

Ivy High Income Opportunities Fund

Form N-CSRS

June 08, 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 811-22800**

**IVY HIGH INCOME OPPORTUNITIES FUND**

**(Exact name of registrant as specified in charter)**

**6300 Lamar Avenue, Overland Park, Kansas 66202**

**(Address of principal executive offices) (Zip code)**

**Jennifer K. Dulski**

**6300 Lamar Avenue**

**Overland Park, Kansas 66202**

**(Name and address of agent for service)**

**Registrant's telephone number, including area code: (913) 236-2000**

**Date of fiscal year end: September 30**

**Date of reporting period: March 31, 2018**

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ITEM 1. REPORTS TO STOCKHOLDERS.

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Semiannual Report

MARCH 31, 2018

**Ivy High Income Opportunities Fund**

The Fund's common shares are listed on the New York  
Stock Exchange and trade under the ticker symbol IVH

**The Fund is a non-diversified, closed-end management investment company designed primarily as a long-term investment and not as a trading vehicle.**

**IVY INVESTMENTS<sup>SM</sup> refers to the financial services offered by Ivy Distributors, Inc., a FINRA member broker dealer and the distributor of IVY FUNDS<sup>®</sup> mutual funds, and those financial services offered by its affiliates.**

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**PRESIDENT S LETTER**

**IVY HIGH INCOME OPPORTUNITIES FUND**

MARCH 31, 2018 (UNAUDITED)

Philip J. Sanders, CFA

**Dear Shareholder,**

The last six months brought a tale of two markets, initially trending upward, and then disrupted by volatility in the latter part of the period. Overall, growth in global gross domestic product (GDP) reached the fastest rate in six years by the end of 2017, and the global economy entered 2018 with strong momentum, bolstering hopes of continued positive gains in financial markets. A variety of concerns, highlighted by escalating global trade disputes ushered in the volatility. What's next for investors?

While we remain positive on the economy and do not foresee a recession over the next 12 months, we believe that increased volatility is here to stay. We think markets will continue to grapple with the implications of several factors, including stronger growth, rising inflation and trade frictions.

In the U.S., tax cuts, deregulation and solid economic fundamentals are likely to boost GDP growth this year. See the table for a fiscal a comparison of some common market metrics.

We believe the tax cuts that took effect this year will add a few tenths to the growth rate of an economy that already was improving. We think spending on capital equipment will continue to recover on the back of deregulation and rising business confidence, as well as incentives included in the tax cut package.

GDP growth in the eurozone improved in 2017, and we believe will continue to perform well this year. Employment is recovering and consumer income is beginning to rise in some countries, which is likely to support consumer spending. Emerging market economies continue to benefit from strong growth in developed markets and low interest rates globally. Global monetary policy is likely to continue to move away from the ultra-accommodative stance that central banks adopted in response to the global financial crisis.

Our biggest concern coming into 2018 was related to global trade. Slow progress in renegotiations on the North American Free Trade Agreement (NAFTA), the U.S. announcement of tariffs on steel and aluminum imports, as well as a range of Chinese goods have sparked fears about potential trade disputes. We believe that policymakers will eventually seek compromises on these issues to avoid disrupting the current economic recovery.

While we remain aware of risks, we believe it is important to stay focused on the fundamentals and merits of individual market sectors, industries and companies when making investment decisions. Those fundamentals historically have tended to outweigh external factors such as government policies and regulations. While those can affect every business and investor, we think the innovation and management skill within individual companies ultimately drive long-term stock prices.

Expanding valuations and corporate earnings growth have been key drivers in the equity markets. We believe continued earnings growth will need to carry more of the burden going forward. We see potential catalysts for growth

in several areas and industries and our team continues to seek investment opportunities around the globe.

### Economic Snapshot

	<b>3/31/2018</b>	<b>9/30/2017</b>
S&P 500 Index	2,640.87	2,519.36
MSCI EAFE Index	2,005.67	1,973.81
10-Year Treasury Yield	2.74%	2.33%
U.S. unemployment rate	4.1%	4.2%
30-year fixed mortgage rate	4.44%	3.83%
Oil price per barrel	\$ 64.94	\$ 51.67

*Sources: Bloomberg, U.S. Department of Labor, MBA, CME*

*All government statistics shown are subject to periodic revision. The S&P 500 Index is an unmanaged index that tracks the stocks of 500 primarily large-cap U.S. companies. MSCI EAFE Index is an unmanaged index comprised of securities that represent the securities markets in Europe, Australasia and the Far East. It is not possible to invest directly in any of these indexes. Mortgage rates are from BankRate and reflect the overnight national average rate on a conventional 30-year fixed loan. Oil prices reflect the market price of West Texas intermediate grade crude.*

Respectfully,

Philip J. Sanders, CFA

President

**The opinions expressed in this letter are those of the President of the Ivy High Income Opportunities Fund and are current only through the end of the period of the report, as stated on the cover. The President's views are subject to change at any time, based on market and other conditions, and no forecasts can be guaranteed.**

**Table of Contents****PORTFOLIO HIGHLIGHTS****IVY HIGH INCOME OPPORTUNITIES FUND**

ALL DATA IS AS OF MARCH 31, 2018 (UNAUDITED)

<b>Total Return<sup>(1)</sup></b>	<b>Share Price</b>	<b>NAV</b>
6-month period ended 3-31-18	-7.00%	1.79%
1-year period ended 3-31-18	1.96%	6.96%
Commencement of operations (5-29-13) through 3-31-18	3.52%	6.97%

**Share Price/NAV Performance**

Commencement of operations (5-29-13) through 3-31-18

**Share Price/NAV**

Share Price	\$ 14.18
NAV	\$ 15.87
Discount to NAV <sup>(3)</sup>	-10.65%
Share Price Yield <sup>(4)</sup>	8.46%
Structural Leverage Ratio <sup>(5)</sup>	31.69%
Effective Leverage Ratio <sup>(6)</sup>	31.69%

**Asset Allocation (% s based on total investments)**

<b>Stocks</b>	<b>2.9%</b>
Energy	1.3%
Consumer Discretionary	0.7%
Financials	0.6%
Consumer Staples	0.3%
Industrials	0.0%
<b>Bonds</b>	<b>92.3%</b>
Corporate Debt Securities	75.4%
Loans	16.9%
<b>Borrowings<sup>(2)</sup></b>	<b>-32.3%</b>
<b>Cash Equivalents+</b>	<b>4.8%</b>

**Quality Weightings (% s based on total investments)**

<b>Non-Investment Grade</b>	<b>92.3%</b>
BB	5.8%
B	50.1%
CCC	32.1%
Below CCC	0.0%
Non-rated	4.3%
<b>Borrowings<sup>(2)</sup></b>	<b>-32.3%</b>
<b>Cash Equivalents+ and Equities</b>	<b>7.7%</b>

*Our preference is to always use ratings obtained from Standard & Poor's, Moody's, and Fitch. It is each Portfolio's general policy to classify such security at the lower rating level if only two ratings are available. If more than two ratings are available and a median exists, the median is used. If more than two ratings exist without a median, the lower of the two middle ratings is used. We do not evaluate these ratings, but simply assign them to the appropriate credit quality category as determined by the rating agency.*

*+Cash equivalents are defined as highly liquid securities with maturities of less than three months. Cash equivalents may include U.S. Government Treasury bills, bank certificates of deposit, bankers' acceptances, corporate commercial paper and other money market instruments.*

*(1) Past performance is not necessarily indicative of future performance. Total return is calculated by determining the percentage change in NAV or share price (as applicable) in the specified period. The calculation assumes that all dividends and distributions, if any, have been reinvested. Performance at share price will differ from results at NAV. Returns at share price can be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's stock, or changes in the Fund's dividends. An investment in the Fund involves risk, including the loss of principal. Total return, share price, share price yield and NAV will fluctuate with changes in market conditions. This data is provided for information purposes only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one time public offering and, once issued, shares of closed-end funds are traded in the open market through a stock exchange. NAV is equal to total assets less total liabilities divided by the total number of shares outstanding. Holdings are subject to change daily.*

*(2) The Fund has entered into a borrowing arrangement with Pershing LLC as a means of financial leverage. See Note 8 in the Notes to Financial Statements for additional information.*

*(3) The premium/discount is calculated as (most recent share price/most recent NAV) -1.*

*(4) Share price yield is determined by dividing the annualized current monthly dividend per share (comprised of net investment income) by the share price per share at March 31, 2018.*

*(5) Structural leverage consists of borrowings outstanding as a percentage of managed assets. Managed assets are the Fund's total assets, including the assets attributable to the proceeds from any borrowings, minus liabilities other than the aggregate indebtedness entered into for the purpose of leverage.*

*(6)The Fund's effective leverage ratio includes both structural leverage and the leveraging effects of certain derivative instruments in the Fund's portfolio (referred to as portfolio leverage), expressed as a percentage of managed assets. Portfolio leverage from the Fund's use of forward foreign currency contracts is included in the Fund's effective leverage values.*

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**Table of Contents****SCHEDULE OF INVESTMENTS**IVY HIGH INCOME OPPORTUNITIES FUND *(in thousands)*

MARCH 31, 2018 (UNAUDITED)

