Healthcare, Inc., Sr. Unsec. Gtd. Notes, 4.88%, 06/15/2025 <sup>(c)</sup>	331,000	328,517
WellCare Health Plans, Inc., Sr. Unsec. Notes, 5.25%, 04/01/2025	745,000	763,625
5.38%, 08/15/2026 <sup>(c)</sup>	290,000	299,425
		1,699,862
<b>Metal &amp; Glass Containers 1.52%</b>		
Ardagh Packaging Finance PLC / Ardagh Holdings USA Inc. (Ireland), Sr. Unsec. Gtd. Notes, 6.00%, 02/15/2025 <sup>(c)</sup>	200,000	196,000
7.25%, 05/15/2024 <sup>(c)</sup>	335,000	353,425
Ball Corp., Sr. Unsec. Gtd. Global Notes, 5.25%, 07/01/2025	425,000	439,875
Berry Global, Inc., Sec. Gtd. Second Lien Global Notes, 6.00%, 10/15/2022	333,000	343,822
Flex Acquisition Co., Inc., Sr. Unsec. Notes, 7.88%, 07/15/2026 <sup>(c)</sup>	474,000	475,777
OI European Group B.V., Sr. Unsec. Gtd. Notes, 4.00%, 03/15/2023 <sup>(c)</sup>	138,000	131,273
		1,940,172
<b>Movies &amp; Entertainment 0.81%</b>		
AMC Entertainment Holdings, Inc., Sr. Unsec. Gtd. Sub. Global Notes, 5.75%, 06/15/2025	575,000	560,269
Lions Gate Capital Holdings LLC, Sr. Unsec. Gtd. Notes, 5.88%, 11/01/2024 <sup>(c)</sup>	457,000	473,566
		1,033,835
<b>Oil &amp; Gas Drilling 2.07%</b>		
Diamond Offshore Drilling, Inc., Sr. Unsec. Global Notes, 4.88%, 11/01/2043	226,000	162,155
EnSCO PLC, Sr. Unsec. Global Notes, 4.50%, 10/01/2024 7.75%, 02/01/2026	24,000	20,010
	735,000	704,681
Noble Holding International Ltd., Sr. Unsec. Gtd. Global Notes, 7.75%, 01/15/2024	589,000	578,693
Precision Drilling Corp. (Canada), Sr. Unsec. Gtd. Global Notes, 5.25%, 11/15/2024	372,000	356,190
6.50%, 12/15/2021	121,432	123,709
7.75%, 12/15/2023	92,000	97,750
Transocean Inc., Sr. Unsec. Gtd. Global Notes, 7.50%, 04/15/2031	647,000	600,092
		2,643,280
<b>Oil &amp; Gas Equipment &amp; Services 1.01%</b>		
Archrock Partners, L.P./Archrock Partners Finance Corp., Sr. Unsec. Gtd. Global Notes, 6.00%, 10/01/2022	230,000	230,575
	<b>Principal Amount</b>	<b>Value</b>
<b>Oil &amp; Gas Equipment &amp; Services (continued)</b>		

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SESI, L.L.C., Sr. Unsec. Gtd. Global Notes, 7.13%, 12/15/2021	\$ 503,000	\$ 511,174
Weatherford International Ltd., Sr. Unsec. Gtd. Notes, 6.50%, 08/01/2036	511,000	381,972
8.25%, 06/15/2023	175,000	163,625
		1,287,346
<b>Oil &amp; Gas Exploration &amp; Production 8.13%</b>		
Ascent Resources Utica Holdings, LLC /ARU Finance Corp., Sr. Unsec. Notes, 10.00%, 04/01/2022 <sup>(c)</sup>	532,000	590,520
Callon Petroleum Co., Sr. Unsec. Gtd. Global Notes, 6.13%, 10/01/2024	525,000	539,438
Concho Resources Inc., Sr. Unsec. Gtd. Global Notes, 4.38%, 01/15/2025	420,000	424,266
Denbury Resources Inc., Sr. Unsec. Gtd. Sub. Notes, 5.50%, 05/01/2022	314,000	284,955
EP Energy LLC/Everest Acquisition Finance Inc., Sr. Sec. Gtd. First Lien Notes, 8.00%, 11/29/2024 <sup>(c)</sup>	410,000	413,075
Gulfport Energy Corp., Sr. Unsec. Gtd. Global Notes, 6.00%, 10/15/2024	488,000	484,340
Jagged Peak Energy LLC, Sr. Unsec. Gtd. Notes, 5.88%, 05/01/2026 <sup>(c)</sup>	712,000	703,100
Oasis Petroleum Inc., Sr. Unsec. Gtd. Global Notes, 6.88%, 01/15/2023	641,000	655,422
Parsley Energy LLC/Parsley Finance Corp., Sr. Unsec. Gtd. Notes, 6.25%, 06/01/2024 <sup>(c)</sup>	464,000	484,880
QEP Resources, Inc., Sr. Unsec. Global Notes, 5.25%, 05/01/2023	220,000	215,600
5.63%, 03/01/2026	207,000	198,720
Sr. Unsec. Notes, 6.88%, 03/01/2021	591,000	624,982
Range Resources Corp., Sr. Unsec. Gtd. Global Notes, 4.88%, 05/15/2025	497,000	478,363
5.88%, 07/01/2022	429,000	435,435
SM Energy Co., Sr. Unsec. Global Notes, 6.13%, 11/15/2022	292,000	301,855
6.63%, 01/15/2027	90,000	92,929
6.75%, 09/15/2026	270,000	281,138
Southwestern Energy Co., Sr. Unsec. Gtd. Global Notes, 4.10%, 03/15/2022	366,000	358,680
7.50%, 04/01/2026	373,000	392,583
Tullow Oil PLC (Ghana), Sr. Unsec. Notes, 7.00%, 03/01/2025 <sup>(c)</sup>	351,000	339,224
Whiting Petroleum Corp., Sr. Unsec. Gtd. Global Notes, 6.25%, 04/01/2023	673,000	694,872
WildHorse Resource Development Corp., Sr. Unsec. Gtd. Global Notes, 6.88%, 02/01/2025	791,000	800,887
WPX Energy Inc., Sr. Unsec. Notes, 5.25%, 09/15/2024	563,000	570,037
		10,365,301

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	Principal Amount	Value
<b>Oil &amp; Gas Refining &amp; Marketing 0.63%</b>		
Parkland Fuel Corp. (Canada), Sr. Unsec. Notes, 6.00%, 04/01/2026 <sup>(c)</sup>	\$ 411,000	\$ 412,027
Sunoco LP/Sunoco Finance Corp., Sr. Unsec. Gtd. Notes, 4.88%, 01/15/2023 <sup>(c)</sup>	395,000	390,671
		802,698
<b>Oil &amp; Gas Storage &amp; Transportation 4.35%</b>		
Antero Midstream Partners LP/Antero Midstream Finance Corp., Sr. Unsec. Gtd. Global Notes, 5.38%, 09/15/2024	460,000	465,750
Antero Resources Corp., Sr. Unsec. Gtd. Global Notes, 5.63%, 06/01/2023	794,000	821,036
Energy Transfer Equity, L.P., Sr. Sec. First Lien Notes, 5.88%, 01/15/2024	765,000	814,725
Holly Energy Partners L.P./Holly Energy Finance Corp., Sr. Unsec. Gtd. Notes, 6.00%, 08/01/2024 <sup>(c)</sup>	253,000	258,692
Plains All American Pipeline, L.P., Series B, Jr. Unsec. Sub. Notes, 6.13% <sup>(f)</sup>	423,000	414,540
SemGroup Corp., Sr. Unsec. Gtd. Global Notes, 6.38%, 03/15/2025	515,000	505,987
Targa Resources Partners L.P./Targa Resources Partners Finance Corp., Sr. Unsec. Gtd. Global Bonds, 5.13%, 02/01/2025	478,000	481,585
5.25%, 05/01/2023	266,000	269,990
Sr. Unsec. Gtd. Notes, 5.88%, 04/15/2026 <sup>(c)</sup>	267,000	274,009
Williams Cos., Inc. (The), Sr. Unsec. Global Notes, 4.55%, 06/24/2024	876,000	895,176
Sr. Unsec. Notes, 7.88%, 09/01/2021	304,000	339,340
		5,540,830
<b>Other Diversified Financial Services 1.13%</b>		
Lincoln Finance Ltd. (Netherlands), Sr. Sec. Gtd. First Lien Notes, 7.38%, 04/15/2021 <sup>(c)</sup>	521,000	538,584
LPL Holdings Inc., Sr. Unsec. Gtd. Notes, 5.75%, 09/15/2025 <sup>(c)</sup>	474,000	464,520
Mexico City Airport Trust (Mexico), REGS, Sr. Sec. Euro Bonds, 5.50%, 07/31/2047 <sup>(c)</sup>	295,000	263,267
VFH Parent LLC/Orchestra Co-Issuer Inc., Sec. Gtd. Second Lien Notes, 6.75%, 06/15/2022 <sup>(c)</sup>	165,000	170,362
		1,436,733
<b>Packaged Foods &amp; Meats 1.56%</b>		
B&G Foods, Inc., Sr. Unsec. Gtd. Notes, 5.25%, 04/01/2025	359,000	349,576
JBS Investments GmbH, Sr. Unsec. Gtd. Notes, 7.25%, 04/03/2024 <sup>(c)</sup>	355,000	353,584
REGS, Sr. Unsec. Gtd. Euro Notes, 7.25%, 04/03/2024 <sup>(c)</sup>	200,000	199,202
	<b>Principal Amount</b>	<b>Value</b>
<b>Packaged Foods &amp; Meats (continued)</b>		
JBS USA Lux S.A./JBS USA Finance Inc., Sr. Unsec. Gtd. Notes, 5.75%, 06/15/2025 <sup>(c)</sup>	\$ 176,000	\$ 166,980



