Ivy High Income Opportunities Fund
Form N-CSR
December 07, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-22800

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: September 30, 2018

ITEM 1. REPORTS TO STOCKHOLDERS.

Insert Ivy High Income Opportunities Fund shareholder report file here.

Annual Report

SEPTEMBER 30, 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℠ refers to the financial services offered by Ivy Distributors, Inc., a FINRA member broker dealer and the distributor of IVY FUNDS® mutual funds, and those financial services offered by its affiliates.

CONTENTS IVY HIGH INCOME OPPORTUNITIES FUND

SEPTEMBER 30, 2018 (UNAUDITED)

Philip J. Sanders, CFA

Dear Shareholder,

While most of the fiscal year remained relatively calm, market volatility returned toward the end of the period. As 2018 progressed, trade disputes, geopolitical tensions and uncertain global growth rates provided a choppy ride for investors.

Economic growth is poised to finish 2018 on solid footing, as global inflation remains somewhat tepid. We believe global gross domestic product (GDP) is on track for a 3.7% growth rate in 2018, taking into account some minor downward revisions to our forecast because of isolated emerging market weakness.

The U.S. continues to provide a strong foundation across the global economic stage. Domestic capital expenditures (capex) are solid and small business confidence is at an all-time high. In addition, consumer spending has held up well despite higher gasoline prices. We believe the U.S. growth rate will average around 3% annualized in 2018.

The deterioration in eurozone economic data seems to be waning following an agreement between the U.S. and European Union (EU) to discuss a reduction in tariffs on industrial goods. Brexit negotiations between the U.K. and EU continue to be choppy, which has caused some delays in anticipated capex spending for the eurozone. While we believe the two parties will come to a resolution for the U.K. s exit from the EU prior to the March 2019 deadline, the ongoing negotiations may cause lingering economic tumult until a deal can be reached. We expect eurozone GDP growth at an average annual rate around 2% in 2018.

While the European Central Bank reduced the amount of its asset purchases during the third quarter, it has committed to keeping rates low for an extended period. We think that decision is likely to continue to support the EU economy. In addition, the Bank of England recently raised interest rates and we think it is set to continue increasing rates gradually, barring any unforeseen Brexit issues.

Much attention of late has been focused on emerging markets. China s economy has been weaker because of a combination of deleveraging and the institution of new pollution controls on select industries. These factors, coupled with concerns about an escalating trade war with the U.S., have pushed China s policymakers to begin to ease policy. We believe recent announcements of tax cuts and increased infrastructure spending in addition to lower interest rates will stabilize China s economy during the fourth quarter.

Currency crises plagued Turkey and Argentina throughout the third quarter, which sent tremors through other emerging market economies, including South Africa. Emerging markets continue to face headwinds from longer term fundamental outlook; the international trade uncertainty and a strong U.S. dollar. We believe emerging

markets continue to offer a sound longer term fundamental outlook; however, market volatility is likely to persist until there is more clarity surrounding potential risks.

Overall, 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.

We remain attuned to a range of risks investors may face in the current environment, and 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.

Economic Snapshot

	9/30/2018	9/30/2017
S&P 500 Index	2,913.98	2,519.36
MSCI EAFE Index	1,973.60	1,973.81
10-Year Treasury Yield	3.05%	2.33%
U.S. unemployment rate	3.7%	4.2%
30-year fixed mortgage rate	4.72%	3.83%
Oil price per barrel	$ 73.25	$ 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.

(UNAUDITED)

Chad A. Gunther

Below, Chad Gunther, portfolio manager of the Ivy High Income Opportunities Fund, discusses positioning, performance and results for the fiscal year ended September 30, 2018. Mr. Gunther has been manager of the Fund since 2014 and has 20 years industry experience

For the 12 Months Ended September 30, 2018	
Ivy High Income Opportunities Fund (Fund at net asset value)	6.68%
Ivy High Income Opportunities Fund (Fund at market price)	-2.47%

Investment Performance

During the fiscal year, the Fund outperformed its benchmark, the Bank of America Merrill Lynch U.S. High Yield Master II Index, from a NAV perspective, but underperformed from a market price perspective based on the Fund s traded discount in the market. The benchmark returned 2.94% during the period.