<b>COMMON STOCKS</b>	<b>Shares</b>	<b>Value</b>
<b>Consumer Discretionary</b>		
<b>Apparel Retail 0.9%</b>		
True Religion Apparel, Inc. (A)(B)(C)	34	\$ 2,412
<b>Total Consumer Discretionary 0.9%</b>		<b>2,412</b>
<b>Energy</b>		
<b>Coal &amp; Consumable Fuels 0.0%</b>		
Foresight Energy L.P.	1	3
<b>Oil &amp; Gas Equipment &amp; Services 0.5%</b>		
Key Energy Services, Inc. (A)	67	789
Larchmont Resources LLC (A)(B)(D)(E)	2	560
		1,349
<b>Oil &amp; Gas Exploration &amp; Production 0.2%</b>		
Midstates Petroleum Co., Inc. (A)	32	425
<b>Total Energy 0.7%</b>		<b>1,777</b>
<b>Financials</b>		
<b>Other Diversified Financial Services 0.8%</b>		
J.G. Wentworth Co. (The) (A)(C)(D)	249	2,193
<b>Total Financials 0.8%</b>		<b>2,193</b>
<b>Industrials</b>		
<b>Air Freight &amp; Logistics 0.0%</b>		

BIS Industries Ltd. (C)(D)	804	68
<b>Total Industrials 0.0%</b>		<b>68</b>
<b>TOTAL COMMON STOCKS 2.4%</b> (Cost: \$4,910)		<b>\$ 6,450</b>
<b>PREFERRED STOCKS</b>		
<b>Consumer Staples</b>		
<b>Agricultural Products 0.5%</b>		
Pinnacle Agriculture Enterprises LLC (A)(C)(D)	1,358	1,222
<b>Total Consumer Staples 0.5%</b>		<b>1,222</b>
<b>Energy</b>		
<b>Oil &amp; Gas Exploration &amp; Production 1.2%</b>		
Targa Resources Corp., 9.500% (A)(D)	3	3,284
<b>Total Energy 1.2%</b>		<b>3,284</b>
<b>TOTAL PREFERRED STOCKS 1.7%</b> (Cost: \$3,910)		<b>\$ 4,506</b>
<b>CORPORATE DEBT SECURITIES</b>		
	<b>Principal</b>	
<b>Consumer Discretionary</b>		
<b>Advertising 0.2%</b>		
Acosta, Inc., 7.750%, 10-1-22 (F)	\$ 180	113
<b>CORPORATE DEBT SECURITIES</b>		
(Continued)	<b>Principal</b>	<b>Value</b>
<b>Advertising (Continued)</b>		
Outfront Media Capital LLC and Outfront Media Capital Corp., 5.625%, 2-15-24	\$ 387	\$ 388
		501
<b>Automotive Retail 0.7%</b>		
Allison Transmission, Inc., 5.000%, 10-1-24 (F)	315	313
Penske Automotive Group, Inc., 5.500%, 5-15-26	218	214
Sonic Automotive, Inc., 5.000%, 5-15-23 (G)	1,379	1,310

1,837

**Broadcasting 5.3%**

Clear Channel International B.V., 8.750%, 12-15-20 (F)	282	295
Clear Channel Outdoor Holdings, Inc., 6.500%, 11-15-22 (G)	2,289	2,329
Clear Channel Worldwide Holdings, Inc., Series A, 7.625%, 3-15-20	54	54
Clear Channel Worldwide Holdings, Inc., Series B, 7.625%, 3-15-20 (G)	10,000	9,987
Cumulus Media, Inc., 7.750%, 5-1-19 (H)	2,000	305
Sirius XM Radio, Inc., 4.625%, 5-15-23 (F)(G)	887	873
		13,843

**Cable & Satellite 18.6%**

Altice Financing S.A.:		
6.625%, 2-15-23 (F)	832	824
7.500%, 5-15-26 (F)(G)	1,425	1,396
Altice S.A.:		
7.250%, 5-15-22 (F)(I)	EUR 152	181
7.750%, 5-15-22 (F)(G)	\$ 12,803	11,875
6.250%, 2-15-25 (F)(I)	EUR 184	210
7.625%, 2-15-25 (F)(G)	\$ 9,892	8,458
Altice U.S. Finance I Corp.:		
5.375%, 7-15-23 (F)	1,026	1,039
5.500%, 5-15-26 (F)	879	857
Block Communications, Inc.,		
6.875%, 2-15-25 (F)	269	271
CCO Holdings LLC and CCO Holdings Capital Corp.:		
5.500%, 5-1-26 (F)	485	475
5.000%, 2-1-28 (F)(G)	1,642	1,539
Cequel Communications Holdings I LLC and Cequel Capital Corp.,		
6.375%, 9-15-20 (F)	98	100
CSC Holdings LLC,		
5.375%, 2-1-28 (F)(G)	1,940	1,833
DISH DBS Corp.:		
6.750%, 6-1-21 (G)	7,500	7,575
5.875%, 7-15-22 (G)	2,000	1,910
5.875%, 11-15-24	212	189
7.750%, 7-1-26	657	618

**CORPORATE DEBT SECURITIES**

(Continued)

**Cable & Satellite (Continued)**

Neptune Finco Corp.:

**Principal****Value**

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10.125%, 1-15-23 (F)	\$ 831	\$ 922
6.625%, 10-15-25 (F)	394	407
10.875%, 10-15-25 (F)	594	698
Numericable - SFR S.A., 7.375%, 5-1-26 (F)(G)	3,970	3,781
VTR Finance B.V., 6.875%, 1-15-24 (F)(G)	3,584	3,733
		48,891

**Casinos & Gaming 3.5%**

Everi Payments, Inc., 7.500%, 12-15-25 (F)(G)	1,684	1,709
Gateway Casinos & Entertainment Ltd., 8.250%, 3-1-24 (F)	983	1,045
Golden Nugget, Inc.: 6.750%, 10-15-24 (F)(G)	2,466	2,484
8.750%, 10-1-25 (F)	986	1,023
Studio City Finance Ltd., 8.500%, 12-1-20 (F)(G)	2,100	2,142
Wynn Macau Ltd.: 4.875%, 10-1-24 (F)	340	332
5.500%, 10-1-27 (F)	494	484
		9,219

**Education Services 2.8%**

Laureate Education, Inc., 8.250%, 5-1-25 (F)(G)	6,858	7,355
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**Hotels, Resorts & Cruise Lines 0.4%**

Boyne USA, Inc., 7.250%, 5-1-25 (F)	1,019	1,046
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**Leisure Facilities 0.2%**

Cedar Fair L.P., Magnum Management Corp., Canada's Wonderland Co. and Millennium Operations LLC, 5.375%, 4-15-27 (F)	471	466
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**Movies & Entertainment 0.3%**

WMG Acquisition Corp., 5.500%, 4-15-26 (F)	780	784
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**Publishing 0.8%**

E.W. Scripps Co.,

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5.125%, 5-15-25 (F)	142	132
MDC Partners, Inc., 6.500%, 5-1-24 (F)(G)	2,098	2,040
		2,172
<b>Restaurants 0.7%</b>		
1011778 B.C. Unlimited Liability Co. and New Red Finance, Inc., 5.000%, 10-15-25 (F)(G)	1,878	1,788
<b>Specialized Consumer Services 0.5%</b>		
Nielsen Co. (Luxembourg) S.a.r.l. (The), 5.500%, 10-1-21 (F)(G)	1,396	1,415

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**Table of Contents****SCHEDULE OF INVESTMENTS**IVY HIGH INCOME OPPORTUNITIES FUND *(in thousands)*

MARCH 31, 2018 (UNAUDITED)

**CORPORATE DEBT SECURITIES**

(Continued)	<b>Principal</b>	<b>Value</b>
<b>Specialty Stores 3.4%</b>		
Arch Merger Sub, Inc., 8.500%, 9-15-25 (F)(G)	\$ 2,976	\$ 2,753
Cumberland Farms, Inc., 6.750%, 5-1-25 (F)	770	801
Jo-Ann Stores Holdings, Inc. (9.750% Cash or 10.500% PIK), 9.750%, 10-15-19 (F)(G)(J)	5,454	5,454
		9,008
<b>Total Consumer Discretionary 37.4%</b>		<b>98,325</b>
<b>Consumer Staples</b>		
<b>Food Distributors 0.9%</b>		
Performance Food Group, Inc., 5.500%, 6-1-24 (F)	1,054	1,059
U.S. Foods, Inc., 5.875%, 6-15-24 (F)	1,330	1,360
		2,419
<b>Packaged Foods &amp; Meats 5.1%</b>		
JBS Investments GmbH (GTD by JBS S.A. and JBS Hungary Holdings Kft.), 7.750%, 10-28-20 (F)	200	206
JBS USA LLC and JBS USA Finance, Inc.: 5.875%, 7-15-24 (F)(G)	1,892	1,845
5.750%, 6-15-25 (F)	1,794	1,673
JBS USA Lux S.A. and JBS USA Finance, Inc., 6.750%, 2-15-28 (F)	1,282	1,231
Pilgrim s Pride Corp.:		

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5.750%, 3-15-25 (F)	357	347
5.875%, 9-30-27 (F)	1,275	1,198
Post Holdings, Inc.:		
5.500%, 3-1-25 (F)	346	341
5.000%, 8-15-26 (F)	523	497
5.750%, 3-1-27 (F)(G)	2,222	2,194
Simmons Foods, Inc.,		
5.750%, 11-1-24 (F)(G)	4,255	3,862
		13,394

**Total Consumer Staples 6.0% 15,813**

**Energy**

**Oil & Gas Drilling 1.6%**

EnSCO plc,		
7.750%, 2-1-26	1,017	933
KCA Deutag UK Finance plc,		
7.250%, 5-15-21 (F)(G)	1,793	1,735
Offshore Drilling Holding S.A.,		
8.375%,		
9-20-20 (F)(G)(K)	3,385	1,709
Offshore Group Investment Ltd.,		
0.000%, 11-1-19 (C)(L)	883	*
Trinidad Drilling Ltd.,		
6.625%, 2-15-25 (F)	23	22
		4,399

**CORPORATE DEBT SECURITIES**

(Continued)

	Principal	Value
<b>Oil &amp; Gas Equipment &amp; Services 0.5%</b>		
Brand Energy & Infrastructure Services, Inc.,		
8.500%, 7-15-25 (F)	\$ 767	\$ 801
SESI LLC,		
7.125%, 12-15-21	493	502
		1,303