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Lamb Weston Holdings Inc., Sr. Unsec. Gtd. Notes, 4.63%, 11/01/2024 <sup>(c)</sup>	120,000	118,500
Minerva Luxembourg S.A. (Brazil), REGS, Sr. Unsec. Gtd. Euro Notes, 6.50%, 09/20/2026 <sup>(c)</sup>	415,000	371,429
TreeHouse Foods, Inc., Sr. Unsec. Gtd. Notes, 6.00%, 02/15/2024 <sup>(c)</sup>	419,000	425,809
		1,985,080
<b>Paper Packaging 0.77%</b>		
Graphic Packaging International LLC, Sr. Unsec. Gtd. Notes, 4.88%, 11/15/2022	477,000	481,770
Plastipak Holdings Inc., Sr. Unsec. Notes, 6.25%, 10/15/2025 <sup>(c)</sup>	536,000	496,470
		978,240
<b>Paper Products 0.86%</b>		
Mercer International Inc. (Canada), Sr. Unsec. Global Notes, 6.50%, 02/01/2024	200,000	205,500
7.75%, 12/01/2022	57,000	59,636
Sr. Unsec. Notes, 5.50%, 01/15/2026 <sup>(c)</sup>	170,000	166,175
Rayonier A.M. Products Inc., Sr. Unsec. Gtd. Notes, 5.50%, 06/01/2024 <sup>(c)</sup>	693,000	663,776
		1,095,087
<b>Pharmaceuticals 2.66%</b>		
Bausch Health Cos. Inc., Sr. Sec. Gtd. First Lien Notes, 5.50%, 11/01/2025 <sup>(c)</sup>	346,000	346,433
Sr. Unsec. Gtd. Notes, 5.88%, 05/15/2023 <sup>(c)</sup>	227,000	217,863
6.13%, 04/15/2025 <sup>(c)</sup>	400,000	373,500
9.00%, 12/15/2025 <sup>(c)</sup>	616,000	653,730
9.25%, 04/01/2026 <sup>(c)</sup>	372,000	395,540
Endo DAC/Endo Finance LLC/Endo Finco Inc., Sr. Unsec. Gtd. Notes, 6.00%, 07/15/2023 <sup>(c)</sup>	275,000	237,875
HLF Financing S.a.r.l., LLC/ Herbalife International, Inc., Sr. Unsec. Notes, 7.25%, 08/15/2026 <sup>(c)</sup>	397,000	403,094
Teva Pharmaceutical Finance IV, B.V. (Israel), Sr. Unsec. Gtd. Global Notes, 3.65%, 11/10/2021	460,000	446,665
Teva Pharmaceutical Finance Netherlands III B.V. (Israel), Sr. Unsec. Gtd. Global Notes, 6.00%, 04/15/2024	315,000	320,234
		3,394,934
<b>Publishing 0.83%</b>		
Meredith Corp., Sr. Unsec. Gtd. Notes, 6.88%, 02/01/2026 <sup>(c)</sup>	1,043,000	1,058,645

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
<b>Restaurants 0.90%</b>		
Carrols Restaurant Group, Inc., Sec. Gtd. Second Lien Global Notes, 8.00%, 05/01/2022	\$ 324,000	\$ 338,175
IRB Holding Corp., Sr. Unsec. Gtd. Notes, 6.75%, 02/15/2026 <sup>(c)</sup>	619,000	592,693
KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America LLC, Sr. Unsec. Gtd. Notes, 4.75%, 06/01/2027 <sup>(c)</sup>	232,000	221,560
		1,152,428
<b>Security &amp; Alarm Services 1.10%</b>		
Brink's Co. (The), Sr. Unsec. Gtd. Notes, 4.63%, 10/15/2027 <sup>(p)</sup>	379,000	355,312
Prime Security Services Borrower, LLC/Prime Finance, Inc., Sec. Gtd. Second Lien Notes, 9.25%, 05/15/2023 <sup>(c)</sup>	970,000	1,041,586
		1,396,898
<b>Semiconductors 1.13%</b>		
Micron Technology, Inc., Sr. Unsec. Global Notes, 5.50%, 02/01/2025	595,000	618,740
NXP B.V./NXP Funding LLC (Netherlands), Sr. Unsec. Gtd. Notes, 4.63%, 06/01/2023 <sup>(c)</sup>	810,000	824,175
		1,442,915
<b>Specialized Consumer Services 1.15%</b>		
ServiceMaster Co., LLC (The), Sr. Unsec. Gtd. Notes, 5.13%, 11/15/2024 <sup>(c)</sup>	424,000	417,640
Sr. Unsec. Notes, 7.45%, 08/15/2027	992,000	1,051,520
		1,469,160
<b>Specialized Finance 2.09%</b>		
AerCap Global Aviation Trust (Ireland), Jr. Unsec. Gtd. Sub. Notes, 6.50%, 06/15/2045 <sup>(c)</sup>	430,000	445,050
Aircastle Ltd., Sr. Unsec. Global Notes, 7.63%, 04/15/2020	155,000	165,239
Sr. Unsec. Notes, 5.00%, 04/01/2023	840,000	874,356
5.50%, 02/15/2022	146,000	153,320
CIT Group Inc., Sr. Unsec. Global Notes, 5.00%, 08/15/2022	149,000	152,353
5.00%, 08/01/2023	415,000	422,781
Unsec. Sub. Global Notes, 6.13%, 03/09/2028	103,000	107,893
MSCI Inc., Sr. Unsec. Gtd. Notes., 5.25%, 11/15/2024 <sup>(c)</sup>	330,000	340,725
		2,661,717
<b>Specialized REITs 1.10%</b>		
GLP Capital LP/GLP Financing II Inc., Sr. Unsec. Gtd. Notes, 5.38%, 04/15/2026	535,000	556,908
Iron Mountain Inc., Sr. Unsec. Gtd. Notes, 6.00%, 08/15/2023	386,000	397,098
	<b>Principal Amount</b>	<b>Value</b>
<b>Specialized REITs (continued)</b>		
Iron Mountain US Holdings, Inc., Sr. Unsec. Gtd. Notes, 5.38%, 06/01/2026 <sup>(c)</sup>	\$ 474,000	\$ 451,485

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		1,405,491
<b>Specialty Chemicals 2.09%</b>		
Ashland LLC, Sr. Unsec. Gtd. Global Notes, 4.75%, 08/15/2022	423,000	428,372
Axalta Coating Systems, LLC, Sr. Unsec. Gtd. Notes, 4.88%, 08/15/2024 <sup>(c)</sup>	472,000	470,230
Platform Specialty Products Corp., Sr. Unsec. Gtd. Notes, 5.88%, 12/01/2025 <sup>(c)</sup>	541,000	537,618
PolyOne Corp., Sr. Unsec. Global Notes, 5.25%, 03/15/2023	395,000	408,450
PQ Corp., Sr. Sec. Gtd. First Lien Notes, 6.75%, 11/15/2022 <sup>(c)</sup>	413,000	433,134
Valvoline Inc., Sr. Unsec. Gtd. Global Notes, 5.50%, 07/15/2024	380,000	389,500
		2,667,304
<b>Steel 1.97%</b>		
ArcelorMittal (Luxembourg), Sr. Unsec. Global Notes, 7.00%, 10/15/2039	400,000	467,795
Cleveland-Cliffs Inc., Sr. Unsec. Gtd. Global Notes, 5.75%, 03/01/2025	697,000	687,110
SunCoke Energy Partners, L.P./ SunCoke Energy Partners Finance Corp., Sr. Unsec. Gtd. Notes, 7.50%, 06/15/2025 <sup>(c)</sup>	439,000	458,755
United States Steel Corp., Sr. Unsec. Global Notes, 6.88%, 08/15/2025	876,000	893,520
		2,507,180
<b>Technology Hardware, Storage &amp; Peripherals 2.04%</b>		
CommScope Technologies LLC, Sr. Unsec. Gtd. Notes, 6.00%, 06/15/2025 <sup>(c)</sup>	1,253,000	1,303,120
Dell International LLC/ EMC Corp., Sr. Sec. Gtd. First Lien Notes, 8.35%, 07/15/2046 <sup>(c)</sup>	24,000	29,476
Sr. Unsec. Gtd. Notes, 7.13%, 06/15/2024 <sup>(c)</sup>	1,191,000	1,273,479
		2,606,075
<b>Textiles 0.39%</b>		
Eagle Intermediate Global Holding B.V./Ruyi US Finance LLC (China), Sr. Sec. Gtd. First Lien Bonds, 7.50%, 05/01/2025 <sup>(c)</sup>	491,000	491,000
<b>Trading Companies &amp; Distributors 1.65%</b>		
H&E Equipment Services, Inc., Sr. Unsec. Gtd. Global Notes, 5.63%, 09/01/2025	846,000	842,024
Herc Rentals Inc., Sec. Gtd. Second Lien Notes, 7.75%, 06/01/2024 <sup>(c)</sup>	536,000	580,729
United Rentals North America, Inc., Sr. Unsec. Gtd. Global Notes, 5.50%, 07/15/2025	469,000	480,139
Sr. Unsec. Gtd. Notes, 5.50%, 05/15/2027	197,000	197,000
		2,099,892

