

Invesco High Income Trust II  
Form N-CSR  
May 07, 2018

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**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: 2/28/18**

Item 1. Report to Stockholders.

**Annual Report to Shareholders**

**February 28, 2018**

**Invesco High Income Trust II**

NYSE: VLT

## Letters to Shareholders

Dear Shareholders:

Philip Taylor

This annual report includes information about your Trust, including performance data and a complete list of its investments as of the close of the reporting period. Inside is a discussion of how your Trust was managed and the factors that affected its performance during the reporting period.

For much of the reporting period, major US stock market indexes rose to record highs but in early 2018, volatility returned to the US stock and bond markets. Investors worried about how rising interest rates might affect economic growth; those concerns caused the US stock market, which many investors believed had risen too far, too fast, to pull back. Throughout the reporting period, economic data remained generally positive, corporate earnings remained strong and consumer sentiment remained positive, particularly after passage of legislation cutting personal and corporate tax rates in December. The US economy expanded throughout the reporting period,

and the first signs of rising inflation appeared. In response, the US Federal Reserve raised interest rates three times, and the tone of its statements grew more hawkish regarding potential rate increases in 2018.

Short-term market volatility can prompt some investors to abandon their investment plans and can cause others to settle for whatever returns the market has to offer. The investment professionals at Invesco, in contrast, 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).

You, too, can invest with high conviction by maintaining a long-term investment perspective and by working with your financial adviser on a regular basis. During periods of short-term market volatility or uncertainty, your financial adviser can keep you focused on your long-term investment goals—a new home, a child's college education or a secure retirement. He or she also can share research about the economy, the markets and individual investment options.

### Visit our website for more information on your investments

Our website, [invesco.com/us](https://www.invesco.com/us), offers a wide range of market insights and investment perspectives. On the website, you'll find detailed information about your Trust's performance and portfolio holdings. In addition to the resources accessible on our website and through our mobile app, you can obtain timely updates to help you stay informed about the markets and the economy by connecting with Invesco on Twitter, LinkedIn or Facebook. You can access our blog at [blog.invesco.us.com](https://www.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).

### Have questions?

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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.

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Dear Fellow Shareholders:

Bruce Crockett

Among the many important lessons I've learned in more than 40 years in a variety of business

endeavors is the value of a trusted advocate.

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, including but 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.

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.

I trust the measures outlined above provide assurance that you have a worthy advocate when it comes to choosing the Invesco Funds.

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

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## Management's Discussion of Trust Performance

### Performance summary

For the fiscal year ended February 28, 2018, Invesco High Income Trust II (the Trust), at net asset value (NAV), outperformed the Trust's benchmark, the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Cap Index. The Trust's return can be calculated based on either the market price or the (NAV) of its shares. NAV per share is determined by dividing the value of the Trust's portfolio securities, cash and other assets, less all liabilities, by the total number of shares outstanding. Market price reflects the supply and demand for Trust shares. As a result, the two can differ, as they did during the fiscal year.

### Performance

Total returns, 2/28/17 to 2/28/18

Trust at NAV	4.42%
Trust at Market Value	2.57
Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Cap Index	4.18
Market Price Discount to NAV as of 2/28/18	-11.97
Source(s): 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, 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.*

### How we invest

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

in debt securities that are determined to be below-investment grade quality. These bonds, commonly known as junk bonds, are typically corporate bonds of US-based companies, many of which are moderately sized firms. We principally invest in junk bonds, although we tend to have a lower weighting in the lowest quality bonds in the asset class. We may invest in convertible bonds, preferred stocks, derivatives and bank loans, but as

of the end of the fiscal year, we do not expect these instruments to be a substantial part of our portfolio.

The primary driver of our security selection is fundamental, bottom-up credit analysis conducted by a team of analysts who specialize by industry. This approach is augmented by an ongoing review of the relative value of securities and a top-down process that includes sector, economic and quantitative analysis.