**Oil & Gas Exploration & Production 5.0%**

Bellatrix Exploration Ltd.,		
8.500%, 5-15-20 (F)	1,239	1,007
Chesapeake Energy Corp.,		
8.000%, 1-15-25 (F)	157	152
Crownrock L.P.,		
5.625%, 10-15-25 (F)(G)	2,927	2,898
Endeavor Energy Resources L.P.:		
5.500%, 1-30-26 (F)	1,014	1,009

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5.750%, 1-30-28 (F)	728	725
Extraction Oil & Gas, Inc.,		
5.625%, 2-1-26 (F)	1,377	1,301
Laredo Petroleum, Inc.,		
6.250%, 3-15-23	339	340
Parsley Energy LLC and Parsley Finance Corp.,		
5.625%, 10-15-27 (F)	683	683
PDC Energy, Inc.,		
6.125%, 9-15-24	179	183
Sanchez Energy Corp.,		
7.250%, 2-15-23 (F)	257	258
Seven Generations Energy Ltd.:		
6.750%, 5-1-23 (F)(G)	1,951	2,019
5.375%, 9-30-25 (F)	975	931
Ultra Resources, Inc.,		
6.875%, 4-15-22 (F)	565	492
Whiting Petroleum Corp.:		
5.750%, 3-15-21	543	548
6.625%, 1-15-26 (F)	510	514
		13,060

**Oil & Gas Refining & Marketing 0.4%**

Callon Petroleum Co. (GTD by Callon Petroleum Operating Co.),		
6.125%, 10-1-24	468	478
QEP Resources, Inc.,		
5.625%, 3-1-26	628	593
		1,071

**Total Energy 7.5% 19,833**

**Financials**

**Consumer Finance 3.2%**

Creditcorp,		
12.000%, 7-15-18 (F)(G)	5,248	4,907
CURO Financial Technologies Corp.,		
12.000%, 3-1-22 (F)(G)	1,744	1,936
Quicken Loans, Inc.,		
5.750%, 5-1-25 (F)(G)	1,688	1,684
		8,527

**Insurance Brokers 1.5%**

NFP Corp.,		
6.875%, 7-15-25 (F)(G)	3,971	3,941

**CORPORATE DEBT SECURITIES**

**Principal**

**Value**

(Continued)

<b>Investment Banking &amp; Brokerage 0.1%</b>		
VHF Parent LLC, 6.750%, 6-15-22 (F)	\$ 340	\$ 359
<b>Other Diversified Financial Services 4.6%</b>		
Balboa Merger Sub, Inc., 11.375%, 12-1-21 (F)(G)	2,687	2,926
Icahn Enterprises L.P. and Icahn Enterprises Finance Corp.: 6.250%, 2-1-22	1,523	1,550
6.375%, 12-15-25	508	510
New Cotai LLC and New Cotai Capital Corp. (10.625% Cash or 10.625% PIK), 10.625%, 5-1-19 (F)(G)(J)	7,064	6,976
		11,962
<b>Specialized Finance 1.8%</b>		
TMX Finance LLC and TitleMax Finance Corp., 8.500%, 9-15-18 (F)(G)	4,985	4,748
<b>Thriffs &amp; Mortgage Finance 0.5%</b>		
Provident Funding Associates L.P. and PFG Finance Corp., 6.375%, 6-15-25 (F)	1,220	1,224
<b>Total Financials 11.7%</b>		<b>30,761</b>
<b>Health Care</b>		
<b>Health Care Facilities 2.6%</b>		
DaVita HealthCare Partners, Inc., 5.125%, 7-15-24	242	236
Greatbatch Ltd., 9.125%, 11-1-23 (F)(G)	1,423	1,541
HCA, Inc. (GTD by HCA Holdings, Inc.), 5.250%, 6-15-26	183	185
MPH Acquisition Holdings LLC, 7.125%, 6-1-24 (F)	870	898
Surgery Center Holdings, Inc., 8.875%, 4-15-21 (F)	1,608	1,676
Tenet Healthcare Corp.: 7.500%, 1-1-22 (F)	164	173
8.125%, 4-1-22 (G)	2,087	2,176
		6,885

**Health Care Supplies 2.9%**

<b>Kinetic Concepts, Inc. and KCI USA, Inc.,</b>		
12.500%, 11-1-21 (F)(G)	2,213	2,501
<b>Universal Hospital Services, Inc.,</b>		
7.625%, 8-15-20 (G)	5,152	5,190
		7,691

**Life Sciences Tools & Services 0.9%**

<b>Avantor, Inc.:</b>		
6.000%, 10-1-24 (F)	731	727
9.000%, 10-1-25 (F)(G)	1,706	1,671
		2,398

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**Table of Contents****SCHEDULE OF INVESTMENTS**IVY HIGH INCOME OPPORTUNITIES FUND *(in thousands)*

MARCH 31, 2018 (UNAUDITED)

**CORPORATE DEBT SECURITIES**

(Continued)	<b>Principal</b>	<b>Value</b>
<b>Pharmaceuticals 2.5%</b>		
Concordia Healthcare Corp.:		
9.500%,		
10-21-22 (F)(G)(H)	\$ 2,891	\$ 174
7.000%, 4-15-23 (F)(H)	154	10
Jaguar Holding Co. II and Pharmaceutical Product Development LLC,		
6.375%, 8-1-23 (F)	1,061	1,073
Valeant Pharmaceuticals International, Inc.:		
5.500%, 3-1-23 (F)	48	42
5.500%, 11-1-25 (F)	488	475
9.000%, 12-15-25 (F)	351	349
9.250%, 4-1-26 (F)	1,042	1,038
VPII Escrow Corp.,		
7.500%, 7-15-21 (F)	829	835
VRX Escrow Corp.:		
5.375%, 3-15-20 (F)	1,096	1,102
5.875%, 5-15-23 (F)	777	689
6.125%, 4-15-25 (F)	715	617
		6,404
<b>Total Health Care 8.9%</b>		<b>23,378</b>
<b>Industrials</b>		
<b>Aerospace &amp; Defense 2.4%</b>		
KLX, Inc.,		
5.875%, 12-1-22 (F)(G)	2,475	2,550
TransDigm, Inc. (GTD by TransDigm Group, Inc.):		
6.000%, 7-15-22	1,000	1,020
6.500%, 7-15-24 (G)	2,260	2,316
6.500%, 5-15-25	471	476
		6,362

<b>Building Products 1.0%</b>		
Summit Materials LLC and Summit Materials Finance Corp., 6.125%, 7-15-23 (G)	2,044	2,085
WESCO Distribution, Inc. (GTD by WESCO International, Inc.), 5.375%, 6-15-24	436	437
		2,522

<b>Diversified Support Services 1.0%</b>		
Ahern Rentals, Inc., 7.375%, 5-15-23 (F)(G)	2,037	1,981
Ritchie Bros. Auctioneers, Inc., 5.375%, 1-15-25 (F)	324	324
United Rentals (North America), Inc. (GTD by United Rentals, Inc.), 5.875%, 9-15-26	217	226
		2,531

<b>Environmental &amp; Facilities Services 1.0%</b>		
GFL Environmental, Inc.: 9.875%, 2-1-21 (F)	389	410
5.625%, 5-1-22 (F)	339	339
5.375%, 3-1-23 (F)(G)	1,840	1,808
Waste Pro USA, Inc., 5.500%, 2-15-26 (F)	198	196
		2,753

**CORPORATE DEBT SECURITIES**

(Continued)	<b>Principal</b>	<b>Value</b>
<b>Security &amp; Alarm Services 1.3%</b>		
Prime Security Services Borrower LLC, 9.250%, 5-15-23 (F)(G)	\$ 3,102	\$ 3,362

<b>Total Industrials 6.7%</b>		<b>17,530</b>
<b>Information Technology</b>		

<b>Application Software 2.7%</b>		
Kronos Acquisition Holdings, Inc., 9.000%, 8-15-23 (F)(G)	3,668	3,485
Solera LLC and Solera Finance, Inc., 10.500%, 3-1-24 (F)(G)	3,379	3,759
		7,244

**Data Processing & Outsourced Services 3.1%**

<b>Alliance Data Systems Corp.:</b>		
5.875%, 11-1-21 (F)	608	620
5.375%, 8-1-22 (F)(G)	1,853	1,853
<b>Italics Merger Sub, Inc.,</b>		
7.125%, 7-15-23 (F)(G)	5,170	5,157
<b>j2 Cloud Services LLC and j2 Global, Inc.,</b>		
6.000%, 7-15-25 (F)	468	479
		8,109

**IT Consulting & Other Services 1.4%**

<b>Cardtronics, Inc. and Cardtronics USA, Inc.,</b>		
5.500%, 5-1-25 (F)	294	277
<b>NCR Escrow Corp.,</b>		
6.375%, 12-15-23 (G)	1,765	1,831
<b>Pioneer Holding Corp.,</b>		
9.000%, 11-1-22 (F)	1,461	1,523
		3,631

**Semiconductors 0.2%**

<b>Micron Technology, Inc.,</b>		
5.500%, 2-1-25	414	430

**Total Information Technology 7.4%**

**19,414**

**Materials**

**Aluminum 1.5%**

<b>Constellium N.V.:</b>		
6.625%, 3-1-25 (F)(G)	1,803	1,826
5.875%, 2-15-26 (F)	911	897
<b>Novelis Corp. (GTD by Novelis, Inc.):</b>		
6.250%, 8-15-24 (F)	674	691
5.875%, 9-30-26 (F)	446	439
		3,853

**Commodity Chemicals 0.6%**

<b>NOVA Chemicals Corp.:</b>		
4.875%, 6-1-24 (F)	1,215	1,163
5.250%, 6-1-27 (F)	486	462
		1,625