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Principal Amount	Value
<b>Trucking 1.13%</b>		
Avis Budget Car Rental LLC/Avis Budget Finance Inc., Sr. Unsec. Gtd. Notes, 5.25%, 03/15/2025 <sup>(c)</sup>	\$ 269,000	\$ 253,196
Hertz Corp. (The), Sec. Gtd. Second Lien Notes, 7.63%, 06/01/2022 <sup>(c)</sup>	179,000	178,105
Kenan Advantage Group Inc. (The), Sr. Unsec. Notes, 7.88%, 07/31/2023 <sup>(c)</sup>	982,000	1,012,688
		1,443,989
<b>Wireless Telecommunication Services 6.94%</b>		
Altice Financing S.A. (Luxembourg), Sr. Sec. Gtd. First Lien Bonds, 7.50%, 05/15/2026 <sup>(c)</sup>	450,000	429,750
Sr. Sec. Gtd. First Lien Notes, 6.63%, 02/15/2023 <sup>(c)</sup>	425,000	428,715
Altice Luxembourg S.A. (Luxembourg), Sr. Unsec. Gtd. Notes, 7.75%, 05/15/2022 <sup>(c)</sup>	866,000	837,855
Altice US Finance I Corp., Sr. Sec. Gtd. First Lien Notes, 5.50%, 05/15/2026 <sup>(c)</sup>	425,000	418,625
Digicel Group Ltd. (Jamaica), Sr. Unsec. Notes, 8.25%, 09/30/2020 <sup>(c)</sup>	438,000	331,658
Intelsat Connect Finance S.A. (Luxembourg), Sr. Unsec. Gtd. Notes, 9.50%, 02/15/2023 <sup>(c)</sup>	494,000	492,987
Oztel Holdings SPC Ltd. (Oman), Sr. Sec. Gtd. Notes, 5.63%, 10/24/2023 <sup>(c)</sup>	451,000	450,501
SBA Communications Corp., Sr. Unsec. Global Notes, 4.88%, 09/01/2024	265,000	262,138
Sprint Communications Inc., Sr. Unsec. Global Notes, 11.50%, 11/15/2021	390,000	461,175
Sprint Corp., Sr. Unsec. Gtd. Global Notes, 7.25%, 09/15/2021	816,000	857,567
7.63%, 02/15/2025	434,000	461,668
7.88%, 09/15/2023	1,599,000	1,724,921
T-Mobile USA, Inc., Sr. Unsec. Gtd. Global Bonds, 6.50%, 01/15/2026	351,000	371,951
Sr. Unsec. Gtd. Global Notes, 6.38%, 03/01/2025	1,270,000	1,323,975
		8,853,486
Total U.S. Dollar Denominated Bonds & Notes (Cost \$164,731,856)		163,635,639
<b>Non-U.S. Dollar Denominated Bonds &amp; Notes 1.78%</b>		
<b>Beverage &amp; Tobacco 0.18%</b>		
Sunshine Mid B.V. (Netherlands), Sr. Unsec. Gtd. Bonds, 6.50%, 05/15/2026 <sup>(c)</sup>	EUR 200,000	223,953
<b>Cable &amp; Satellite 0.16%</b>		
Tele Columbus AG (Germany), Sr. Sec. Notes, 3.88%, 05/02/2025 <sup>(c)</sup>	EUR 200,000	207,274
	<b>Principal Amount</b>	<b>Value</b>
<b>Diversified Banks 0.66%</b>		

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ABN AMRO Bank N.V. (Netherlands), REGS, Jr. Unsec. Sub. Euro Bonds, 4.75% <sup>(c)(f)</sup>	EUR	300,000	\$ 338,349
Caixabank S.A. (Spain), REGS, Jr. Unsec. Sub. Euro Bonds, 6.75% <sup>(c)(f)</sup>	EUR	200,000	250,632
Erste Group Bank AG (Austria), REGS, Jr. Unsec. Sub. Euro Bonds, 6.50% <sup>(c)(f)</sup>	EUR	200,000	251,965
			840,946
<b>Diversified Chemicals 0.41%</b>			
Chemours Co. (The), Sr. Unsec. Gtd. Euro Bonds, 4.00%, 05/15/2026	EUR	450,000	527,306
<b>Food Retail 0.28%</b>			
Iceland Bondco PLC (United Kingdom), REGS, Sr. Sec. Gtd. First Lien Euro Notes, 4.63%, 03/15/2025 <sup>(c)</sup>	GBP	300,000	356,274
<b>Textiles 0.09%</b>			
Eagle Intermediate Global Holding B.V./Ruyi US Finance LLC (China), Sr. Sec. Gtd. First Lien Bonds, 5.38%, 05/01/2023 <sup>(c)</sup>	EUR	100,000	117,106
Total Non-U.S. Dollar Denominated Bonds & Notes (Cost \$2,382,459)			2,272,859
<b>Variable Rate Senior Loan Interests 1.57%</b>			
<b>Food Retail 1.57%</b>			
Albertson's LLC, Term Loan B-4, 4.83% (1 mo. USD LIBOR + 2.75%), 08/25/2021	\$	1,457,531	1,456,547
Bridge Term Loan, %, 04/18/2019 <sup>(e)(i)</sup>		540,000	540,000
Total Variable Rate Senior Loan Interests (Cost \$1,959,501)			1,996,547
			<b>Shares</b>
<b>Preferred Stocks 0.69%</b>			
<b>Diversified Banks 0.60%</b>			
Wells Fargo & Co., Class A, Series L, \$75.00 Conv. Pfd.		596	772,410
<b>Specialized Finance 0.09%</b>			
CIT Group Inc., Series A, 5.80% Pfd.		115,000	114,712
Total Preferred Stocks (Cost \$882,357)			887,122

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

	Shares	Value
<b>Money Market Funds 2.99%</b>		
Invesco Government & Agency Portfolio Institutional Class, 1.85%	1,336,164	\$ 1,336,164
Invesco Liquid Assets Portfolio Institutional Class, 2.07%	954,180	954,562
Invesco Treasury Portfolio Institutional Class, 1.85%	1,527,045	1,527,045
Total Money Market Funds (Cost \$3,817,678)		3,817,771
TOTAL INVESTMENTS IN SECURITIES 135.33% (Cost \$173,773,851)		172,609,938
OTHER ASSETS LESS LIABILITIES 1.95%		2,484,399
BORROWINGS (37.28)%		(47,550,000)
NET ASSETS APPLICABLE TO COMMON SHARES 100.00%		\$ 127,544,337

## Investment Abbreviations:

Conv.	Convertible
Deb.	Debenture
EUR	Euro
GBP	British Pound
Gtd.	Guaranteed
Jr.	Junior
LIBOR	London Interbank Offered Rate
Pfd.	Preferred
PIK	Pay-in-Kind
REGS	Regulation S
REIT	Real Estate Investment Trust
Sec.	Secured
Sr.	Senior
Sub.	Subordinated
Unsec.	Unsecured
USD	U.S. Dollar

## Notes to Schedule of Investments:

- (a) Industry and/or sector classifications used in this report are generally according to the Global Industry Classification Standard, which was developed by and is the exclusive property and a service mark of MSCI Inc. and Standard & Poor's.
- (b) Calculated as a percentage of net assets. Amounts in excess of 100% are due to the Trust's use of leverage.
- (c) Security purchased or received in a transaction exempt from registration under the Securities Act of 1933, as amended (the "1933 Act"). The security may be resold pursuant to an exemption from registration under the 1933 Act, typically to qualified institutional buyers. The aggregate value of these securities at August 31, 2018 was \$77,754,737, which represented 60.96% of the Trust's Net Assets.
- (d) Defaulted security. Currently, the issuer is partially or fully in default with respect to interest payments. The value of this security at August 31, 2018 represented less than 1% of the Trust's Net Assets.
- (e) Security valued using significant unobservable inputs (Level 3). See Note 3.
- (f) Perpetual bond with no specified maturity date.

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- (g) All or a portion of this security is Pay-in-Kind. Pay-in-Kind securities pay interest income in the form of securities.
- (h) Foreign denominated security. Principal amount is denominated in the currency indicated.
- (i) Variable rate senior loan interests are, at present, not readily marketable, not registered under the 1933 Act, and may be subject to contractual and legal restrictions on sale. Variable rate senior loan interests in the Trust's portfolio generally have variable rates which adjust to a base, such as the London Interbank Offered Rate ( LIBOR ), on set dates, typically every 30 days but not greater than one year; and/or have interest rates that float at a margin above a widely recognized base lending rate such as the Prime Rate of a designated U.S. bank.
- (j) This variable rate interest will settle after August 31, 2018, at which time the interest rate will be determined.
- (k) The money market fund and the Trust are affiliated by having the same investment adviser. The rate shown is the 7-day SEC standardized yield as of August 31, 2018.

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**Portfolio Composition***By credit quality, based on Total Investments**as of August 31, 2018*

BBB	5.9%
BB	45.1
B	36.7
CCC	7.1
Non-Rated	5.2

Source: Standard & Poor's. A credit rating is an assessment provided by a nationally recognized statistical rating organization (NRSRO) of the creditworthiness of an issuer with respect to debt obligations, including specific securities, money market instruments or other debts. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest); ratings are subject to change without notice. Non-Rated indicates the debtor was not rated, and should not be interpreted as indicating low quality. For more information on Standard and Poor's rating methodology, please visit [standardandpoors.com](http://standardandpoors.com) and select "Understanding Ratings" under Rating Resources on the homepage.

**Open Forward Foreign Currency Contracts**

Settlement	Date	Counterparty	Contract to		Unrealized Appreciation (Depreciation)
			Deliver	Receive	
	11/30/2018	Barclays Bank PLC	EUR 1,736,169	USD 2,048,743	\$ 19,018
	Subtotal	Appreciation			19,018
	11/30/2018	CIBC World Markets Corp.	GBP 260,000	USD 336,860	(1,518)
	Subtotal	Depreciation			(1,518)
	Total Forward Foreign Currency Contracts - Currency Risk				\$ 17,500

Abbreviations:

EUR Euro  
 GBP British Pound Sterling  
 USD U. S. Dollar

See accompanying Notes to Financial Statements which are an integral part of the financial statements.





**Statement of Assets and Liabilities**

August 31, 2018

(Unaudited)

**Assets:**

Investments in securities, at value (Cost \$169,956,173)	\$ 168,792,167
Investments in affiliated money market funds, at value (Cost \$3,817,678)	3,817,771
Other investments:	
Unrealized appreciation on forward foreign currency contracts outstanding	19,018
Foreign currencies, at value (Cost \$192,505)	192,622
Receivable for:	
Investments sold	401,542
Dividends and interest	2,803,442
Investment for trustee deferred compensation and retirement plans	17,368
Other assets	14,690
Total assets	176,058,620

**Liabilities:**

Other investments:	
Unrealized depreciation on forward foreign currency contracts outstanding	1,518
Borrowings	47,550,000
Payable for:	
Investments purchased	749,208
Dividends	20,448
Accrued interest expense and line of credit fees	114,252
Accrued trustees and officers fees and benefits	3,180
Accrued other operating expenses	57,206
Trustee deferred compensation and retirement plans	18,471
Total liabilities	48,514,283
Net assets applicable to common shares	\$ 127,544,337

**Net assets applicable to common shares consist of:**

Shares of beneficial interest common shares	\$ 139,421,884
Undistributed net investment income	(1,276,323)
Undistributed net realized gain (loss)	(9,454,597)
Net unrealized appreciation (depreciation)	(1,146,627)
	\$ 127,544,337

**Common shares outstanding, no par value,  
with an unlimited number of common shares authorized:**

Shares outstanding	8,118,429
Net asset value per share	\$ 15.71
Market value per share	\$ 13.66

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**17**                    **Invesco High Income Trust II**