Portfolio construction begins with a well-defined portfolio design that emphasizes diversification and establishes the target investment vehicles for generating the desired alpha for the Trust versus its benchmark as well as the risk parameters appropriate for the current positioning in

the credit cycle. (Alpha is a measure of performance on a risk-adjusted basis.) Investments are evaluated for liquidity and risk versus relative value. Working closely with other investment specialists and traders, we determine the timing and amount of each alpha decision to use in the portfolio at any time, taking into account security selection skill and market opportunities.

Sell decisions are generally based on:

Low equity value to debt, high subordination and negative free cash flow, coupled with negative news, declining expectations or an increasing risk profile.

Very low yields.

Presentation of a better relative value opportunity.

## **Market conditions and your Trust**

The high yield market produced solid returns for the fiscal year ended February 28, 2018, as strong corporate earnings, a sharp rise in equity markets and an increase in oil prices all provided a tailwind for the market. The US economy continued its modest growth, although the health of individual sectors varied.

During the fiscal year, the US Federal Reserve (the Fed) raised interest rates three times to a range of 1.25% to 1.50% and has now done so five times since the global financial crisis ended.<sup>1</sup> At its December 2017 meeting, the Fed noted signs of a stronger labor market, economic activity that has been advancing at a solid rate and an inflation level below two percent.<sup>1</sup>

The high yield market produced positive monthly returns in eight of the 12 months of the fiscal year. Just like 2016, the market was led by the lowest-rated segment of the market during the fiscal year. By sector, transportation and utilities had the strongest returns, while retail and telecommunications were the weakest-performing sectors.

The par-weighted high yield default rate decreased considerably during the

**Portfolio Composition***By credit quality, based on total investments*

BBB	5.0%
BB	49.3
B	37.7
CCC	4.8
Non-Rated	3.2

**Top Five Debt Issuers\***

1. Sprint Corp.	2.2%
2. HCA, Inc.	2.1
3. DISH DBS Corp.	2.1
4. CSC Holdings LLC	1.8
5. Valeant Pharmaceuticals	

International, Inc.		1.7
Total Net Assets	\$	129.5 million
Total Number of Holdings*		340

The Trust's holdings are subject to change, and there is no assurance that the Trust will continue to hold any particular security.

\*Excluding money market fund holdings.

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 & Poor's rating methodology, please visit [standardandpoors.com](http://standardandpoors.com) and select Understanding Ratings under Rating Resources on the homepage.

fiscal year to 1.86% as of February 28, 2018 compared to 2.82% as of February 28, 2017.<sup>2</sup> The decline in the default rate was due to the rise in oil prices beginning in 2016, which led to a significant drop in defaults in the energy sector. New issuance rose during the fiscal year compared to the prior fiscal year and took place in an environment of outflows as retail mutual fund investors pulled substantial assets from the sector. However, new issuance was led by refinancing of existing debt, which we believe is a sign of a healthy market.

The Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Cap Index, which measures the performance of the US high yield bond market and is the Trust's benchmark, generated a strong return for the fiscal year. Likewise, the Trust, at NAV and at market value, generated a positive return for the fiscal year.

Our positioning was based on our belief that we are in the latter stages of the credit and business cycle, which necessitated underweight exposure to the more distressed parts of the market. However, this underweight exposure provided a slight drag on Trust performance as bonds rated CCC and below had the strongest return during the fiscal year. Security selection in the midstream energy sector also dragged on Trust performance versus the benchmark during the fiscal year. Additionally, security selection and underweight exposure in technology and financials also detracted from relative Trust performance.

Offsetting the drag from our underweight exposure to the more distressed part of the market was security selection especially in the consumer cyclical, independent energy, and metals and mining sectors. Broadly, consumer cyclicals performed in line with the market; however we were able to find relative value in sub-sectors such as gaming, retailers and services. Security selection within the independent energy and metals and mining sectors also added to the Trust's outperformance relative to its benchmark as these sectors had strong returns during the fiscal year.