**Construction Materials 1.1%**

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Hillman Group, Inc. (The), 6.375%, 7-15-22 (F)(G)	3,027	2,921
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**CORPORATE DEBT SECURITIES**

(Continued)	Principal	Value
<b>Diversified Chemicals 0.3%</b>		
PSPC Escrow Corp., 6.500%, 2-1-22 (F)	\$ 879	\$ 893

<b>Fertilizers &amp; Agricultural Chemicals 0.7%</b>		
Pinnacle Operating Corp., 9.000%, 5-15-23 (F)(G)	1,956	1,839

<b>Metal &amp; Glass Containers 2.4%</b>		
ARD Finance S.A., 7.125%, 9-15-23	248	257
ARD Securities Finance S.a.r.l. (8.750% Cash or 8.750% PIK), 8.750%, 1-31-23 (F)(J)	600	628
BakerCorp International, Inc., 8.250%, 6-1-19 (G)	5,007	4,857
HudBay Minerals, Inc.: 7.250%, 1-15-23 (F)	188	195
7.625%, 1-15-25 (F)	282	298
		6,235

<b>Paper Packaging 0.1%</b>		
Flex Acquisition Co., Inc., 6.875%, 1-15-25 (F)	321	318

<b>Specialty Chemicals 0.2%</b>		
Kraton Polymers LLC and Kraton Polymers Capital Corp., 7.000%, 4-15-25 (F)	475	492

**Total Materials 6.9% 18,176**

**Real Estate**

<b>Health Care REITs 0.1%</b>		
MPT Operating Partnership L.P. and MPT Finance Corp. (GTD by Medical Properties Trust, Inc.), 5.250%, 8-1-26	222	221

**Total Real Estate 0.1% 221**

**Telecommunication Services**

<b>Alternative Carriers 1.5%</b>		
Consolidated Communications Finance II Co., 6.500%, 10-1-22 (G)	1,848	1,651
Level 3 Communications, Inc., 5.750%, 12-1-22 (G)	2,176	2,175
		3,826

<b>Integrated Telecommunication Services 13.6%</b>		
Frontier Communications Corp.: 10.500%, 9-15-22	4,155	3,475
7.125%, 1-15-23	195	132
6.875%, 1-15-25 (G)	963	569
11.000%, 9-15-25 (G)	1,564	1,172
8.500%, 4-1-26 (F)	6,302	6,113
GCI, Inc., 6.875%, 4-15-25 (G)	2,870	3,006
Olympus Merger Sub, Inc., 8.500%, 10-15-25 (F)(G)	6,035	5,839

**Table of Contents****SCHEDULE OF INVESTMENTS**IVY HIGH INCOME OPPORTUNITIES FUND *(in thousands)*

MARCH 31, 2018 (UNAUDITED)

**CORPORATE DEBT SECURITIES**

(Continued)	<b>Principal</b>	<b>Value</b>
<b>Integrated Telecommunication Services (Continued)</b>		
Sprint Corp.:		
7.250%, 9-15-21 (G)	\$ 11,196	\$ 11,574
7.875%, 9-15-23 (G)	3,034	3,098
7.625%, 3-1-26	777	759
		35,737
<b>Wireless Telecommunication Service 0.8%</b>		
Sable International Finance Ltd.,		
6.875%, 8-1-22 (F)(G)	1,490	1,565
Sprint Nextel Corp.:		
9.000%, 11-15-18 (F)	99	102
7.000%, 8-15-20	218	227
11.500%, 11-15-21	178	206
		2,100
<b>Total Telecommunication Services 15.9%</b>		<b>41,663</b>
<b>TOTAL CORPORATE DEBT SECURITIES 108.5%</b>		<b>\$ 285,114</b>
(Cost: \$293,357)		

**LOANS (M)****Consumer Discretionary****Advertising 0.5%**

Advantage Sales & Marketing, Inc. (ICE LIBOR plus 325 bps),		
5.022%, 7-25-21	331	324
Advantage Sales & Marketing, Inc. (ICE LIBOR plus 650 bps),		
8.267%, 7-25-22	955	914

1,238

**Apparel Retail 2.4%**

Talbots, Inc. (The) (ICE LIBOR plus 450 bps), 6.377%, 3-19-20	1,773	1,751
Talbots, Inc. (The) (ICE LIBOR plus 850 bps), 10.377%, 3-19-21	618	600
TRLG Intermediate Holdings LLC, 10.000%, 10-27-22 (C)	4,142	3,821
		6,172

**Department Stores 1.3%**

Belk, Inc. (ICE LIBOR plus 475 bps), 6.458%, 12-10-22	3,917	3,388
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**Education Services 1.0%**

Laureate Education, Inc. (ICE LIBOR plus 350 bps), 5.377%, 4-26-24	2,702	2,713
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**General Merchandise Stores 2.0%**

BJ's Wholesale Club, Inc. (ICE LIBOR plus 375 bps), 5.191%, 2-3-24	2,951	2,947
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<b>LOANS (M) (Continued)</b>	<b>Principal</b>	<b>Value</b>
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**General Merchandise Stores (Continued)**

BJ's Wholesale Club, Inc. (ICE LIBOR plus 750 bps), 9.191%, 1-26-25	\$ 2,335	\$ 2,338
		5,285

**Housewares & Specialties 0.4%**

KIK Custom Products, Inc. (ICE LIBOR plus 400 bps), 5.875%, 5-15-23	1,162	1,172
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**Restaurants 0.6%**

NPC International, Inc. (ICE LIBOR plus 350 bps), 5.377%, 4-20-24	329	333
NPC International, Inc. (ICE LIBOR plus 750 bps), 9.377%, 4-18-25	1,346	1,373
		1,706

**Specialized Consumer Services 0.1%**

Asurion LLC (ICE LIBOR plus 600 bps),		
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7.877%, 8-4-25	233	239
<b>Specialty Stores 0.5%</b>		
Jo-Ann Stores, Inc. (ICE LIBOR plus 500 bps), 6.551%, 10-16-23	1,183	1,176
<b>Total Consumer Discretionary 8.8%</b>		<b>23,089</b>
<b>Consumer Staples</b>		
<b>Food Distributors 0.3%</b>		
Dairyland USA Corp. (ICE LIBOR plus 400 bps), 5.880%, 6-22-22	876	882
<b>Hypermarkets &amp; Super Centers 0.4%</b>		
GOBP Holdings, Inc. (ICE LIBOR plus 825 bps), 10.552%, 10-21-22	979	981
<b>Total Consumer Staples 0.7%</b>		<b>1,863</b>
<b>Energy</b>		
<b>Coal &amp; Consumable Fuels 1.4%</b>		
Foresight Energy LLC (ICE LIBOR plus 725 bps), 7.627%, 3-28-22	3,056	3,002
Westmoreland Coal Co. (ICE LIBOR plus 650 bps), 8.802%, 12-16-20	1,768	628
		3,630
<b>Oil &amp; Gas Drilling 1.3%</b>		
KCA Deutag Alpha Ltd., 0.000%, 5-16-20 (N)	534	532
KCA Deutag Alpha Ltd. (ICE LIBOR plus 525 bps), 7.654%, 5-16-20	2,789	2,782
		3,314
<b>LOANS (M) (Continued)</b>	<b>Principal</b>	<b>Value</b>
<b>Oil &amp; Gas Equipment &amp; Services 0.5%</b>		
Larchmont Resources LLC (9.050% Cash or 9.050% PIK), 9.050%, 8-7-20 (C)(E)(J)	\$ 1,460	\$ 1,438
<b>Oil &amp; Gas Exploration &amp; Production 0.3%</b>		
California Resources Corp. (ICE LIBOR plus 475 bps), 6.572%, 12-31-22	761	771

<b>Oil &amp; Gas Storage &amp; Transportation 1.0%</b>		
Bowie Resources Holdings LLC (ICE LIBOR plus 1,075 bps), 12.627%, 2-16-21	1,032	984
Bowie Resources Holdings LLC (ICE LIBOR plus 575 bps), 7.627%, 8-12-20	1,700	1,665
		2,649
<b>Total Energy 4.5%</b>		<b>11,802</b>
<b>Financials</b>		
<b>Asset Management &amp; Custody Banks 0.3%</b>		
Tortoise Borrower LLC (ICE LIBOR plus 400 bps), 5.877%, 1-31-25 (C)	904	911
<b>Financial Exchanges &amp; Data 0.4%</b>		
Hudson River Trading LLC, 0.000%, 3-20-25 (C)(N)	913	913
<b>Insurance Brokers 0.2%</b>		
NFP Corp. (ICE LIBOR plus 350 bps), 4.877%, 1-8-24	630	631
<b>Investment Banking &amp; Brokerage 1.2%</b>		
Jane Street Group LLC (ICE LIBOR plus 375 bps), 5.627%, 8-25-22	3,027	3,040
<b>Specialized Finance 1.7%</b>		
Mayfield Agency Borrower, Inc. (ICE LIBOR plus 450 bps), 6.377%, 2-28-25 (C)	3,380	3,397
Mayfield Agency Borrower, Inc. (ICE LIBOR plus 850 bps), 10.377%, 2-28-26 (C)	1,153	1,147
		4,544
<b>Total Financials 3.8%</b>		<b>10,039</b>
<b>Health Care</b>		
<b>Life Sciences Tools &amp; Services 0.5%</b>		
Avantor, Inc. (ICE LIBOR plus 400 bps), 5.877%, 9-22-24	1,211	1,224
<b>Total Health Care 0.5%</b>		<b>1,224</b>

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**Table of Contents****SCHEDULE OF INVESTMENTS**IVY HIGH INCOME OPPORTUNITIES FUND *(in thousands)*