**Statement of Operations***For the six months ended August 31, 2018**(Unaudited)*

<b>Investment income:</b>	
Interest (net of foreign withholding taxes of \$305)	\$ 5,150,384
Dividends	22,350
Dividends from affiliated money market funds	16,412
Total investment income	5,189,146
<b>Expenses:</b>	
Advisory fees	617,737
Administrative services fees	25,206
Custodian fees	6,358
Interest, facilities and maintenance fees	660,496
Transfer agent fees	17,665
Trustees and officers fees and benefits	11,219
Registration and filing fees	12,500
Reports to shareholders	12,374
Professional services fees	57,866
Other	27,479
Total expenses	1,448,900
Less: Fees waived	(824)
Net expenses	1,448,076
Net investment income	3,741,070
<b>Realized and unrealized gain (loss) from:</b>	
Net realized gain from:	
Investment securities	336,874
Foreign currencies	9,413
Forward foreign currency contracts	88,030
	434,317
Change in net unrealized appreciation (depreciation) of:	
Investment securities	(2,064,240)
Foreign currencies	(306)
Forward foreign currency contracts	9,371
	(2,055,175)
Net realized and unrealized gain (loss)	(1,620,858)
Net increase in net assets resulting from operations applicable to common shares	\$ 2,120,212

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**Statement of Changes in Net Assets**

*For the six months ended August 31, 2018 and the year ended February 28, 2018*

*(Unaudited)*

	<b>August 31, 2018</b>	<b>February 28, 2018</b>
<b>Operations:</b>		
Net investment income	\$ 3,741,070	\$ 7,583,480
Net realized gain	434,317	1,603,599
Change in net unrealized appreciation (depreciation)	(2,055,175)	(4,221,893)
Net increase in net assets resulting from operations applicable to common shares	2,120,212	4,965,186
Distributions to common shareholders from net investment income	(4,091,688)	(8,232,087)
Net increase (decrease) in net assets applicable to common shares	(1,971,476)	(3,266,901)
<b>Net assets:</b>		
Beginning of period	129,515,813	132,782,714
End of period (includes undistributed net investment income of \$(1,276,323) and \$(925,705), respectively)	\$ 127,544,337	\$ 129,515,813

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**Statement of Cash Flows***For the six months ended August 31, 2018**(Unaudited)***Cash provided by operating activities:**

Net increase in net assets resulting from operations	\$ 2,120,212
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**Adjustments to reconcile the change in net assets applicable to common shares from operations to net cash provided by operating activities:**

Purchases of investments	(35,419,647)
Proceeds from sales of investments	38,583,944
Net change in transactions in foreign currency contracts	(9,371)
Amortization of premium	326,216
Accretion of discount	(115,367)
Increase in receivables and other assets	(6,753)
Decrease in accrued expenses and other payables	(10,122)
Net realized gain from investment securities	(336,874)
Net change in unrealized depreciation on investment securities	2,064,240
Net cash provided by operating activities	7,196,478

**Cash provided by (used in) financing activities:**

Dividends paid to common shareholders from net investment income	(4,093,722)
Net cash provided by (used in) financing activities	(4,093,722)
Net increase in cash and cash equivalents	3,102,756
Cash and cash equivalents at beginning of period	907,637
Cash and cash equivalents at end of period	\$ 4,010,393

**Supplemental disclosure of cash flow information:**

Cash paid during the period for interest, facilities and maintenance fees	\$ 631,147
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**Notes to Financial Statements***August 31, 2018**(Unaudited)***NOTE 1 Significant Accounting Policies**

Invesco High Income Trust II (the "Trust") is a Delaware statutory trust registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as a diversified, closed-end management investment company.

The Trust's investment objective is to provide high current income, while seeking to preserve shareholders' capital, through investment in a professionally managed, diversified portfolio of income producing, fixed-income securities.

The Trust is an investment company and accordingly follows the investment company accounting and reporting guidance in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 946, *Financial Services - Investment Companies*.

The following is a summary of the significant accounting policies followed by the Trust in the preparation of its financial statements.

**A. Security Valuations** Securities, including restricted securities, are valued according to the following policy. Debt obligations (including convertible securities) and unlisted equities are fair valued using an evaluated quote provided by an independent pricing service. Evaluated quotes provided by the pricing service may be determined without exclusive reliance on quoted prices, and may reflect appropriate factors such as institution-size trading in similar groups of securities, developments related to specific securities, dividend rate (for unlisted equities), yield (for debt obligations), quality, type of issue, coupon rate (for debt obligations), maturity (for debt obligations), individual trading characteristics and other market data. Pricing services generally value debt obligations assuming orderly transactions of institutional round lot size, but a trust may hold or transact in the same securities in smaller, odd lot sizes. Odd lots often trade at lower prices than institutional round lots. Debt obligations are subject to interest rate and credit risks. In addition, all debt obligations involve some risk of default with respect to interest and/or principal payments.

Variable rate senior loan interests are fair valued using quotes provided by an independent pricing service. Quotes provided by the pricing service may reflect appropriate factors such as ratings, tranche type, industry, company performance, spread, individual trading characteristics, institution-size trading in similar groups of securities and other market data.

A security listed or traded on an exchange (except convertible securities) is valued at its last sales price or official closing price as of the close of the customary trading session on the exchange where the security is principally traded, or lacking any sales or official closing price on a particular day, the security may be valued at the closing bid price on that day. Securities traded in the over-the-counter market are valued based on prices furnished by independent pricing services or market makers. When such securities are valued by an independent pricing service they may be considered fair valued. Futures contracts are valued at the final settlement price set by an exchange on which they are principally traded. Listed options are valued at the mean between the last bid and asked prices from the exchange on which they are principally traded. Options not listed on an exchange are valued by an independent source at the mean between the last bid and asked prices. For purposes of determining net

asset value ( NAV ) per share, futures and option contracts generally are valued 15 minutes after the close of the customary trading session of the New York Stock Exchange ( NYSE ).

Investments in open-end and closed-end registered investment companies that do not trade on an exchange are valued at the end-of-day net asset value per share. Investments in open-end and closed-end registered investment companies that trade on an exchange are valued at the last sales price or official closing price as of the close of the customary trading session on the exchange where the security is principally traded.

Foreign securities (including foreign exchange contracts) prices are converted into U.S. dollar amounts using the applicable exchange rates as of the close of the NYSE. If market quotations are available and reliable for foreign exchange-traded equity securities, the securities will be valued at the market quotations. Because trading hours for certain foreign securities end before the close of the NYSE, closing market quotations may become unreliable. If between the time trading ends on a particular security and the close of the customary trading session on the NYSE, events occur that the investment adviser determines are significant and make the closing price unreliable, the Fund may fair value the security. If the event is likely to have affected the closing price of the security, the security will be valued at fair value in good faith using procedures approved by the Board of Trustees. Adjustments to closing prices to reflect fair value may also be based on a screening process of an independent pricing service to indicate the degree of certainty, based on historical data, that the closing price in the principal market where a foreign security trades is not the current value as of the close of the NYSE. Foreign securities prices meeting the approved degree of certainty that the price is not reflective of current value will be priced at the indication of fair value from the independent pricing service. Multiple factors may be considered by the independent pricing service in determining adjustments to reflect fair value and may include information relating to sector indices, American Depositary Receipts and domestic and foreign index futures. Foreign securities may have additional risks including exchange rate changes, potential for sharply devalued currencies and high inflation, political and economic upheaval, the relative lack of issuer information, relatively low market liquidity and the potential lack of strict financial and accounting controls and standards.

Securities for which market prices are not provided by any of the above methods may be valued based upon quotes furnished by independent sources. The last bid price may be used to value equity securities. The mean between the last bid and asked prices is used to value debt obligations, including corporate loans.

Securities for which market quotations are not readily available or became unreliable are valued at fair value as determined in good faith by or under the supervision of the Trust's officers following procedures approved by the Board of Directors. Issuer specific events, market trends, bid/asked quotes of brokers and information providers and other market data may be reviewed in the course of making a good faith determination of a security's fair value.

The Trust may invest in securities that are subject to interest rate risk, meaning the risk that the prices will generally fall as interest rates rise and, conversely, the prices will generally rise as interest rates fall. Specific securities differ in their sensitivity to changes in interest rates depending on their individual characteristics. Changes in interest rates may result in increased market volatility, which may affect the value and/or liquidity of certain Trust investments.

Valuations change in response to many factors including the historical and prospective earnings of the issuer, the value of the issuer's assets, general economic conditions, interest rates, investor perceptions and market liquidity. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

**B. Securities Transactions and Investment Income** Securities transactions are accounted for on a trade date basis. Realized gains or losses on sales are computed on the basis of specific identification of the securities sold. Interest income (net of withholding tax, if any) is recorded on the accrual basis from settlement date. Bond premiums and discounts are amortized and/or accreted over the lives of the respective securities. Pay-in-kind interest income and



non-cash dividend income received in the form of securities in-lieu of cash are recorded at the fair value of the securities received. Dividend income (net of withholding tax, if any) is recorded on the ex-dividend date.

The Trust may periodically participate in litigation related to Trust investments. As such, the Trust may receive proceeds from litigation settlements. Any proceeds received are included in the Statement of Operations as realized gain (loss) for investments no longer held and as unrealized gain (loss) for investments still held.

Brokerage commissions and mark ups are considered transaction costs and are recorded as an increase to the cost basis of securities purchased and/or a reduction of proceeds on a sale of securities. Such transaction costs are included in the determination of net realized and unrealized gain (loss) from investment securities reported in the Statement of Operations and the Statement of Changes in Net Assets and the net realized and unrealized gains (losses) on securities per share in the Financial Highlights. Transaction costs are included in the calculation of the Trust's net asset value and, accordingly, they reduce the Trust's total returns. These transaction costs are not considered operating expenses and are not reflected in net investment income reported in the Statement of Operations and the Statement of Changes in Net Assets, or the net investment income per share and the ratios of expenses and net investment income reported in the Financial Highlights, nor are they limited by any expense limitation arrangements between the Trust and the investment adviser.

**C. Country Determination** For the purposes of making investment selection decisions and presentation in the Schedule of Investments, the investment adviser may determine the country in which an issuer is located and/or credit risk exposure based on various factors. These factors include the laws of the country under which the issuer is organized, where the issuer maintains a principal office, the country in which the issuer derives 50% or more of its total revenues and the country that has the primary market for the issuer's securities, as well as other criteria. Among the other criteria that may be evaluated for making this determination are the country in which the issuer maintains 50% or more of its assets, the type of security, financial guarantees and enhancements, the nature of the collateral and the sponsor organization. Country of issuer and/or credit risk exposure has been determined to be the United States of America, unless otherwise noted.