At the close of the fiscal year, we noted some challenges facing certain sectors, yet also some opportunities. We saw continued challenges for a variety of retail companies as the sector faces rapidly changing consumer buying patterns. While this is not new, it's always disruptive and can be detrimental to companies with weak balance sheets and stale concepts. At the end of the fiscal year, we expected downward pressure on drug

prices to weigh on pharmaceutical company earnings. Careful credit selection will prove essential in this battered sector. In terms of opportunities, we believed merger and acquisition activity would influence the cable, satellite, wireless, and media sectors as companies look to deepen their consumer reach. Additionally, we saw opportunities in the energy sector at the close of the fiscal year as oil prices recovered and companies shifted their focus to generating returns versus outright production growth.

One important factor affecting the Trust's performance relative to its benchmark was the Trust's use of financial leverage through bank borrowings. For the fiscal year, the use of leverage contributed to Trust performance. At the close of the fiscal year, leverage accounted for about 27% of the Trust's total assets. The Trust uses leverage because we believe that, over time, leveraging can provide opportunities for additional income and total return for shareholders. However, use of leverage also can expose shareholders to additional volatility. For example, as the prices of securities held by a trust decline, the negative impact of these valuation changes on share NAV and total return is magnified by the use of leverage. Conversely, leverage may enhance returns during periods when the prices of securities held by a trust generally are rising. For more information about the Trust's use of leverage, see the Notes to Financial Statements later in this report.

We used forward foreign currency contracts during the fiscal year for the purpose of hedging currency exposure of non-US dollar-denominated debt. The use of such contracts had a minor negative impact on the Trust's performance relative to its benchmark for the fiscal year. This was due to the weakening of the US dollar. Forward foreign currency contracts expose the Trust to counter-party risk and do not always provide the hedging benefits anticipated.

We wish to remind you that the Trust is subject to interest rate risk, meaning when interest rates rise, the value of fixed income securities tends to fall. This risk may be greater in the current market environment because interest rates are at or near historic lows. The degree to which the value of fixed income securities may decline due to rising interest rates may vary depending on the speed and magnitude of the increase in interest rates, as well as individual security characteristics such as price, maturity, duration and coupon and market forces such

as supply and demand for similar securities. We are monitoring interest rates, and the market, economic and geopolitical factors that may impact the direction, speed and magnitude of changes to interest rates across the maturity spectrum, including the potential impact of monetary policy changes by the Fed and certain foreign central banks. If interest rates rise faster than expected, markets may experience increased volatility, which may affect the value and/or liquidity of certain of the Trust's investments or the market price of the Trust's shares.

Thank you for investing in Invesco High Income Trust II and for sharing our long-term investment horizon.

1 Source: US Federal Reserve

2 Source: JP Morgan High Yield Monitor

*The views and opinions expressed in management's discussion of Trust performance are those of Invesco Advisers, Inc. These views and opinions are subject to change at any time based on factors such as market and economic conditions. These views and opinions may not be relied upon as investment advice or recommendations, or as an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Trust. Statements of fact are from sources considered reliable, but Invesco Advisers, Inc. makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.*

See important Trust and, if applicable, index disclosures later in this report.

### **Andrew Geryol**

Chartered Financial Analyst, Portfolio Manager, is manager of Invesco High Income Trust II. He has been

associated with Invesco or its investment advisory affiliates in an investment management capacity since 2011 and began managing the Trust in 2016. Mr. Geryol earned a BS in business administration from Miami University.

**Jennifer Hartviksen**

Chartered Financial Analyst, Portfolio Manager and Head of Canada Fixed Income, is manager of Invesco

High Income Trust II. She has been associated with Invesco or its investment advisory affiliates in an investment management capacity since 2013 and began managing the Trust in 2016. Most recently, she worked at Fiera Quantum L.P. as a senior portfolio manager. She earned a BA in economics from the University of Toronto.