Positive contributors to performance include credit selection in the following loan categories: finance, grocery, oil and gas, personal non-durable consumer and retail, as well as credit selection in the following bond categories: telecom-wireline, gaming, financial services and specialty retail.

Detracting from performance were credit picks in media, cable and consumer goods along with underweights to the telecom-satellite and energy sectors.

Investment Environment

Over the past fiscal year, gains were driven by continued positive earnings growth supported by both consumer and business confidence, declining unemployment, wage growth, tax reforms and subdued inflation. The spread on the Fund s benchmark declined from 356 basis points (bps) on September 30, 2017 to 316 bps on September 30, 2018. The effective yield of the benchmark over the past fiscal year has increased from 5.53% to 6.23% as of September 30, 2018.

As expected, the Federal Reserve (Fed) raised the federal funds rate four times over the past fiscal year and indicated its continued commitment to tightening financial conditions moving forward. The 10-year treasury yield continued to move higher from 2.31% on September 30, 2017 to 3.06% on September 30, 2018. During the same period, oil prices, as measured by WTI (West Texas Intermediate), had a similar trajectory going from $51.67 to $73.25.

During the fiscal year, outflows from the high yield asset class were approximately $30 billion while inflows into the leveraged loan asset class were approximately $11 billion. Defaults continued to remain low with $45 billion of paper defaulting during the fiscal year ($29 billion excluding iHeartMedia, Inc.). The default rate excluding iHeartMedia, Inc. was well below 2%.

Outlook

Although many firms on the street recommended a decrease from an allocation standpoint to high yield at the beginning of 2018, the asset class has been a top performer across fixed income. With lower credit quality bonds continuing to outperform higher credit quality bonds, the risk-on environment continues especially within non-investment grade bonds. In 2018, through the end of September, CCC credits are up 6.06% versus BB credits which were up 0.76%, as measured by the JP Morgan U.S. High Yield Index. Despite the instability experienced within a variety of asset classes as of late, high-yield credit spreads continued to decline into fiscal year end.

Even though high yield is more correlated to equities than other credit strategies, it historically has offered more downside protection than stocks in volatile times. It continues to be our view that the tailwinds from corporate and individual tax reform, along with deregulation and the resulting boost in consumer and business confidence will outweigh global trade worries and headwinds for now. However, if the Fed continues down the path of tightening monetary policy and there is no resolution to the trade negotiations with China, the path of least resistance in our opinion is to the downside.

We continue to be of the view that finding value in the high-yield market has become increasingly more difficult and considerable caution is warranted in making new investments. As such, we believe our continued process of bottom-up, in-depth fundamental research and analysis will guide us to those investments where the risk/reward is in our favor.

The investment return, price, yields, market value and NAV of a fund s shares will fluctuate with market conditions. Closed-end funds frequently trade at a discount to their NAV, which may increase an investor s risk of loss. At the time of sale, your shares may have a market price that is above or below NAV, and may be worth more or less than your original investment. There is no assurance that the Fund will meet its investment objective.

Risk factors: The price of the Fund s shares will fluctuate with market conditions and other factors. Fund shares are not guaranteed or endorsed by any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation. Investing in high-income securities may carry a greater risk of nonpayment of interest or principal than with higher-rated bonds. Loans (including loan assignments, loan participations and other loan instruments) carry other risks, including the risk of insolvency of the lending bank or other intermediary. Loans may be unsecured or not fully collateralized may be subject to restrictions on resale and sometimes trade infrequently on the secondary market. An investment in the Fund is not appropriate for all investors and is not intended to be a complete investment program. The Fund is designed as a long-term investment and not as a trading vehicle.