**D. Distributions** Effective August 1, 2018, the Trust has adopted a Managed Distribution Plan (the Plan) whereby the Trust pays a monthly dividend to common shareholders at a stated fixed monthly distribution amount based on a distribution rate of 8.5% of the market price per share on August 1, 2018, commencing with the September 2018 distribution. The Plan is intended to provide shareholders with a consistent, but not guaranteed, periodic cash payment from the Trust, regardless of when or whether income is earned or capital gains are realized. If sufficient income is not available for a monthly distribution, the Trust will distribute long-term capital gains and/or return of capital in order to maintain its managed distribution level under the Plan. The Plan may be amended or terminated at any time by the Board. Distributions are declared and paid monthly, and recorded on the ex-dividend date.

Prior to September 1, 2018, distributions from net investment income were declared and paid monthly. Distributions from net realized capital gain, if any, were generally declared and paid annually and recorded on the ex-dividend date.

**E. Federal Income Taxes** The Trust intends to comply with the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code ) necessary to qualify as a regulated investment company and to distribute substantially all of the Trust's taxable earnings to shareholders. As such, the Trust will not be subject to federal income taxes on otherwise taxable income (including net realized capital gain) that is distributed to shareholders. Therefore, no provision for federal income taxes is recorded in the financial statements.

The Trust recognizes the tax benefits of uncertain tax positions only when the position is more likely than not to be sustained. Management has analyzed the Trust's uncertain tax positions and concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions. Management is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next 12 months.

The Trust files tax returns in the U.S. Federal jurisdiction and certain other jurisdictions. Generally, the Trust is subject to examinations by such taxing authorities for up to three years after the filing of the return for the tax period.

**F. Accounting Estimates** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ( GAAP ) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period including estimates and assumptions related to taxation. Actual results could differ from those estimates by a significant amount. In addition, the Trust monitors for material events or transactions that may occur or become known after the period-end date and before the date the financial statements are released to print.

**G. Indemnifications** Under the Trust's organizational documents, each Trustee, officer, employee or other agent of the Trust is indemnified against certain liabilities that may arise out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust enters into contracts, including the Trust's servicing agreements, that contain a variety of indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. The risk of material loss as a result of such indemnification claims is considered remote.

**H. Cash and Cash Equivalents** For the purposes of the Statement of Cash Flows, the Trust defines Cash and Cash Equivalents as cash (including foreign currency), money market funds and other investments held in lieu of cash and excludes investments made with cash collateral received.

**I. Interest, Facilities and Maintenance Fees** Interest, Facilities and Maintenance Fees include interest and related borrowing costs such as commitment fees and other expenses associated with lines of credit and interest and administrative expenses related to establishing and maintaining the credit agreement.

**J. Securities Purchased on a When-Issued and Delayed Delivery Basis** The Trust may purchase and sell interests in corporate loans and corporate debt securities and other portfolio securities on a when-issued and delayed delivery basis, with payment and delivery scheduled for a future date. No income accrues to the Trust on such interests or securities in connection with such transactions prior to the date the Trust actually takes delivery of such interests or securities. These transactions are subject to market fluctuations and are subject to the risk that the value at delivery may be more or less than the trade date purchase price. Although the Trust will generally purchase these securities with the intention of acquiring such securities, they may sell such securities prior to the settlement date.

**K. Foreign Currency Translations** Foreign currency is valued at the close of the NYSE based on quotations posted by banks and major currency dealers. Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at date of valuation. Purchases and sales of portfolio securities (net of foreign taxes withheld on disposition) and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Trust does not separately account for the

portion of the results of operations resulting from changes in foreign exchange rates on investments and the fluctuations arising from changes in market prices of securities held. The combined results of changes in foreign exchange rates and the fluctuation of market prices on investments (net of estimated foreign tax withholding) are included with the net realized and unrealized gain or loss from investments in the Statement of Operations.

Reported net realized foreign currency gains or losses arise from (1) sales of foreign currencies, (2) currency gains or losses realized between the trade and settlement dates on securities transactions, and (3) the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Trust's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign currency gains and losses arise from changes in the fair values of assets and liabilities, other than investments in securities at fiscal period end, resulting from changes in exchange rates.

The Trust may invest in foreign securities, which may be subject to foreign taxes on income, gains on investments or currency repatriation, a portion of which may be recoverable. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Trust invests and are shown in the Statement of Operations.

**L. Forward Foreign Currency Contracts** The Trust may engage in foreign currency transactions either on a spot (i.e. for prompt delivery and settlement) basis, or through forward foreign currency contracts, to manage or minimize currency or exchange rate risk.

The Trust may also enter into forward foreign currency contracts for the purchase or sale of a security denominated in a foreign currency in order to lock in the U.S. dollar price of that security, or the Trust may also enter into forward foreign currency contracts that do not provide for physical settlement of the two currencies, but instead are settled by a single cash payment calculated as the difference between the agreed upon exchange rate and the spot rate at settlement based upon an agreed upon notional amount (non-deliverable forwards). The Trust will set aside liquid assets in an amount equal to the daily mark-to-market obligation for forward foreign currency contracts.

A forward foreign currency contract is an obligation between two parties ( Counterparties ) to purchase or sell a specific currency for an agreed-upon price at a future date. The use of forward foreign currency contracts does not eliminate fluctuations in the price of the underlying securities the Trust owns or intends to acquire but establishes a rate of exchange in advance. Fluctuations in the value of these contracts are measured by the difference in the contract date and reporting date exchange rates and are recorded as unrealized appreciation (depreciation) until the contracts are closed. When the contracts are closed, realized gains (losses) are recorded. Realized and unrealized gains (losses) on the contracts are included in the Statement of Operations. The primary risks associated with forward foreign currency contracts include failure of the

Counterparty to meet the terms of the contract and the value of the foreign currency changing unfavorably. These risks may be in excess of the amounts reflected in the Statement of Assets and Liabilities.

**M. Leverage Risk** The Trust may utilize leverage to seek to enhance the yield of the Trust by borrowing. There are risks associated with borrowing in an effort to increase the yield and distributions on the shares, including that the costs of the financial leverage may exceed the income from investments made with such leverage, the higher volatility of the net asset value of the shares, and that fluctuations in the interest rates on the borrowing may affect the yield and distributions to the shareholders. There can be no assurance that the Trust's leverage strategy will be successful.

**N. Bank Loan Risk** Although the resale, or secondary market for floating rate loans has grown substantially over the past decade, both in overall size and number of market participants, there is no organized exchange or board of trade on which floating rate loans are traded. Instead, the secondary market for floating rate loans is a private, unregulated interdealer or interbank resale market. Such a market may therefore be subject to irregular trading activity, wide bid/ask spreads, and extended trade settlement periods, which may impair the Trust's ability to sell bank loans within its desired time frame or at an acceptable price and its ability to accurately value existing and prospective investments. Extended trade settlement periods may result in cash not being immediately available to the Trust. As a result, the Trust may have to sell other investments or engage in borrowing transactions to raise cash to meet its obligations. Similar to other asset classes, bank loan funds may be exposed to counterparty credit risk, or the risk that an entity with which the Trust has unsettled or open transactions may fail to or be unable to perform on its commitments. The Trust seeks to manage counterparty credit risk by entering into transactions only with counterparties that it believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties.

**O. Other Risks** The Trust may invest in lower-quality debt securities, i.e., junk bonds. Investments in lower-rated securities or unrated securities of comparable quality tend to be more sensitive to economic conditions than higher rated securities. Junk bonds involve a greater risk of default by the issuer because such securities are generally unsecured and are often subordinated to other creditors' claim.

#### **NOTE 2 Advisory Fees and Other Fees Paid to Affiliates**

The Trust has entered into a master investment advisory agreement with Invesco Advisers, Inc. (the Adviser or Invesco). Under the terms of the investment advisory agreement, the Trust accrues daily and pays monthly an advisory fee to the Adviser based on the annual rate of 0.70% of the Trust's average daily managed assets. Managed assets for this purpose means the Trust's net assets, plus assets attributable to outstanding preferred shares and the amount of any borrowings incurred for the purpose of leverage (whether or not such borrowed amounts are reflected in the Trust's financial statements for purposes of GAAP).

Under the terms of a master sub-advisory agreement between the Adviser and each of Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Canada Ltd. (collectively, the Affiliated Sub-Advisers) the Adviser, not the Trust, will pay 40% of the fees paid to the Adviser to any such Affiliated Sub-Adviser(s) that provide(s) discretionary investment management services to the Trust based on the percentage of assets allocated to such Affiliated Sub-Adviser(s).

The Adviser has contractually agreed, through at least June 30, 2020, to waive the advisory fee payable by the Trust in an amount equal to 100% of the net advisory fees the Adviser receives from the affiliated money market funds on investments by the Trust of uninvested cash in such affiliated money market funds.

For the six months ended August 31, 2018, the Adviser waived advisory fees of \$824.

The Trust has entered into a master administrative services agreement with Invesco pursuant to which the Trust has agreed to pay Invesco for certain administrative costs incurred in providing accounting services to the Trust. For the

six months ended August 31, 2018, expenses incurred under this agreement are shown in the Statement of Operations as *Administrative services fees*.

Certain officers and trustees of the Trust are officers and directors of Invesco.

### **NOTE 3 Additional Valuation Information**

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under current market conditions. GAAP establishes a hierarchy that prioritizes the inputs to valuation methods, giving the highest priority to readily available unadjusted quoted prices in an active market for identical assets (Level 1) and the lowest priority to significant unobservable inputs (Level 3), generally when market prices are not readily available or are unreliable. Based on the valuation inputs, the securities or other investments are tiered into one of three levels. Changes in valuation methods may result in transfers in or out of an investment's assigned level:

- Level 1 Prices are determined using quoted prices in an active market for identical assets.
- Level 2 Prices are determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, yield curves, loss severities, default rates, discount rates, volatilities and others.
- Level 3 Prices are determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Trust's own assumptions about the factors market participants would use in determining fair value of the securities or instruments and would be based on the best available information.