MARCH 31, 2018 (UNAUDITED)

<b>LOANS (M) (Continued)</b>	<b>Principal</b>	<b>Value</b>
<b>Industrials</b>		
<b>Building Products 0.4%</b>		
Hampton Rubber Co. & SEI Holding Corp. (ICE LIBOR plus 800 bps), 9.877%, 3-27-22	\$ 1,146	\$ 1,043
<b>Construction &amp; Engineering 0.2%</b>		
Tensar International Corp. (ICE LIBOR plus 850 bps), 10.802%, 7-10-22	604	483
<b>Diversified Support Services 0.4%</b>		
USS Ultimate Holdings, Inc. (ICE LIBOR plus 375 bps), 5.627%, 8-25-24	564	567
USS Ultimate Holdings, Inc. (ICE LIBOR plus 775 bps), 9.627%, 8-25-25	472	477
		1,044
<b>Industrial Conglomerates 1.1%</b>		
Crosby Worldwide Ltd. (ICE LIBOR plus 300 bps), 4.904%, 11-22-20	452	444
PAE Holding Corp. (ICE LIBOR plus 550 bps), 7.494%, 10-20-22	2,057	2,065
PAE Holding Corp. (ICE LIBOR plus 950 bps), 11.494%, 10-20-23	370	371
		2,880
<b>Industrial Machinery 1.4%</b>		
Dynacast International LLC (ICE LIBOR plus 850 bps), 10.802%, 1-30-23 (C)	3,719	3,719

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<b>LOANS (M) (Continued)</b>	<b>Principal</b>	<b>Value</b>
<b>Marine 0.1%</b>		
Deck Chassis Acquisition, Inc. (ICE LIBOR plus 600 bps), 7.877%, 6-15-23 (C)	\$ 304	\$ 309
<b>Total Industrials 3.6%</b>		<b>9,478</b>
<b>Information Technology</b>		
<b>Application Software 0.3%</b>		
Applied Systems, Inc. (ICE LIBOR plus 700 bps), 9.302%, 9-18-25	788	813
<b>Data Processing &amp; Outsourced Services 0.1%</b>		
Colorado Buyer, Inc. (ICE LIBOR plus 300 bps), 9.030%, 5-1-25	381	381
<b>Total Information Technology 0.4%</b>		<b>1,194</b>
<b>Materials</b>		
<b>Diversified Metals &amp; Mining 0.2%</b>		
EP Minerals LLC (ICE LIBOR plus 750 bps), 9.484%, 8-20-21 (C)	545	547
<b>Paper Packaging 0.6%</b>		
FPC Holdings, Inc. (ICE LIBOR plus 800 bps), 10.302%, 5-27-20	1,618	1,599
<b>Total Materials 0.8%</b>		<b>2,146</b>
<b>LOANS (M) (Continued)</b>	<b>Principal</b>	<b>Value</b>
<b>Telecommunication Services</b>		
<b>Integrated Telecommunication Services 1.2%</b>		
West Corp. (3-Month ICE LIBOR plus 400 bps), 5.877%, 10-10-24	\$ 3,192	\$ 3,219
<b>Total Telecommunication Services 1.2%</b>		<b>3,219</b>
<b>TOTAL LOANS 24.3%</b>		<b>\$ 64,054</b>
(Cost: \$64,873)		
<b>SHORT-TERM SECURITIES</b>		
<b>Commercial Paper (O) 3.8%</b>		
Sonoco Products Co., 2.251%, 4-2-18	10,076	10,074

**Master Note 3.0%**

Toyota Motor Credit Corp. (1-Month U.S. LIBOR plus 15 bps), 1.980%, 4-5-18 (P)	7,874	7,874
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<b>TOTAL SHORT-TERM SECURITIES 6.8%</b>		<b>\$ 17,948</b>
(Cost: \$17,949)		

<b>TOTAL INVESTMENT SECURITIES 143.7%</b>		<b>\$ 378,072</b>
(Cost: \$384,999)		

<b>BORROWINGS (Q) (46.4)%</b>		<b>(122,000)</b>
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<b>CASH AND OTHER ASSETS, NET OF LIABILITIES 2.7%</b>		<b>6,944</b>
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<b>NET ASSETS 100.0%</b>		<b>\$ 263,016</b>
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**Notes to Schedule of Investments**

\*Not shown due to rounding.

(A)No dividends were paid during the preceding 12 months.

(B>Listed on an exchange outside the United States.

(C)Securities whose value was determined using significant unobservable inputs.

(D)Restricted securities. At March 31, 2018, the Fund owned the following restricted securities:

Security	Acquisition Date(s)	Shares	Cost	Market Value
BIS Industries Ltd.	12 22 17	804	\$ 75	\$ 68
J.G. Wentworth Co. (The)	1 25 18	249	2,193	2,193
Larchmont Resources LLC	12 8 16	2	560	560
Pinnacle Agriculture Enterprises LLC	3 10 17	1,358	617	1,222
Targa Resources Corp., 9.500%	10 24 17	3	3,292	3,284
			\$ 6,737	\$ 7,327

The total value of these securities represented 2.8% of net assets at March 31, 2018.

(E) Deemed to be an affiliate due to the Fund owning at least 5% of the voting securities.

(F) Securities were purchased pursuant to an exemption from registration available under Rule 144A under the Securities Act of 1933 and may only be resold in transactions exempt from registration, normally to qualified institutional buyers. At March 31, 2018 the total value of these securities amounted to \$204,611 or 77.8% of net assets.

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**SCHEDULE OF INVESTMENTS**

IVY HIGH INCOME OPPORTUNITIES FUND (*in thousands*)

MARCH 31, 2018 (UNAUDITED)

(G) All or a portion of securities with an aggregate value of \$135,324 have been pledged as collateral on open borrowings.

(H) Non-income producing as the issuer has either missed its most recent interest payment or declared bankruptcy.

(I) Principal amounts are denominated in the indicated foreign currency, where applicable (EUR - Euro).

(J) Payment-in-kind bond which may pay interest in additional par and/or in cash. Rates shown are the current rate and possible payment rates.

(K) Step bond that pays an initial coupon rate for the first period and then a higher or lower coupon rate for the following periods. Interest rate disclosed is that which is in effect at March 31, 2018.

(L) Zero coupon bond.

(M) Variable rate security. Interest rate disclosed is that which is in effect at March 31, 2018. Description of the reference rate and spread, if applicable, are included in the security description.

(N) All or a portion of this position has not settled. Full contract rates do not take effect until settlement date.

(O) Rate shown is the yield to maturity at March 31, 2018.

(P) Variable rate security. Interest rate disclosed is that which is in effect at March 31, 2018. Date shown represents the date that the variable rate resets. Description of the reference rate and spread, if applicable, are included in the security description.

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(Q) Borrowings payable as a percentage of total investment securities is 32.3%.

The following forward foreign currency contracts were outstanding at March 31, 2018:

	Currency to be Delivered	Currency to be Received	Settlement Date	Counterparty	Unrealized Appreciation	Unrealized Depreciation
Euro	320	U.S. Dollar	7 5 18	Morgan Stanley International	\$	* \$

The following table is a summary of the valuation of the Fund's investments by the fair value hierarchy levels as of March 31, 2018. See Note 3 to the Financial Statements for further information regarding fair value measurement.

	Level 1	Level 2	Level 3
<b>Assets</b>			
Investments in Securities			
Common Stocks			
Consumer Discretionary	\$	\$	\$ 2,412
Energy	1,217	560	
Financials			2,193
Industrials			68
Total Common Stocks	\$ 1,217	\$ 560	\$ 4,673
Preferred Stocks		3,284	1,222
Corporate Debt Securities		285,114	*
Loans		47,852	16,202
Short-Term Securities		17,948	
Total	\$ 1,217	\$ 354,758	\$ 22,097
Forward Foreign Currency Contracts	\$	\$	* \$
<b>Liabilities</b>			
Payable for Borrowing	\$	\$ 122,000	\$

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**Table of Contents****SCHEDULE OF INVESTMENTS**IVY HIGH INCOME OPPORTUNITIES FUND *(in thousands)*

MARCH 31, 2018 (UNAUDITED)

The following table is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

	<b>Common Stocks</b>	<b>Preferred Stocks</b>	<b>Loans</b>
Beginning Balance 10 1 17	\$	\$ 856	\$ 8,538
Net realized gain (loss)			(56)
Net change in unrealized appreciation (depreciation)	2,168	366	221
Purchases	2,505		9,508
Sales			(690)
Amortization/Accretion of premium/discount			15
Transfers into Level 3 during the period			904
Transfers out of Level 3 during the period			(2,238)
Ending Balance 3 31 18	\$ 4,673	\$ 1,222	\$ 16,202
Net change in unrealized appreciation (depreciation) for all Level 3 investments still held as of 3 31 18	\$ 2,168	\$ 366	\$ 182

Transfers from Level 2 to Level 3 occurred primarily due to the lack of observable market data due to decreased market activity or information for these securities. Transfers from Level 3 to Level 2 occurred primarily due to the increased availability of observable market data due to increased market activity or information. As shown above, transfers in and out of Level 3 represent the values as of the beginning of the reporting period. During the period ended March 31, 2018, there were no transfers between Levels 1 and 2.

Information about Level 3 fair value measurements:

	<b>Fair Value at 3 31 18</b>	<b>Valuation Technique(s)</b>	<b>Unobservable Input(s)</b>	<b>Input value(s)</b>
<b>Assets</b>				
Common Stocks	\$ 68		Adjusted EBITDA multiple	5.74x

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		Market comparable approach		
	2,412	Market comparable approach	Adjusted EBITDA multiple	8.62x
	2,193	Market comparable approach	Broker quotes	N/A
Preferred Stocks	1,222	Market comparable approach	Adjusted EBITDA multiple	10.01x
			Illiquidity discount	10%
Loans	16,202	Third-party valuation service	Broker quotes	N/A

Significant increase (decrease) in the adjusted EBITDA multiple could result in a higher (lower) fair value measurement.