The opinions expressed in this report are those of the portfolio manager and are current only through the end of the period of the report as stated on the cover. The manager s views are subject to change at any time based on market and other conditions, and no forecasts can be guaranteed.

ALL DATA IS AS OF SEPTEMBER 30, 2018 (UNAUDITED)

Total Return[1]	**Share Price**	**NAV**
1-year period ended 9-30-18	-2.47%	6.68%
5-year period ended 9-30-18	6.55%	7.09%
Commencement of operations (5-29-13) through 9-30-18	4.10%	7.23%

Share Price/NAV Performance

Commencement of operations (5-29-13) through 9-30-18

Share Price/NAV	
Share Price	$ 14.26
NAV	$ 15.96
Discount to NAV[3]	-10.60%
Share Price Yield[4]	8.42%
Structural Leverage Ratio[5]	31.57%
Effective Leverage Ratio[6]	31.57%

Asset Allocation (% s based on total investments)

Stocks	**2.4%**
Energy	1.0%
Financials	0.6%
Consumer Discretionary	0.5%
Consumer Staples	0.2%
Health Care	0.1%
Industrials	0.0%
Bonds	**92.8%**
Corporate Debt Securities	73.0%
Loans	19.8%
Borrowings[2]	**-31.5%**
Cash Equivalents+	**4.8%**

Quality Weightings (% s based on total investments)

Non-Investment Grade	**92.8%**
BB	7.6%
B	52.4%
CCC	27.7%
Below CCC	0.8%
Non-rated	4.3%
Borrowings(2)	**-31.5%**
Cash Equivalents+ and Equities	**7.2%**

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 September 30, 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.

SCHEDULE OF INVESTMENTS IVY HIGH INCOME OPPORTUNITIES FUND (in thousands)

SEPTEMBER 30, 2018

COMMON STOCKS	**Shares**	**Value**
Consumer Discretionary		
Apparel Retail 0.7%		
True Religion Apparel, Inc. (A)(C)	34	$ 1,902
Broadcasting 0.1%		
Cumulus Media, Inc., Class A (A)	10	165
Total Consumer Discretionary 0.8%		**2,067**
Energy		
Oil & Gas Equipment & Services 0.2%		
Larchmont Resources LLC (A)(D)(E)	2	457
Oil & Gas Exploration & Production 0.1%		
Midstates Petroleum Co., Inc. (A)	32	284
Total Energy 0.3%		**741**
Financials		
Other Diversified Financial Services 0.9%		
J.G. Wentworth Co. (The) (C)(D)	249	2,427
Total Financials 0.9%		**2,427**
Health Care		
Pharmaceuticals 0.1%		
Concordia International Corp. (A)(B)	11	223
Total Health Care 0.1%		**223**
Industrials		

Air Freight & Logistics 0.0%		
BIS Industries Ltd. (C)(D)	804	55
Total Industrials 0.0%		**55**
TOTAL COMMON STOCKS 2.1%		**$ 5,513**
(Cost: $4,140)		
PREFERRED STOCKS		
Consumer Staples		
Agricultural Products 0.3%		
Pinnacle Agriculture Enterprises LLC (A)(C)(D)	1,358	758
Total Consumer Staples 0.3%		**758**
Energy		
Oil & Gas Exploration & Production 1.2%		
Targa Resources Corp., 9.500% (D)	3	3,200
Total Energy 1.2%		**3,200**
TOTAL PREFERRED STOCKS 1.5%		**$ 3,958**
(Cost: $3,910)		

CORPORATE DEBT SECURITIES	**Principal**	**Value**
Consumer Discretionary		
Advertising 0.2%		
Acosta, Inc.,		
7.750%, 10 1 22 (F)	$ 687	$ 234
Outfront Media Capital LLC and Outfront Media Capital Corp.,		
5.625%, 2 15 24	387	391
		625
Automotive Retail 0.7%		
Allison Transmission, Inc.,		
5.000%, 10 1 24 (F)	315	313
Penske Automotive Group, Inc.,		