The following is a summary of the tiered valuation input levels, as of August 31, 2018. The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

The Trust's policy is to recognize transfers in and out of the valuation levels as of the end of the reporting period. During the six months ended August 31, 2018, there were no material transfers between valuation levels.

	Level 1	Level 2	Level 3	Total
<b>Investments in Securities</b>				
U.S. Dollar Denominated Bonds & Notes	\$	\$ 163,635,639	\$ 0	\$ 163,635,639
Non-U.S. Dollar Denominated Bonds & Notes		2,272,859		2,272,859
Variable Rate Senior Loan Interests		1,456,547	540,000	1,996,547
Preferred Stocks	772,410	114,712		887,122
Money Market Funds	3,817,771			3,817,771
<b>Total Investments in Securities</b>	<b>4,590,181</b>	<b>167,479,757</b>	<b>540,000</b>	<b>172,609,938</b>
<b>Other Investments Assets*</b>				
Forward Foreign Currency Contracts		19,018		19,018
<b>Other Investments Liabilities*</b>				
Forward Foreign Currency Contracts		(1,518)		(1,518)
<b>Total Other Investments</b>		<b>17,500</b>		<b>17,500</b>
<b>Total Investments</b>	<b>\$ 4,590,181</b>	<b>\$ 167,497,257</b>	<b>\$ 540,000</b>	<b>\$ 172,627,438</b>

\*Unrealized appreciation (depreciation).

#### NOTE 4 Derivative Investments

The Trust may enter into an International Swaps and Derivatives Association Master Agreement ( ISDA Master Agreement ) under which a trust may trade OTC derivatives. An OTC transaction entered into under an ISDA Master Agreement typically involves a collateral posting arrangement, payment netting provisions and close-out netting provisions. These netting provisions allow for reduction of credit risk through netting of contractual obligations. The enforceability of the netting provisions of the ISDA Master Agreement depends on the governing law of the ISDA Master Agreement, among other factors.

For financial reporting purposes, the Trust does not offset OTC derivative assets or liabilities that are subject to ISDA Master Agreements in the Statement of Assets and Liabilities.

#### Value of Derivative Investments at Period-End

The table below summarizes the value of the Trust's derivative investments, detailed by primary risk exposure, held as of August 31, 2018:

	Value Currency Risk
<b>Derivative Assets</b>	
Unrealized appreciation on forward foreign currency contracts outstanding	\$ 19,018
Total Derivative Assets	19,018
Derivatives not subject to master netting agreements	
Total Derivative Assets subject to master netting agreements	\$ 19,018
	<b>Value</b>

	<b>Currency Risk</b>
<b>Derivative Liabilities</b>	
Unrealized depreciation on forward foreign currency contracts outstanding	\$ (1,518)
Total Derivative Liabilities	(1,518)
Derivatives not subject to master netting agreements	
Total Derivative Liabilities subject to master netting agreements	\$ (1,518)
<b>Offsetting Assets and Liabilities</b>	

The table below reflects the Trust's exposure to Counterparties subject to either an ISDA Master Agreement or other agreement for OTC derivative transactions as of August 31, 2018.

<b>Counterparty</b>	<b>Financial Derivative Assets Forward Foreign Currency Contracts</b>	<b>Financial Derivative Liabilities Forward Foreign Currency Contracts</b>	<b>Net Value of Derivatives</b>	<b>Collateral (Received)/Pledged</b>		<b>Net Amount</b>
				<b>Non-Cash</b>	<b>Cash</b>	
Barclays Bank PLC	\$ 19,018	\$	\$ 19,018	\$	\$	\$ 19,018
CIBC World Markets Corp.		(1,518)	(1,518)			(1,518)
Total	\$ 19,018	\$ (1,518)	\$ 17,500	\$	\$	\$ 17,500

**Effect of Derivative Investments for the six months ended August 31, 2018**

The table below summarizes the gains (losses) on derivative investments, detailed by primary risk exposure, recognized in earnings during the period:

	<b>Location of Gain on Statement of Operations Currency</b>	<b>Risk</b>
<b>Realized Gain:</b>		
Forward foreign currency contracts	\$	88,030
<b>Change in Net Unrealized Appreciation:</b>		
Forward foreign currency contracts		9,371
<b>Total</b>	<b>\$</b>	<b>97,401</b>

The table below summarizes the average notional value of forward foreign currency contracts outstanding during the period.

	<b>Forward Foreign Currency Contracts</b>
Average notional value	\$ 2,304,778

**NOTE 5 Trustees and Officers Fees and Benefits**

*Trustees and Officers Fees and Benefits* include amounts accrued by the Trust to pay remuneration to certain Trustees and Officers of the Trust. Trustees have the option to defer compensation payable by the Trust, and *Trustees and Officers Fees and Benefits* includes amounts accrued by the Trust to fund such deferred compensation amounts.

**NOTE 6 Cash Balances and Borrowings**

The Trust entered into a \$60 million Credit Agreement, which will expire on November 16, 2018. This Credit Agreement is secured by the assets of the Trust.

During the six months ended August 31, 2018, the average daily balance of borrowing under the Credit Agreement was \$47,550,000 with a weighted interest rate of 2.67%. The carrying amount of the Trust's payable for borrowings as reported on the Statement of Assets and Liabilities approximates its fair value. Expenses under the Credit Agreement are shown in the Statement of Operations as *Interest, facilities and maintenance fees*.

Additionally, the Trust is permitted to temporarily carry a negative or overdrawn balance in its account with State Street Bank and Trust Company (SSB), the custodian bank. Such balances, if any at period-end, are shown in the Statement of Assets and Liabilities under the payable caption *Amount due custodian*. To compensate the custodian bank for such overdrafts, the overdrawn Trust may either (1) leave funds as a compensating balance in the account so the custodian bank can be compensated by earning the additional interest; or (2) compensate by paying the custodian bank at a rate agreed upon by the custodian bank and Invesco, not to exceed the contractually agreed upon rate.



**NOTE 7 Tax Information**

The amount and character of income and gains to be distributed are determined in accordance with income tax regulations, which may differ from GAAP. Reclassifications are made to the Trust's capital accounts to reflect income and gains available for distribution (or available capital loss carryforward) under income tax regulations. The tax character of distributions paid during the year and the tax components of net assets will be reported at the Trust's fiscal year-end.

Capital loss carryforward is calculated and reported as of a specific date. Results of transactions and other activity after that date may affect the amount of capital loss carryforward actually available for the Trust to utilize. Capital losses generated in years beginning after December 22, 2010 can be carried forward for an unlimited period, whereas previous losses expire in eight tax years. Capital losses with an expiration period may not be used to offset capital gains until all net capital losses without an expiration date have been utilized. Capital loss carryforwards with no expiration date will retain their character as either short-term or long-term capital losses instead of as short-term capital losses as under prior law. The ability to utilize capital loss carryforwards in the future may be limited under the Internal Revenue Code and related regulations based on the results of future transactions.

The Trust had a capital loss carryforward as of February 28, 2018 as follows:

<b>Expiration</b>	<b>Capital Loss Carryforward*</b>		
	<b>Short-Term</b>	<b>Long-Term</b>	<b>Total</b>
Not subject to expiration	\$ 4,490,327	\$ 5,392,026	\$ 9,882,353

\*Capital loss carryforward as of the date listed above is reduced for limitations, if any, to the extent required by the Internal Revenue Code and may be further limited depending upon a variety of factors, including the realization of net unrealized gains or losses as of the date of any reorganization.

**NOTE 8 Investment Transactions**

The aggregate amount of investment securities (other than short-term securities, U.S. Treasury obligations and money market funds, if any) purchased and sold by the Trust during the six months ended August 31, 2018 was \$35,852,457 and \$38,579,127, respectively. Cost of investments, including any derivatives, on a tax basis includes the adjustments for financial reporting purposes as of the most recently completed federal income tax reporting period-end.

**Unrealized Appreciation (Depreciation) of Investments on a Tax Basis**

Aggregate unrealized appreciation of investments	\$ 2,720,484
Aggregate unrealized (depreciation) of investments	(4,783,848)
Net unrealized appreciation (depreciation) of investments	\$ (2,063,364)

Cost of investments for tax purposes is \$174,690,802.

**NOTE 9 Common Shares of Beneficial Interest**

Transactions in common shares of beneficial interest were as follows:

	Six months ended August 31, 2018	Year ended February 28, 2018
Beginning shares	8,118,429	8,118,429
Shares issued through dividend reinvestment		
Ending shares	8,118,429	8,118,429

The Trust may, when appropriate, purchase shares in the open market or in privately negotiated transactions at a price not above market value or net asset value, whichever is lower at the time of purchase.

**NOTE 10 Dividends**

The Trust declared the following dividends to common shareholders from net investment income subsequent to August 31, 2018:

Declaration Date	Amount per Share	Record Date	Payable Date
September 4, 2018	\$ 0.0964	September 14, 2018	September 28, 2018
October 1, 2018	\$ 0.0964	October 16, 2018	October 31, 2018

**NOTE 11 Financial Highlights**

The following schedule presents financial highlights for a share of the Trust outstanding throughout the periods indicated.