The following acronyms are used throughout this schedule:

GTD = Guaranteed

ICE = Intercontinental Exchange

LIBOR = London Interbank Offered Rate

PIK = Payment in kind

REIT = Real Estate Investment Trust

See Accompanying Notes to Financial Statements.

**Table of Contents****STATEMENT OF ASSETS AND LIABILITIES****IVY HIGH INCOME OPPORTUNITIES FUND**

AS OF MARCH 31, 2018 (UNAUDITED)

**(In thousands, except per share amounts)****ASSETS**

Investments in unaffiliated securities at market value+	\$ 376,074
Investments in affiliated securities at value+	1,998
<b>Investments at Value</b>	<b>378,072</b>
Cash	242
Investment securities sold receivable	3,143
Dividends and interest receivable	6,186
Unrealized appreciation on forward foreign currency contracts	*
Prepaid and other assets	2
<b>Total Assets</b>	<b>387,645</b>
<b>LIABILITIES</b>	
Investment securities purchased payable	2,465
Independent Trustees and Chief Compliance Officer fees payable	8
Shareholder servicing payable	2
Investment management fee payable	32
Accounting services fees payable	10
Payable for borrowing	122,000
Interest payable for borrowing	107
Other liabilities	5
<b>Total Liabilities</b>	<b>124,629</b>
<b>Commitments and Contingencies (See Note 2 and Note 8)</b>	
<b>Total Net Assets</b>	<b>\$ 263,016</b>
<b>NET ASSETS</b>	
Capital paid in	\$ 315,819
Undistributed net investment income	1,072
Accumulated net realized loss	(46,948)
Net unrealized depreciation	(6,927)
<b>Total Net Assets</b>	<b>\$ 263,016</b>
<b>SHARES OUTSTANDING</b>	<b>16,570</b>
<b>NET ASSET VALUE PER SHARE</b>	<b>\$15.87</b>
<b>+COST</b>	
Investments in unaffiliated securities at cost	\$ 383,028
Investments in affiliated securities at cost	\$ 1,971

*\*Not shown due to rounding.*

See Accompanying Notes to Financial Statements.

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**Table of Contents****STATEMENT OF OPERATIONS****IVY HIGH INCOME OPPORTUNITIES FUND**

FOR THE SIX MONTHS ENDED MARCH 31, 2018 (UNAUDITED)

**(In thousands)****INVESTMENT INCOME**

Dividends from unaffiliated securities	\$ 140
Interest and amortization from unaffiliated securities	15,226
<b>Total Investment Income</b>	<b>15,366</b>

**EXPENSES**

Investment management fee	1,947
Interest expense for borrowing	1,408
Shareholder servicing fees	18
Custodian fees	2
Independent Trustees and Chief Compliance Officer fees	8
Accounting services fee	61
Professional fees	56
Other	52
<b>Total Expenses</b>	<b>3,552</b>
<b>Net Investment Income</b>	<b>11,814</b>

**REALIZED AND UNREALIZED GAIN (LOSS)**

Net realized gain (loss) on:	
Investments in unaffiliated securities	(14,312)
Forward foreign currency contracts	20
Foreign currency exchange transactions	*
Net change in unrealized appreciation (depreciation) on:	
Investments in unaffiliated securities	6,059
Investments in affiliated securities	18
Forward foreign currency contracts	11
Foreign currency exchange transactions	*
<b>Net Realized and Unrealized Loss</b>	<b>(8,204)</b>
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>\$ 3,610</b>

*\*Not shown due to rounding*

See Accompanying Notes to Financial Statements.



**Table of Contents****STATEMENTS OF CHANGES IN NET ASSETS****IVY HIGH INCOME OPPORTUNITIES FUND**

<b>(In thousands)</b>	<b>Six-month period ended 3-31-2018 (unaudited)</b>	<b>Year ended 9-30-17</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>		
<b>Operations:</b>		
Net investment income	\$ 11,814	\$ 24,951
Net realized loss on investments	(14,292)	(1,240)
Net change in unrealized appreciation	6,088	12,086
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>3,610</b>	<b>35,797</b>
<b>Distributions to Shareholders From:</b>		
Net investment income	(11,268)	(24,519)
Net realized gains		
<b>Total Distributions to Shareholders</b>	<b>(11,268)</b>	<b>(24,519)</b>
<b>Capital Share Transactions:</b>		
Net proceeds from the sale of shares	50	
<b>Net Increase in net assets from share transactions</b>	<b>50</b>	
<b>Net Increase (Decrease) in Net Assets</b>	<b>(7,608)</b>	<b>11,278</b>
<b>Net Assets, Beginning of Period</b>	<b>270,624</b>	<b>259,346</b>
<b>Net Assets, End of Period</b>	<b>\$ 263,016</b>	<b>\$ 270,624</b>
Undistributed net investment income	\$ 1,072	\$ 344

See Accompanying Notes to Financial Statements.

**Table of Contents****STATEMENT OF CASH FLOWS****IVY HIGH INCOME OPPORTUNITIES FUND**

FOR THE SIX MONTHS ENDED MARCH 31, 2018 (UNAUDITED)

**(In thousands)****Cash flows provided by operating activities:**

Net increase in net assets resulting from operations \$ 3,610

**Adjustments to reconcile net increase in net assets from operations to net cash provided by operating activities:**

Purchases of long-term investment securities (81,445)

Proceeds from sales of long-term investment securities 99,164

Purchases of short-term portfolio investment securities, net (12,519)

Decrease in dividends and interest receivable 453

Decrease in prepaid and other assets 10

Increase in independent trustees and chief compliance officer fees payable 1

Increase in investment management fee payable 10

Increase in interest payable for borrowing 29

Increase in other liabilities 5

Net realized loss on investments in unaffiliated securities 14,312

Net change in unrealized appreciation on investments in unaffiliated securities (6,059)

Net change in unrealized appreciation on investments in affiliated securities (18)

Net change in unrealized appreciation on forward foreign currency contracts (11)

Net accretion and payment in kind income on investment securities (752)

**Net cash provided by operating activities 16,790****Cash flows used for financing activities:**

Proceeds from shares sold 50

Cash dividends paid (11,268)

Payments for borrowing (6,000)

**Net cash used for financing activities (17,218)****Net decrease in cash and foreign currency (428)****Cash and foreign currency, at beginning of period 670****Cash and foreign currency, at end of period \$ 242****Supplemental disclosure of cash flow information:**

Interest expense paid during the period \$ 1,301

See Accompanying Notes to Financial Statements.

**Table of Contents****FINANCIAL HIGHLIGHTS****IVY HIGH INCOME OPPORTUNITIES FUND**

FOR A SHARE OF CAPITAL STOCK OUTSTANDING THROUGHOUT EACH PERIOD

	<b>Six-month period ended 3-31-2018 (unaudited)</b>	<b>Year ended 9-30-2017</b>	<b>Year ended 9-30-2016</b>	<b>Year ended 9-30-2015</b>	<b>Year ended 9-30-2014</b>	<b>Period from 5-29-13 (commencement of operations) to 9-30-13</b>
Net Asset Value, Beginning of Period	\$ 16.34	\$ 15.65	\$ 15.60	\$ 19.35	\$ 19.41	\$ 19.10
Net Investment Income <sup>(1)</sup>	0.71	1.51	1.57	1.62	1.67	0.45
Net Realized and Unrealized Gain (Loss) on Investments	(0.50)	0.66	0.08	(3.41)	0.12	0.15
Total from Investment Operations	0.21	2.17	1.65	(1.79)	1.79	0.60
Distributions From Net Investment Income	(0.68)	(1.48)	(1.60)	(1.66)	(1.77)	(0.25)
Distributions From Net Realized Gains				(0.30)	(0.08)	
Total Distributions	(0.68)	(1.48)	(1.60)	(1.96)	(1.85)	(0.25)
Common Shares Offering Costs						(0.04)
Net Asset Value, End of Period	\$ 15.87	\$ 16.34	\$ 15.65	\$ 15.60	\$ 19.35	\$ 19.41
Share Price, End of Period	\$ 14.18	\$ 15.97	\$ 14.38	\$ 12.97	\$ 17.29	\$ 17.80
Total Return <sup>(2)</sup> Net Asset Value	1.79%	15.14%	13.71%	(8.76)%	10.52%	3.07%
Total Return <sup>(2)</sup> Share Price <sup>(3)</sup>	(7.00)%	22.55%	25.67%	(15.11)%	7.69%	(9.73)%
Net Assets, End of Period (in millions)	\$ 263	\$ 271	\$ 259	\$ 258	\$ 321	\$ 322
Managed Assets, End of Period (in millions)	\$ 385	\$ 399	\$ 370	\$ 383	\$ 455	\$ 476
Ratio of Expenses to Average Net Assets	2.68% <sup>(4)</sup> 1.62% <sup>(4)</sup>	2.35% 1.58%	2.09% 1.56%	1.98% 1.55%	1.94% 1.55%	1.82% <sup>(4)</sup> 1.49% <sup>(4)</sup>

Ratio of Expenses to Average Net Assets Excluding Interest Expense						
Ratio of Net Investment Income to Average Net Assets	8.90% <sup>(4)</sup>	9.31%	10.59%	9.07%	8.35%	6.88% <sup>(4)</sup>
Ratio of Expenses to Average Managed Assets	1.82% <sup>(4)</sup>	1.62%	1.44%	1.36%	1.36%	1.35% <sup>(4)</sup>
Ratio of Expenses to Average Managed Assets Excluding Interest Expense	1.10% <sup>(4)</sup>	1.09%	1.08%	1.07%	1.08%	1.11% <sup>(4)</sup>
Ratio of Net Investment Income to Average Managed Assets	6.07% <sup>(4)</sup>	6.43%	7.28%	6.24%	5.83%	5.12% <sup>(4)</sup>
Portfolio Turnover Rate	21%	39%	39%	47%	43%	44% <sup>(5)</sup>

(1) Based on average weekly shares outstanding.