**Joseph Portera**

Portfolio Manager, is manager of Invesco High Income Trust II. He has been associated with Invesco or its

investment advisory affiliates in an investment management capacity since 2012 and began managing the Trust in 2016. Mr. Portera earned BA and MA degrees in Soviet studies and an MA in international political economy and development from Fordham University.

**Scott Roberts**

Chartered Financial Analyst, Portfolio Manager, is manager of Invesco High Income Trust II. He has been

associated with Invesco or its investment advisory affiliates in an investment management capacity since 2000 and began managing the Trust in 2010. Mr. Roberts earned a BBA in finance from the University of Houston.

## Supplemental Information

**Invesco High Income Trust II's investment objective is to provide to its common shareholders high current income, while seeking to preserve shareholders' capital, through investment in a professionally managed, diversified portfolio of high-income producing fixed-income securities.**

Unless otherwise stated, information presented in this report is as of February 28, 2018, and is based on total net assets.

Unless otherwise noted, all data provided by Invesco.

To access your Trust's reports, visit [invesco.com/fundreports](http://invesco.com/fundreports).

## About indexes used in this report

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(es) described here, and consequently, the performance of the Trust may deviate significantly from the performance of the index(es). 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.

## Other information

The returns shown in management's discussion of Trust performance are based on net asset values (NAVs) calculated for shareholder transactions. Generally accepted accounting principles require adjustments to be made to the net assets of the Trust at period end for financial reporting purposes, and as such, the NAVs for shareholder transactions and the returns based on those NAVs may differ from the NAVs and returns reported in the Financial Highlights.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

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**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

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](http://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>**

February 28, 2018

	<b>Principal</b>	
	<b>Amount</b>	<b>Value</b>
<b>U.S. Dollar Denominated Bonds &amp; Notes 131.46%</b>		
<b>Advertising 1.01%</b>		
Lamar Media Corp., Sr. Unsec. Gtd. Global Notes, 5.75%, 02/01/2026	\$ 1,261,000	\$ 1,309,864
<b>Aerospace &amp; Defense 2.79%</b>		
Bombardier Inc. (Canada), Sr. Unsec. Notes, 6.13%, 01/15/2023 <sup>(c)</sup>	449,000	452,368
7.50%, 03/15/2025 <sup>(c)</sup>	613,000	632,156
KLX Inc., Sr. Unsec. Gtd. Notes, 5.88%, 12/01/2022 <sup>(c)</sup>	659,000	681,241
Moog Inc., Sr. Unsec. Gtd. Notes, 5.25%, 12/01/2022 <sup>(c)</sup>	455,000	469,787
TransDigm Inc., Sr. Unsec. Gtd. Sub. Global Notes, 6.50%, 07/15/2024	154,000	159,198
6.50%, 05/15/2025	1,189,000	1,221,697
		3,616,447
<b>Agricultural &amp; Farm Machinery 0.72%</b>		
Titan International, Inc., Sr. Sec. Gtd. First Lien Notes, 6.50%, 11/30/2023 <sup>(c)</sup>	914,000	934,565
<b>Air Freight &amp; Logistics 0.20%</b>		
XPO Logistics, Inc., Sr. Unsec. Gtd. Notes, 6.50%, 06/15/2022 <sup>(c)</sup>	249,000	259,707
<b>Alternative Carriers 0.82%</b>		
Level 3 Financing, Inc., Sr. Unsec. Gtd. Global Notes, 5.25%, 03/15/2026	466,000	449,685
5.38%, 05/01/2025	612,000	608,940
		1,058,625
<b>Aluminum 1.01%</b>		
Alcoa Nederland Holding B.V., Sr. Unsec. Gtd. Notes, 6.75%, 09/30/2024 <sup>(c)</sup>	800,000	862,000
Novelis Corp., Sr. Unsec. Gtd. Notes, 6.25%, 08/15/2024 <sup>(c)</sup>	431,000	441,775
		1,303,775
<b>Apparel Retail 1.86%</b>		
Hot Topic, Inc., Sr. Sec. Gtd. First Lien Notes, 9.25%, 06/15/2021 <sup>(c)</sup>	849,000	844,755
L Brands, Inc., Sr. Unsec. Gtd. Global Notes, 5.63%, 02/15/2022	999,000	1,043,955
6.75%, 07/01/2036	104,000	102,440
6.88%, 11/01/2035	416,000	417,435
		2,408,585
<b>Auto Parts &amp; Equipment 0.79%</b>		
	265,000	272,123