	Six months ended		Year ended		Years ended February	
	August 31,	Years ended February 28,	February 29,	February 28,		
	2018	2018	2017	2016	2015	2014
Net asset value per common share, beginning of period	\$ 15.95	\$ 16.36	\$ 14.37	\$ 17.11	\$ 17.88	\$ 17.51
Net investment income <sup>(a)</sup>	0.46	0.93	1.08	1.14	1.18	1.28
Net gains (losses) on securities (both realized and unrealized)	(0.20)	(0.33)	2.04	(2.64)	(0.66)	0.46
Total from investment operations	0.26	0.60	3.12	(1.50)	0.52	1.74
Less: Dividends paid to common shareholders from net investment income	(0.50)	(1.01)	(1.07)	(1.15)	(1.29)	(1.37)
Less: Return of capital			(0.06)	(0.09)		
Net asset value per common share, end of period	\$ 15.71	\$ 15.95	\$ 16.36	\$ 14.37	\$ 17.11	\$ 17.88
Market value per common share, end of period	\$ 13.66	\$ 14.04	\$ 14.66	\$ 12.61	\$ 15.29	\$ 16.65
Total return at net asset value <sup>(b)</sup>	2.19%	4.42%	23.29%	(8.09)%	3.73%	10.95%
Total return at market value <sup>(c)</sup>	0.94%	2.57%	25.90%	(9.74)%	(0.46)%	0.34%
Net assets applicable to common shares, end of period (000 s omitted)	\$ 127,544	\$ 129,516	\$ 132,783	\$ 116,643	\$ 138,940	\$ 145,197
Portfolio turnover rate <sup>(d)</sup>	21%	38%	91%	87%	99%	74%
<b>Ratios/supplemental data based on average net assets applicable to common shares:</b>						
Ratio of expenses:						
With fee waivers and/or expense reimbursements	2.25% <sup>(e)</sup>	1.95%	1.71%	1.67%	1.49%	1.54%
With fee waivers and/or expense reimbursements excluding interest, facilities and maintenance fees	1.22% <sup>(e)</sup>	1.15%	1.14%	1.21%	1.11%	1.13%
	2.25% <sup>(e)</sup>	1.95%	1.72%	1.67%	1.53%	1.63%

Without fee waivers and/or expense reimbursements						
Ratio of net investment income to average net assets	5.82% <sup>(e)</sup>	5.73%	6.85% <sup>(f)</sup>	7.13%	6.81%	7.36%
Senior Securities:						
Asset coverage per \$1,000 unit of senior indebtedness <sup>(g)</sup>	\$ 3,682	\$ 3,724	\$ 3,792	\$ 3,453	\$ 3,749	\$ 3,872
Total borrowings (000 s omitted)	\$ 47,550	\$ 47,550	\$ 47,550	\$ 47,550	\$ 50,550	\$ 50,550

(a) Calculated using average shares outstanding.

(b) Includes adjustments in accordance with accounting principles generally accepted in the United States of America and as such, the net asset value for financial reporting purposes and the returns based upon those net asset values may differ from the net asset value and returns for shareholder transactions. Not annualized for periods less than one year, if applicable.

(c) Total return assumes an investment at the common share market price at the beginning of the period indicated, reinvestment of all distributions for the period in accordance with the Trust's dividend reinvestment plan, and sale of all shares at the closing common share market price at the end of the period indicated. Not annualized for periods less than one year, if applicable.

(d) Portfolio turnover is not annualized for periods less than one year, if applicable.

(e) Ratios are annualized and based on average daily net assets applicable to common shares (000 s omitted) of \$127,507.

(f) Amount includes the effect of insurance settlement proceeds received related to Auction Rate Preferred Shares previously issued by the Trust. The ratio of net investment income excluding these payments would have been 6.66%.

(g) Calculated by subtracting the Trust's total liabilities (not including the Borrowings) from the Trust's total assets and dividing by the total number of senior indebtedness units, where one unit equals \$1,000 of senior indebtedness.

## **Approval of Investment Advisory and Sub-Advisory Contracts**

At the meetings held on June 5-6, 2018, the Board of Trustees (the Board or the Trustees) of Invesco High Income Trust II (the Fund) as a whole, and the independent Trustees, who comprise over 75% of the Board, voting separately, approved the continuance of the Fund's Master Investment Advisory Agreement with Invesco Advisers, Inc. (Invesco Advisers and the investment advisory agreement) and the Master Intergroup Sub-Advisory Contract for Mutual Funds with Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Canada Ltd. (collectively, the Affiliated Sub-Advisers and the sub-advisory contracts) for another year, effective July 1, 2018. After evaluating the factors discussed below, among others, the Board approved the renewal of the Fund's investment advisory agreement and the sub-advisory contracts and determined that the compensation payable by the Fund to Invesco Advisers and by Invesco Advisers to the Affiliated Sub-Advisers is fair and reasonable.

### **The Board's Evaluation Process**

The Board's Investments Committee has established three Sub-Committees, which meet throughout the year to review the performance of funds advised by Invesco Advisers (the Invesco Funds). Over the course of each year, the Sub-Committees meet with portfolio managers for their assigned Invesco Funds and other members of management to review detailed information about investment performance and portfolio attributes of these funds. The Board took into account evaluations and reports that it received from the Investments Committee and Sub-Committees, as well as the information provided to such committees and the Board throughout the year, in considering whether to approve each Invesco Fund's investment advisory agreement and sub-advisory contracts.

As part of the contract renewal process, the Board reviews and considers information provided in response to detailed requests for information submitted to management by the independent Trustees with assistance from legal counsel to the independent Trustees. The Board receives comparative investment performance and fee data regarding the Invesco Funds prepared by Invesco Advisers and Broadridge Financial Solutions, Inc. (Broadridge), an independent mutual fund data provider. The Board also receives an independent written evaluation from the Senior Officer, an officer of the Invesco Funds who reports directly to the independent Trustees. The Senior Officer's evaluation is prepared as part of his responsibility to manage the process by which the Invesco Funds' proposed management fees are negotiated during the annual contract

renewal process to ensure they are negotiated in a manner that is at arms' length and reasonable. In addition to meetings with Invesco Advisers and fund counsel throughout the year, the independent Trustees also discuss the continuance of the investment advisory agreement and sub-advisory contracts in separate sessions with the Senior Officer and with independent legal counsel.

The discussion below is a summary of the Senior Officer's independent written evaluation with respect to the Fund's investment advisory agreement, as well as a discussion of the material factors and related conclusions that formed the basis for the Board's approval of the Fund's investment advisory agreement and sub-advisory contracts. The Trustees' review and conclusions are based on the comprehensive consideration of all information presented to them during the course of the year and in prior years and are not the result of any single determinative factor. Moreover, one Trustee may have weighed a particular piece of information or factor differently than another Trustee. This information is current as of June 6, 2018.

### **Factors and Conclusions and Summary of Independent Written Fee Evaluation**

#### *A. Nature, Extent and Quality of Services Provided by Invesco Advisers and the Affiliated Sub-Advisers*

The Board reviewed the nature, extent and quality of the advisory services provided to the Fund by Invesco Advisers under the Fund's investment advisory agreement, and the credentials and experience of the officers and employees of Invesco Advisers who provide these services, including the Fund's portfolio manager(s). The Board's review included consideration of Invesco Advisers' investment process oversight and structure, credit analysis and investment risk management. The Board also considered non-advisory services that Invesco Advisers and its affiliates provide to the Invesco Funds such as various back office support functions, third party oversight, internal audit, valuation, portfolio trading and legal and compliance. The Board also reviewed and considered the benefits to shareholders of investing in a fund that is part of the Invesco family of funds under the umbrella of Invesco Ltd., Invesco Advisers' parent company, and noted Invesco Ltd.'s depth and experience in conducting an investment management business, as well as its commitment of financial and other resources to such business. The Board concluded that the nature, extent and quality of the services provided to the Fund by Invesco Advisers are appropriate and satisfactory.

The Board reviewed the services that may be provided by the Affiliated Sub-Advisers under the sub-advisory contracts and the credentials

and experience of the officers and employees of the Affiliated Sub-Advisers who provide these services. The Board noted the Affiliated Sub-Advisers' expertise with respect to certain asset classes and that the Affiliated Sub-Advisers have offices and personnel that are located in financial centers around the world. As a result, the Board noted that the Affiliated Sub-Advisers can provide research and investment analysis on the markets and economies of various countries in which the Fund may invest, make recommendations regarding securities and assist with security trades. The Board concluded that the sub-advisory contracts may benefit the Fund and its shareholders by permitting Invesco Advisers to use the resources and talents of the Affiliated Sub-Advisers in managing the Fund. The Board concluded that the nature, extent and quality of the services that may be provided by the Affiliated Sub-Advisers are appropriate and satisfactory.

#### *B. Fund Investment Performance*

The Board considered Fund investment performance as a relevant factor in considering whether to approve the investment advisory agreement as well as the sub-advisory contracts for the Fund, as Invesco Canada Ltd. currently manages assets of the Fund.

The Board compared the Fund's investment performance over multiple time periods ending December 31, 2017 to the performance of funds in the Broadridge performance universe and against the Lipper Closed-End Leveraged High Yield Bond Funds Index. The Board noted that the Fund's performance was in the fourth quintile of its performance universe for the one year period and the third quintile for the three and five year periods (the first quintile being the best performing funds and the fifth quintile being the worst performing funds). The Board noted that the Fund's performance was reasonably comparable to the performance of the Index for the one, three and five year periods. The Board noted that the Fund's defensive posture and cash position detracted from Fund performance. The Trustees also reviewed more recent Fund performance and this review did not change their conclusions. The Board also reviewed supplementally historic premium and discount levels of the Fund as provided to the Board at meetings throughout the year.

#### *C. Advisory and Sub-Advisory Fees and Fund Expenses*

The Board compared the Fund's contractual management fee rate to the contractual management fee rates of funds in the Fund's Broadridge expense group. The Board noted that the contractual management fee rate for shares of the Fund was below the median contractual management fee rate of funds in its expense group. The Board noted that the term contractual management fee for funds in the

expense group may include both advisory and certain non-portfolio management administrative services fees, but that Broadridge does not provide information on a fund by fund basis as to what is included. The Board also reviewed the methodology used by Broadridge in providing expense group information, which includes using each fund's contractual management fee schedule (including any applicable breakpoints) as reported in the most recent audited annual reports for each fund in the expense group. The Board also considered comparative information regarding the Fund's total expense ratio and its various components.

The Board also considered the fees charged by Invesco Advisers and the Affiliated Sub-Advisers to other similarly managed client accounts. The Board noted that Invesco Advisers or the Affiliated Sub-Advisers may charge lower fees to large institutional clients. Invesco Advisers reviewed with the Board differences in the scope of services it provides to the Invesco Funds relative to certain other types of client accounts, including management of cash flows as a result of redemptions and purchases, necessary infrastructure such as officers, office space, technology, legal and distribution, oversight of service providers, costs and business risks associated with launching new funds and sponsoring and maintaining the product line, preparation of financial information and compliance with federal and state laws and regulations.

The Board also considered the services that may be provided by the Affiliated Sub-Advisers pursuant to the sub-advisory contracts, as well as the fees payable by Invesco Advisers to the Affiliated Sub-Advisers pursuant to the sub-advisory contracts. The Board noted that Invesco Advisers retains overall responsibility for, and provides services to, sub-advised Invesco Funds, including oversight of the Affiliated Sub-Advisers as well as the additional services described herein other than day-to-day portfolio management.