(2) Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total returns based on Net Asset Value and Share Price do not reflect a sales charge or contingent deferred sales charge, if applicable. Total returns for periods less than one year are not annualized.

(3) Total investment return at share price will differ from results at NAV. Returns at share price can be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's stock, or changes in the Fund's dividends.

(4) Annualized.

(5) Percentage indicated was calculated for the period ended September 30, 2013.

See Accompanying Notes to Financial Statements.

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## NOTES TO FINANCIAL STATEMENTS

## IVY HIGH INCOME OPPORTUNITIES FUND

MARCH 31, 2018 (UNAUDITED)

**1. ORGANIZATION**

Ivy High Income Opportunities Fund (the Fund) is registered under the Investment Company Act of 1940, as amended (the 1940 Act) as a non-diversified, closed-end management investment company. The Fund was organized as a Delaware statutory trust on January 30, 2013, pursuant to an Agreement and Declaration of Trust, as amended and restated on March 28, 2013, governed by the laws of the State of Delaware. The Fund commenced operations on May 29, 2013. Prior to that date, the Fund had no operations other than matters relating to its organization and the sale and issuance of 5,236 common shares of beneficial interest to Ivy Investment Management Company (IICO or the Adviser), the Fund's investment adviser. The Fund's common shares are listed on the New York Stock Exchange (the NYSE) and trade under the ticker symbol IVH.

The Fund's investment objective is to seek to provide total return through a combination of a high level of current income and capital appreciation. The Fund will seek to achieve its investment objective by investing primarily in a portfolio of high yield corporate bonds of varying maturities and other fixed income instruments of predominantly corporate issuers, including secured and unsecured loan assignments, loan participations and other loan instruments (Loans). Under normal circumstances, the Fund will invest at least 80% of its Managed Assets (as defined in the prospectus) in a portfolio of U.S. and foreign bonds, loans and other fixed income instruments, as well as other investments (including derivatives) with similar economic characteristics. The Fund will invest primarily in instruments that are, at the time of purchase, rated below investment grade (below Baa3 by Moody's Investors Service, Inc. (Moody's) or below BBB- by either Standard & Poor's Rating Services (S&P) or Fitch, Inc. (Fitch), or compared by another nationally recognized statistical rating organization (NRSRO), or unrated but judged by the Adviser to be of comparable quality.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies consistently followed by the Fund.

**Security Transactions and Related Investment Income.** Security transactions are accounted for on the trade date (date the order to buy or sell is executed). Realized gains and losses are calculated on the identified cost basis. Interest income is recorded on the accrual basis and includes paydown gain (loss) and accretion of discounts and amortization of premiums. Dividend income is recorded on the ex-dividend date, except certain dividends from foreign securities where the ex-dividend date may have passed, which are recorded as soon as the Fund is informed of the ex-dividend date. All or a portion of the distributions received from a real estate investment trust or publicly traded partnership may be designated as a reduction of cost of the related investment or realized gain.

**Foreign Currency Translation.** The Fund's accounting records are maintained in U.S. dollars. All assets and liabilities denominated in foreign currencies are translated into U.S. dollars daily, using foreign exchange rates

obtained from an independent pricing service approved by the Board of Trustees of the Fund (the Board). Purchases and sales of investment securities and accruals of income and expenses are translated at the rate of exchange prevailing on the date of the transaction. For assets and liabilities other than investments in securities, net realized and unrealized gains and losses from foreign currency translation arise from changes in currency exchange rates. The Fund combines fluctuations from currency exchange rates and fluctuations in value when computing net realized gain (loss) and net change in unrealized appreciation (depreciation) on investments. Foreign exchange rates are typically valued as of the close of the NYSE, normally 4:00 P.M. Eastern time, on each day the NYSE is open for trading.

**Dividends and Distributions to Shareholders.** Dividends to shareholders are declared monthly. Distributions from net realized capital gains from investment transactions, if any, are declared and distributed to shareholders at least annually. Net investment income dividends and capital gains distributions are determined in accordance with income tax regulations, which may differ from accounting principles generally accepted in the United States of America ( U.S. GAAP ). If the total dividends and distributions made in any tax year exceed net investment income and accumulated realized capital gains, a portion of the total distribution may be treated as a return of capital for tax purposes.

**Income Taxes.** It is the policy of the Fund to distribute all of its taxable income and capital gains to its shareholders and to otherwise qualify as a regulated investment company under Subchapter M of the Internal Revenue Code. In addition, the Fund intends to pay distributions as required to avoid imposition of excise tax. Accordingly, no provision has been made for Federal income taxes. The Fund files income tax returns in U.S. federal and applicable state jurisdictions. The Fund's tax returns are subject to examination by the relevant taxing authority until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax returns. Management of the Fund periodically reviews all tax positions to assess whether it is more likely than not that the position would be sustained upon examination by the relevant tax authority based on the technical merits of each position. As of the date of these financial statements, management believes that no liability for unrecognized tax positions is required.

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**Segregation and Collateralization.** In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission ( SEC ), the Dodd Frank Wall Street Reform and Consumer Protection Act, or the interpretive rules and regulations of the U.S. Commodities Futures Trading Commission require that the Fund either deliver collateral or segregate assets in connection with certain investments (e.g., dollar rolls, financial futures contracts, foreign currency exchange contracts, options written, securities with extended settlement periods, and swaps), the Fund will segregate collateral or designate on its books and records, cash or other liquid securities having a value at least equal to the amount that is required to be physically segregated for the benefit of the counterparty. Furthermore, based on requirements and agreements with certain exchanges and third party broker-dealers, each party has requirements to deliver/deposit cash or securities as collateral for certain investments. Certain countries require that cash reserves be held while investing in companies incorporated in that country. These cash reserves and cash collateral that has been pledged to cover obligations of the Fund under derivative contracts, if any, will be reported separately on the Statement of Assets and Liabilities as Restricted cash . Securities collateral pledged for the same purpose, if any, is noted on the Schedule of Investments.

**Concentration of Market and Credit Risk.** In the normal course of business, the Fund invests in securities and enters into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer of a security to meet all its obligations (issuer credit risk). The value of securities held by the Fund may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate and price fluctuations. Similar to issuer credit risk, the Fund may be exposed to counterparty credit risk, or the risk that an entity with which the Fund has unsettled or open transactions may fail to or be unable to perform on its commitments. The Fund manages 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. Financial assets, which potentially expose the Fund to market, issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of the Fund s exposure to market, issuer and counterparty credit risks with respect to these financial assets is generally approximated by their value recorded on the Fund s Statement of Assets and Liabilities, less any collateral held by the Fund.

The Fund may hold high-yield or non-investment-grade bonds, that may be subject to a greater degree of credit risk. Credit risk relates to the ability of the issuer to meet interest or principal payments or both as they become due. While the Fund may not invest in issues (such as secured debt issues or corporate debt issues) that are in default at the time of purchase, issuers in which the Fund may invest may become subject to a bankruptcy reorganization proceeding, subject to some other form of a public or private debt restructuring or otherwise become in default or in significant risk of default in the payment of interest or repayment of principal or trading at prices substantially below other below-investment grade debt securities of companies in similar industries.

The Fund may enter into financial instrument transactions (such as swaps, futures, options and other derivatives) that may have off-balance sheet market risk. Off-balance sheet market risk exists when the maximum potential loss on a particular financial instrument is greater than the value of such financial instrument, as reflected on the Statement of Assets and Liabilities.

If the Fund invests directly in foreign currencies or in securities that trade in, and receive revenues in, foreign currencies, or in financial derivatives that provide exposure to foreign currencies, it will be subject to the risk that those currencies will decline in value relative to the base currency of the Fund, or, in the case of hedging positions, that the Fund's base currency will decline in value relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by U.S. or foreign governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments in the United States or abroad.

**Leverage Risk.** The Fund's use of leverage creates the possibility of higher volatility for the Fund's Net Asset Value (NAV), share price and distributions. Leverage risk can be introduced through structural leverage (borrowings) or portfolio leverage through the use of certain derivative instruments held in the Fund's portfolio. Leverage typically magnifies the total return of the Fund's portfolio, whether that return is positive or negative. The use of leverage creates an opportunity for increased net income per share, but there is no assurance that the Fund's leveraging strategy will be successful.

**Loans.** The Fund may invest in loans, the interest rates of which float or adjust periodically based upon a specified adjustment schedule, benchmark indicator, or prevailing interest rates, the debtor of which may be a domestic or foreign corporation, partnership or other entity (Borrower). Loans generally pay interest at rates which are periodically redetermined by reference to a base lending rate plus a premium. These base lending rates generally include prime rates of one or more major U.S. banks, the London Interbank Offered Rate (LIBOR) or certificates of deposit rates. Loans often require prepayments from excess cash flow or permit the Borrower to repay at its election. The degree to which Borrowers repay cannot be predicted with accuracy. As a result, the actual maturity may be substantially less than the stated maturities. Loans are exempt from registration under the Securities Act of 1933, as amended, may contain certain restrictions on resale, and cannot be sold publicly. The Fund's investment in loans may be in the form of participations in loans or assignments of all or a portion of loans from third parties.

