



Annual Report | April 30, 2024

WESTERN ASSET HIGH INCOME FUND II INC. (HIX)



FRANKLIN
TEMPLETON

INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

Fund objectives

The Fund seeks to maximize current income. As a secondary objective, the Fund seeks capital appreciation to the extent consistent with its objective of seeking to maximize current income.

Under normal market conditions, the Fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in high-yield debt securities. In addition, the Fund may invest up to 35% of its total assets in debt securities of issuers located in emerging market countries.

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Letter from the chairman



Dear Shareholder,

We are pleased to provide the annual report of Western Asset High Income Fund II Inc. for the twelve-month reporting period ended April 30, 2024. Please read on for a detailed look at prevailing economic and market conditions during the Fund's reporting period and to learn how those conditions have affected Fund performance.

Special shareholder notice

Effective March 1, 2024, Walter Kilcullen joined the Fund's portfolio management team and S. Kenneth Leech no longer serves as a member of the Fund's portfolio management team.

As always, we remain committed to providing you with excellent service and a full spectrum of investment choices. We also remain committed to supplementing the support you receive from your financial advisor. One way we accomplish this is through our website, www.franklintempleton.com. Here you can gain immediate access to market and investment information, including:

- Fund prices and performance,
- Market insights and commentaries from our portfolio managers, and
- A host of educational resources.

We look forward to helping you meet your financial goals.

Sincerely,

A handwritten signature in black ink that reads "Jane Trust". The signature is fluid and cursive, with a large, stylized "J" and "T".

Jane Trust, CFA
Chairman, President and Chief Executive Officer

May 31, 2024

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Fund overview

Q. What is the Fund's investment strategy?

A. The Fund seeks to maximize current income. As a secondary objective, the Fund seeks capital appreciation to the extent consistent with its objective of seeking to maximize current income. Under normal market conditions, the Fund invests at least 80% of its net assets, plus any borrowings for investment purposes, in high-yield debt securities. The Fund may invest up to 35% of its total assets in debt securities of issuers located in emerging market countries. It may also invest up to 30% of its assets in zero coupon securities, payment-in-kind bonds and deferred payment securities, and up to 20% of its assets in equity securities. The Fund may utilize a variety of derivative instruments for investment or risk management purposes, such as options, futures contracts, swap agreements including credit default swaps. We employ an actively managed approach that is risk-controlled and assimilates top-down macroeconomic views with industry sector insights and bottom-up credit research to derive the general framework for the Fund's predominantly non-investment grade credit mandate. This framework provides the foundation for how the portfolio is positioned with respect to risk (aggressive, neutral, conservative), as well as identifying sector overweights and underweights.

Risk and weightings are reviewed on a regular basis. Our bottom-up process provides the basis for populating the targeted industry weightings through individual credit selection. Analysts work closely with portfolio managers to determine which credits provide the best risk/reward relationship within their respective sectors. The research team focuses on key fundamental measures such as leverage, cash flow adequacy, liquidity, amortization schedule, underlying asset value and management integrity/track record.

At Western Asset Management Company, LLC ("Western Asset"), the Fund's subadviser, we utilize a fixed income team approach, with decisions derived from interaction among various investment management sector specialists. The sector teams are comprised of Western Asset's senior portfolio management personnel, research analysts and an in-house economist. Under this team approach, management of client fixed income portfolios will reflect a consensus of interdisciplinary views within the Western Asset organization. The individuals responsible for development of investment strategy, day-to-day portfolio management, oversight and coordination of the Fund are Michael C. Buchanan, Christopher F. Kilpatrick and Walter Kilcullen.

Q. What were the overall market conditions during the Fund's reporting period?

A. The fixed income market experienced periods of elevated volatility and modestly declined during the twelve months ended April 30, 2024. The market was impacted by several factors, including initial fears of an economic recession, persistent inflation, and shifting expectations for the Federal Reserve Board (the "Fed") monetary policy. The market ended 2023 on a positive note, as the Fed indicated it would likely pivot from raising rates to cutting rates in 2024. However, thus far the Fed has kept rates at a 22-year high and has indicated it would take a measured approach, which has pushed back expectations in terms

Fund overview (cont'd)

of the timing for rate cuts. Meanwhile, there are signs that the central bank may orchestrate a “soft landing” for the economy.

Both short- and longer-term U.S. Treasury yields rose during the reporting period. The yield for the two-year Treasury note began the reporting period at 4.04% and ended the period at 5.04%. The low of 3.75% was on May 4, 2023, and the peak of 5.19% occurred on October 17 and 18, 2023. The yield for the ten-year Treasury note began at 3.44% and ended the reporting period at 4.69%. The low of 3.37% was on May 4, 2023, and the peak of 4.98% occurred on October 19, 2023.

All told, the Bloomberg U.S. Aggregate Indexⁱ returned -1.47% for the twelve months ended April 30, 2024. Riskier fixed income securities, including high yield bonds and emerging market debt, produced significantly better results. Over the fiscal year, the Bloomberg U.S. Corporate High Yield — 2% Issuer Cap Indexⁱⁱ and the JPMorgan Emerging Markets Bond Index Global (“EMBI Global”)ⁱⁱⁱ returned 9.01% and 6.79%, respectively.