#### *D. Economies of Scale and Breakpoints*

The Board noted that most closed-end funds do not have fund level breakpoints because closed-end funds generally do not experience substantial asset growth after the initial public offering. The Board noted that the Fund does not benefit from economies of scale through contractual breakpoints, but does share directly in economies of scale through lower fees charged by third party service providers based on the combined size of the Invesco Funds. The Board noted that the Fund may also benefit from economies of scale through initial fee setting, fee waivers and expense reimbursements.

#### *E. Profitability and Financial Resources*

The Board reviewed information from Invesco Advisers concerning the costs of the advisory and other services that Invesco Advisers and its affiliates provide to the Fund and the Invesco Funds and the profitability of Invesco Advisers and its affiliates in providing these services. The

Board considered the methodology used for calculating profitability and noted the periodic review of such methodology by an independent consultant. The Board noted that Invesco Advisers continues to operate at a net profit from services Invesco Advisers and its affiliates provide to the Invesco Funds and the Fund. The Board did not deem the level of profits realized by Invesco Advisers and its affiliates from providing services to the Fund to be excessive given the nature, extent and quality of the services provided. The Board received information from Invesco Advisers demonstrating that Invesco Advisers and the Affiliated Sub-Advisers are financially sound and have the resources necessary to perform their obligations under the investment advisory agreement and sub-advisory contracts.

#### *F. Collateral Benefits to Invesco Advisers and its Affiliates*

The Board considered various other benefits received by Invesco Advisers and its affiliates from the relationship with the Fund. The Board considered the organizational structure employed to provide these services.

The Board considered that the Fund's uninvested cash may be invested in money market funds advised by Invesco Advisers pursuant to procedures approved by the Board. The Board noted that Invesco Advisers receives advisory fees from these affiliated money market funds attributable to such investments, although Invesco Advisers has

contractually agreed to waive through varying periods the advisory fees payable by the Invesco Funds with respect to investments in the affiliated money market funds. The waiver is in an amount equal to 100% of the net advisory fee Invesco Advisers receives from the affiliated money market funds with respect to the Fund's investment in the affiliated money market funds of uninvested cash.

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**Invesco High Income Trust II**



**Proxy Results**

A Joint Annual Meeting ( Meeting ) of Shareholders of Invesco High Income Trust II (the Fund ) was held on August 9, 2018. The Meeting was held for the following purpose:

(1). Election of Trustees by Common Shareholders.

The results of the voting on the above matter were as follows:

<b>Matter</b>	<b>Votes</b>	
	<b>Votes For</b>	<b>Withheld</b>
(1). Bruce L. Crockett	5,481,028	2,060,874
Jack M. Fields	5,480,997	2,060,905
Martin L. Flanagan	5,482,682	2,059,220
Robert C. Troccoli	5,482,713	2,059,189

### **Correspondence information**

Send general correspondence to Computershare Trust Company, N.A., P.O. Box 505000, Louisville, KY 40233-5000.

### **Trust holdings and proxy voting information**

The Trust provides a complete list of its holdings four times in each fiscal year, at the quarter ends. For the second and fourth quarters, the lists appear in the Trust's semiannual and annual reports to shareholders. For the first and third quarters, the Trust files the lists with the Securities and Exchange Commission (SEC) on Forms N-Q (or any successor Form). The most recent list of portfolio holdings is available at [invesco.com/us](http://invesco.com/us). Shareholders can also look up the Trust's Forms N-Q (or any successor Form) on the SEC website at [sec.gov](http://sec.gov). Copies of the Trust's Forms N-Q (or any successor Form) may be reviewed and copied at the SEC Public Reference Room in Washington, D.C. You can obtain information on the operation of the Public Reference Room, including information about duplicating fee charges, by calling 202 551 8090 or 800 732 0330, or by electronic request at the following email address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov). The SEC file number for the Trust is shown below.

A description of the policies and procedures that the Trust uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, from our Client Services department at 800 341 2929 or at [invesco.com/proxyguidelines](http://invesco.com/proxyguidelines). The information is also available on the SEC website, [sec.gov](http://sec.gov).

Information regarding how the Trust voted proxies related to its portfolio securities during the most recent 12-month period ended June 30 is available at [invesco.com/proxysearch](http://invesco.com/proxysearch). In addition, this information is available on the SEC website at [sec.gov](http://sec.gov).

SEC file number: 811-05769

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ITEM 2. CODE OF ETHICS.

Not required for a semi-annual report.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

PricewaterhouseCoopers LLP ( PwC ) informed the Trust that it has identified an issue related to its independence under Rule 2-01(c)(1)(ii)(A) of Regulation S-X (referred to as the Loan Rule). The Loan Rule prohibits accounting firms, such as PricewaterhouseCoopers LLP, from being deemed independent if they have certain financial relationships with their audit clients or certain affiliates of those clients. The Trust is required under various securities laws to have its financial statements audited by an independent accounting firm.

The Loan Rule specifically provides that an accounting firm would not be independent if it or certain affiliates and covered persons receives a loan from a lender that is a record or beneficial owner of more than ten percent of an audit client's equity securities (referred to as a more than ten percent owner ). For purposes of the Loan Rule, audit clients include the Funds as well as all registered investment companies advised by the Adviser and its affiliates, including other subsidiaries of the Adviser's parent company, Invesco Ltd. (collectively, the Invesco Fund Complex). PricewaterhouseCoopers LLP informed the Trust it and certain affiliates and covered persons have relationships with lenders who hold, as record owner, more than ten percent of the shares of certain funds within the Invesco Fund Complex, which may implicate the Loan Rule.

On June 20, 2016, the SEC Staff issued a no-action letter to another mutual fund complex (see Fidelity Management & Research Company et al., No-Action Letter) related to the audit independence issue described above. In that letter, the SEC confirmed that it would not recommend enforcement action against a fund that relied on audit services performed by an audit firm that was not in compliance with the Loan Rule in certain specified circumstances. In connection with prior independence determinations, PricewaterhouseCoopers LLP communicated, as contemplated by the no-action letter, that it believes that it remains objective and impartial and that a reasonable investor possessing all the facts would conclude that PricewaterhouseCoopers LLP is able to exhibit the requisite objectivity and impartiality to report on the Funds' financial statements as the independent registered public accounting firm. PricewaterhouseCoopers LLP also represented that it has complied with PCAOB Rule 3526(b)(1) and (2), which are conditions to the Funds relying on the no action letter, and affirmed that it is an independent accountant within the meaning of PCAOB Rule 3520. Therefore, the Adviser, the Funds and PricewaterhouseCoopers LLP concluded that PricewaterhouseCoopers LLP could continue as the Funds' independent registered public accounting firm. The Invesco Fund Complex relied upon the no-action letter in reaching this conclusion.

If in the future the independence of PricewaterhouseCoopers LLP is called into question under the Loan Rule by circumstances that are not addressed in the SEC's no-action letter, the Funds will need to take other action in order for the Funds' filings with the SEC containing financial statements to be deemed compliant with applicable securities laws. Such additional actions could result in additional costs, impair the ability of the Funds to issue new shares or have other material adverse effects on the Funds. The SEC no-action relief was initially set to expire 18 months from issuance but has been extended by the SEC without an expiration date, except that the no-action letter will be withdrawn upon the effectiveness of any amendments to the Loan Rule designed to address the concerns expressed in the letter.

PwC advised the Registrant's Audit Committee that PwC had identified two matters for consideration under the SEC's auditor independence rules. PwC stated that a PwC manager and a PwC Senior Manager each held financial interests in investment companies within the Invesco Fund complex that were inconsistent with the requirements of Rule 2-01(c)(1) of Regulation S-X.

PwC advised the Audit Committee that it believes its objectivity and impartiality had not been adversely affected by these matters as they related to the audit of the Registrant. In reaching this conclusion, PwC noted, among other things, that during the time of its audit, the engagement team was not aware of the investments, neither individual was in the chain of command of the audit or the audit partners of Invesco or the affiliate of the Registrant, the services each individual provided were not relied upon by the audit engagement team with respect to the audit of the affiliate of the Registrant and the investments were not material to the net worth of either individual or their immediate family members.

**ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.**

Not applicable.

**ITEM 6. SCHEDULE OF INVESTMENTS.**

Investments in securities of unaffiliated issuers is included as part of the reports to stockholders filed under Item 1 of this Form.

**ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.**

Not applicable.

**ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.**

Not applicable.

**ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.**

Not applicable.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.  
None.

ITEM 11. CONTROLS AND PROCEDURES.

- (a) As of October 16, 2018, an evaluation was performed under the supervision and with the participation of the officers of the Registrant, including the PEO and PFO, to assess the effectiveness of the Registrant's disclosure controls and procedures, as that term is defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the "Act"), as amended. Based on that evaluation, the Registrant's officers, including the PEO and PFO, concluded that, as of October 16, 2018, the Registrant's disclosure controls and procedures were reasonably designed to ensure: (1) that information required to be disclosed by the Registrant on Form N-CSR is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Securities and Exchange Commission; and (2) that material information relating to the Registrant is made known to the PEO and PFO as appropriate to allow timely decisions regarding required disclosure.
- (b) There have been no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act) that occurred during the second fiscal quarter of the period covered by the report that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

ITEM 12. DISCLOSURE OF SECURITIES LENDING ACTIVITIES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable.

ITEM 13. EXHIBITS.

- 13(a) (1) Not applicable.
- 13(a) (2) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(a) under the Investment Company Act of 1940.
- 13(a) (3) Not applicable.
- 13(a) (4) Not applicable.
- 13(b) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(b) under the Investment Company Act of 1940.

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: Invesco High Income Trust II

By: /s/ Sheri Morris  
Sheri Morris  
Principal Executive Officer

Date: November 8, 2018

Pursuant to the requirements of the Securities and 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/ Sheri Morris  
Sheri Morris  
Principal Executive Officer

Date: November 8, 2018

By: /s/ Kelli Gallegos  
Kelli Gallegos  
Principal Financial Officer

Date: November 8, 2018

EXHIBIT INDEX

- 13(a) (1) Not applicable.
- 13(a) (2) Certifications of principal executive officer and Principal financial officer as required by Rule 30a-2(a) under the Investment Company Act of 1940.
- 13(a) (3) Not applicable.
- 13(a) (4) Not applicable.