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Dana Financing Luxembourg S.a.r.l., Sr. Unsec. Gtd. Notes,  
5.75%, 04/15/2025<sup>(c)</sup>

	<b>Principal</b>	
	<b>Amount</b>	<b>Value</b>
<b>Auto Parts &amp; Equipment (continued)</b>		
Dana Inc., Sr. Unsec. Notes, 5.50%, 12/15/2024	\$ 229,000	\$ 234,725
Delphi Technologies PLC, Sr. Unsec. Gtd. Notes, 5.00%, 10/01/2025 <sup>(c)</sup>	445,000	442,352
Flexi-Van Leasing, Inc., Sec. Second Lien Notes, 10.00%, 02/15/2023 <sup>(c)</sup>	70,000	69,825
		1,019,025
<b>Automobile Manufacturers 0.00%</b>		
Motors Liquidation Co., Sr. Unsec. Deb., 0.00%, 07/15/2033 <sup>(d)(e)</sup>	1,640,000	0
<b>Automotive Retail 1.13%</b>		
Lithia Motors, Inc., Sr. Unsec. Gtd. Notes, 5.25%, 08/01/2025 <sup>(c)</sup>	230,000	234,600
Murphy Oil USA, Inc., Sr. Unsec. Gtd. Global Notes, 5.63%, 05/01/2027	613,000	627,559
Penske Automotive Group Inc., Sr. Unsec. Sub. Gtd. Notes, 5.50%, 05/15/2026	606,000	606,000
		1,468,159
<b>Broadcasting 3.32%</b>		
Clear Channel Worldwide Holdings, Inc., Series B, Sr. Unsec. Gtd. Global Notes, 6.50%, 11/15/2022	520,000	536,900
Sr. Unsec. Gtd. Sub. Global Notes, 7.63%, 03/15/2020	847,000	849,117
Netflix, Inc., Sr. Unsec. Global Notes, 5.75%, 03/01/2024	475,000	500,531
Nexstar Broadcasting, Inc., Sr. Unsec. Gtd. Notes, 5.63%, 08/01/2024 <sup>(c)</sup>	525,000	528,938
Sirius XM Radio Inc., Sr. Unsec. Gtd. Notes, 5.38%, 04/15/2025 <sup>(c)</sup>	3,000	3,056
5.38%, 07/15/2026 <sup>(c)</sup>	585,000	593,775
6.00%, 07/15/2024 <sup>(c)</sup>	663,000	696,150
Tribune Media Co., Sr. Unsec. Gtd. Global Notes, 5.88%, 07/15/2022	575,000	589,375
		4,297,842
<b>Building Products 0.98%</b>		
Gibraltar Industries Inc., Sr. Unsec. Gtd. Sub. Global Notes, 6.25%, 02/01/2021	557,000	564,937
Standard Industries Inc., Sr. Unsec. Notes, 5.00%, 02/15/2027 <sup>(c)</sup>	500,000	496,875
6.00%, 10/15/2025 <sup>(c)</sup>	200,000	212,250
		1,274,062
<b>Cable &amp; Satellite 11.87%</b>		
AMC Networks Inc., Sr. Unsec. Gtd. Global Notes, 4.75%, 08/01/2025	121,000	