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When the Fund purchases assignments, it acquires all the rights and obligations under the loan agreement of the assigning lender. Assignments may, however, be arranged through private negotiations between potential assignees and potential assignors, and the rights and obligations acquired by the purchaser of an assignment may differ from, and be more limited than those held by the assigning lender. When the Fund purchases a participation of a loan interest, the Fund typically enters into a contractual agreement with the lender or other third party selling the participation. A participation interest in loans includes the right to receive payments of principal, interest and any fees to which it is entitled from the lender and only upon receipt by the lender of payments from the Borrower, but not from the Borrower directly. When investing in a participation interest, if a Borrower is unable to meet its obligations under a loan agreement, the Fund generally has no direct right to enforce compliance with the terms of the loan agreement. As a result, the Fund assumes the credit risk of the Borrower, the selling participant, and any other persons that are interpositioned between the Fund and the Borrower. If the lead lender in a typical lending syndicate becomes insolvent, enters Federal Deposit Insurance Corporation ( FDIC ) receivership or, if not FDIC insured, enters into bankruptcy, the Fund may incur certain costs and delays in receiving payment or may suffer a loss of principal and interest.

**Payment In-Kind Securities.** The Fund may invest in payment in-kind securities ( PIKs ). PIKs give the issuer the option at each interest payment date of making interest payments in cash or in additional debt securities. Those additional debt securities usually have the same terms, including maturity dates and interest rates, and associated risks as the original bonds. The daily market quotations of the original bonds may include the accrued interest (referred to as a dirty price) and require a pro-rata adjustment from the unrealized appreciation or depreciation on investments to interest receivable on the Statement of Assets and Liabilities.

**Securities on a When-Issued or Delayed Delivery Basis.** The Fund may purchase securities on a when-issued basis, and may purchase or sell securities on a delayed delivery basis. When-issued or delayed delivery refers to securities whose terms and indenture are available and for which a market exists, but which are not available for immediate delivery. Delivery and payment for securities that have been purchased by the Fund on a when-issued basis normally take place within six months and possibly as long as two years or more after the trade date. During this period, such securities do not earn interest, are subject to market fluctuation and may increase or decrease in value prior to their delivery. The purchase of securities on a when-issued basis may increase the volatility of the Fund's NAV to the extent the Fund executes such transactions while remaining substantially fully invested. When the Fund engages in when-issued or delayed delivery transactions, it relies on the buyer or seller, as the case may be, to complete the transaction. Their failure to do so may cause the Fund to lose the opportunity to obtain or dispose of the security at a price and yield IICO considers advantageous. The Fund maintains internally designated assets with a value equal to or greater than the amount of its purchase commitments. The Fund may also sell securities that it purchased on a when-issued or delayed delivery basis prior to settlement of the original purchase.

**Custodian Fees.** Custodian fees on the Statement of Operations may include interest expense incurred by the Fund on any cash overdrafts of its custodian account during the period. Such cash overdrafts may result from the effects of failed trades in portfolio securities. The Fund pays interest to its custodian on such cash overdrafts, to the extent they are not offset by positive cash balances maintained by the Fund. The Earnings credit line item, if shown, represents earnings on cash balances maintained by the Fund during the period. Such interest expense and other custodian fees

may be paid with these earnings.

**Indemnification.** The Fund's organizational documents provide current and former Trustees and Officers with a limited indemnification against liabilities arising in connection with the performance of their duties to the Fund. In the normal course of business, the Fund may also enter into contracts that provide general indemnification. The Fund's maximum exposure under these arrangements is unknown and is dependent on future claims that may be made against the Fund. The risk of material loss from such claims is considered remote.

**Basis of Preparation.** The Fund is an investment company and follows accounting and reporting guidance in the Financial Accounting Standards Board ( FASB ) Accounting Standards Codification Topic 946 ( ASC 946 ). The accompanying financial statements were prepared in accordance with U.S. GAAP, including but not limited to ASC 946. U.S. GAAP requires the use of estimates made by management. Management believes that estimates and valuations are appropriate; however, actual results may differ from those estimates, and the valuations reflected in the accompanying financial statements may differ from the value ultimately realized upon sale or maturity.

**Statement of Cash Flows.** U.S. GAAP requires entities providing financial statements that report both financial position and results of operations to also provide a statement of cash flows for each period for which results of operations are provided, but exempts investment companies meeting certain conditions. One of the conditions is that the enterprise had little or no debt, based on the average debt outstanding during the period, in relation to average total assets. Funds with certain degrees of borrowing activity, typically through the use of borrowing arrangements, have been determined to be at a level requiring a Statement of Cash Flows. The Statement of Cash Flows has been prepared using the indirect method which requires net increase/decrease in net assets resulting from operations to be adjusted to reconcile to net cash flows from operating activities.

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**Subsequent Events.** Management has performed a review for subsequent events through the date this report was issued.

**3. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS**

The Fund's investments are reported at fair value. Fair value is defined as the price that the Fund would receive upon selling an asset or would pay upon satisfying a liability in an orderly transaction between market participants at the measurement date. The Fund calculates the NAV of its shares as of the close of the NYSE, normally 4:00 P.M. Eastern time, on each day the NYSE is open for trading.

For purposes of calculating the NAV, the portfolio securities and financial instruments are valued on each business day using pricing and valuation methods as adopted by the Board. Where market quotes are readily available, fair value is generally determined on the basis of the last reported sales price, or if no sales are reported, based on quotes obtained from a quotation reporting system, established market makers, or pricing services.

Prices for fixed-income securities are typically based on quotes that are obtained from an independent pricing service approved by the Board. To determine values of fixed-income securities, the independent pricing service utilizes such factors as current quotations by broker/dealers, coupon, maturity, quality, type of issue, trading characteristics, and other yield and risk factors it deems relevant in determining valuations. Securities that cannot be valued by the independent pricing service may be valued using quotes obtained from dealers that make markets in the securities.

Short-term securities with maturities of 60 days or less are valued based on quotes that are obtained from an independent pricing service approved by the Board as described in the preceding paragraph above.

Because many foreign markets close before the NYSE, events may occur between the close of the foreign market and the close of the NYSE that could have a material impact on the valuation of foreign securities. Waddell & Reed Services Company (WRSCO), pursuant to procedures adopted by the Board, evaluates the impact of these events and may adjust the valuation of foreign securities to reflect the fair value as of the close of the NYSE. In addition, all securities for which values are not readily available or are deemed unreliable are appraised at fair value as determined in good faith under the supervision of the Board.

Where market quotes are not readily available, portfolio securities or financial instruments are valued at fair value, as determined in good faith by the Board or Valuation Committee pursuant to procedures approved by the Board.

Market quotes are considered not readily available in circumstances where there is an absence of current or reliable market-based data (e.g., trade information or broker quotes), including where events occur after the close of the relevant market, but prior to the NYSE close, that materially affect the values of the Fund's securities or financial instruments. In addition, market quotes are considered not readily available when, due to extraordinary circumstances, the exchanges or markets on which the securities trade do not open for trading for the entire day and no other market prices are available.

## Edgar Filing: Ivy High Income Opportunities Fund - Form N-CSRS

The Board has delegated to WRSCO the responsibility for monitoring significant events that may materially affect the values of the Fund's securities or financial instruments and for determining whether the value of the applicable securities or financial instruments should be re-evaluated in light of such significant events. The Board has established a Valuation Committee to administer and oversee the valuation process, including the use of third party pricing vendors.

The Board has adopted methods for valuing securities and financial instruments in circumstances where market quotes are not readily available. For instances in which daily market quotes are not readily available, investments may be valued, pursuant to procedures established by the Board, with reference to other securities or indices. In the event that the security or financial instrument cannot be valued pursuant to one of the valuation methods established by the Board, the value of the security or financial instrument will be determined in good faith by the Valuation Committee in accordance with the procedures adopted by the Board.

When the Fund uses these fair valuation methods applied by WRSCO that use significant unobservable inputs to determine its NAV, securities will be priced by a method that the Board or persons acting at its direction believe accurately reflects fair value and are categorized as Level 3 of the fair value hierarchy. These methods may require subjective determinations about the value of a security. The prices used by the Fund may differ from the value that will ultimately be realized at the time the securities are sold.

WRSCO is responsible for monitoring the implementation of the pricing and valuation policies through a series of activities to provide reasonable comfort of the accuracy of prices including: 1) periodic vendor due diligence meetings to review methodologies, new developments, and process at vendors, 2) daily and monthly multi-source pricing comparisons reviewed and submitted to the Valuation Committee, and 3) daily review of unpriced, stale, and variance reports with exceptions reviewed by management and the Valuation Committee.

Accounting standards establish a framework for measuring fair value and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability.

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Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the factors that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

An individual investment's fair value measurement is assigned a level based upon the observability of the inputs which are significant to the overall valuation.

The three-tier hierarchy of inputs is summarized as follows:

Level 1 Observable input such as quoted prices, available in active markets, for identical assets or liabilities.

Level 2 Significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market corroborated inputs.

Level 3 Significant unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available, which may include assumptions made by the Board or persons acting at its direction that are used in determining the fair value of investments.

A description of the valuation techniques applied to the Fund's major classes of assets and liabilities measured at fair value on a recurring basis follows:

**Corporate Bonds.** The fair value of corporate bonds, as obtained from an independent pricing service, is estimated using various techniques, which consider recently executed transactions in securities of the issuer or comparable issuers, market price quotations (where observable), bond spreads, fundamental data relating to the issuer, and credit default swap spreads adjusted for any basis difference between cash and derivative instruments. While most corporate bonds are categorized in Level 2 of the fair value hierarchy, in instances where lower relative weight is placed on transaction prices, quotations, or similar observable inputs, they are categorized in Level 3 of the fair value hierarchy.

**Derivative Instruments.** Forward foreign currency contracts are valued based upon the closing prices of the forward currency rates determined at the close of the NYSE, are provided by an independent pricing service and are categorized in Level 2 of the fair value hierarchy. Swaps derive their value from underlying asset prices, indices, reference rates and other