Q. How did we respond to these changing market conditions?

A. A number of changes were made to the Fund’s portfolio during the reporting period. The Fund completed a rights offering with our existing shareholders toward the end of the reporting period. The proceeds were invested in a combination of secured bank loans, high yield bonds, emerging market debt, and collateralized mortgage-backed securities (“CMBS”). We favored floating rate assets given we borrow on a floating rate basis, and we felt this could help offset the Fund’s cost of capital from elevated short-end rates. Additionally, rates declined in the fourth quarter of 2023. We felt it was prudent to add some floating rate assets to partially hedge against a “higher for longer” rate scenario with sticky inflation in 2024.

During the reporting period, we tactically utilized leverage in the Fund. We ended the period with leverage as a percentage of total assets of approximately 29%, versus roughly 27% when the period began. The use of leverage contributed to results given most spread sectors posted positive total returns during the period.

Currency forwards, which were used to help manage the Fund’s currency exposures, contributed to performance.

Performance review

For the twelve months ended April 30, 2024, Western Asset High Income Fund II Inc. returned 7.45% based on its net asset value (“NAV”)^{iv} and 2.89% based on its New York Stock Exchange (“NYSE”) market price per share. The Fund’s unmanaged benchmarks, the Bloomberg U.S. Corporate High Yield — 2% Issuer Cap Index and the EMBI Global, returned 9.01% and 6.79%, respectively, for the same period.

The Fund has a practice of seeking to maintain a relatively stable level of distributions to shareholders. This practice has no impact on the Fund’s investment strategy and may reduce

the Fund's NAV. The Fund's manager believes the practice helps maintain the Fund's competitiveness and may benefit the Fund's market price and premium/discount to the Fund's NAV.

During the twelve-month period, the Fund made distributions to shareholders totaling \$0.59 per share of which \$0.12 will be treated as a return of capital for tax purposes.* The performance table shows the Fund's twelve-month total return based on its NAV and market price as of April 30, 2024. **Past performance is no guarantee of future results.**

Performance Snapshot as of April 30, 2024	
Price Per Share	12-Month Total Return**
\$4.49 (NAV)	7.45%†
\$4.34 (Market Price)	2.89%‡

All figures represent past performance and are not a guarantee of future results.

**** Total returns are based on changes in NAV or market price, respectively. Returns reflect the deduction of all Fund expenses, including management fees, operating expenses, and other Fund expenses. Returns do not reflect the deduction of brokerage commissions or taxes that investors may pay on distributions or the sale of shares.**

† Total return assumes the reinvestment of all distributions, including returns of capital, at NAV.

‡ Total return assumes the reinvestment of all distributions, including returns of capital, in additional shares in accordance with the Fund's Dividend Reinvestment Plan.

Q. What were the leading contributors to performance?

A. Within the Fund's developed market high yield allocation, several positions were rewarded. The Fund's issuers in the transportation space posted positive fundamental results and the rating agency actions have shifted to generally positive. Examples of overweight positions that outperformed were Norwegian Cruise Lines, Carnival, American Airlines, Global Aircraft Leasing, and Royal Caribbean Cruises. Our front-end positioning in a stressed communications company that is pursuing a Liability Management Exercise (LME)¶, EchoStar was also beneficial. We had an overweight to the March 2024 maturity that outperformed the market and ended up paying off at par plus accrued interest. We felt the company had liquidity, as well as other options to satisfy the near-term maturity. An example of consumer facing issuer overweights that outperformed were private prison operator CoreCivic (CXW) and a grocery store operator out of the UK called Asda (Bellis Acquisition). Both posted positive fundamental performance and CXW was able to access the capital markets to further extend their maturity profile.

The Fund's allocation to emerging markets was beneficial. Specifically in the energy space, commodity prices have remained elevated due to geopolitical concerns and supply and demand dynamics. Examples of overweights that performed well were Colombian energy

* For the character of distributions paid during the fiscal year ended April 30, 2024, please refer to page 56 of this report.

Fund overview (cont'd)

company Ecopetrol SA and Argentina's YPF SA. Additionally, in emerging markets, the Fund's overweight to Mexican local sovereign debt performed well. Mexico could benefit longer-term from a shift away from China for manufacturing given heightened geopolitical uncertainty.

Investment-grade-rated debt in general underperformed lower quality, higher levered, and shorter duration spread products during the reporting period. However, a handful of overweights were additive to performance. Global financials stabilized post the Swiss government's actions to force a takeover of Credit Suisse by UBS. Additionally, regional bank stress in the U.S. dissipated as the reporting period progressed. Examples of overweights that outperformed were subordinated exposure to several large global money center banks, such as UBS Group AG, Barclays, BNP Paribas SA, and Lloyds Bank.

Q. What were the leading detractors from performance?

A. While the Fund performed well there were a handful of positions that were not rewarded during the reporting period. Specifically, issuers that either engaged in or were rumored to be contemplating an LME performed poorly. Overweight allocations to French wireless and cable operator Altice France SA, global packaging company Ardagh Packaging Finance, and a U.S. technology company CommScope were examples of underperformers.

Within our bank loan allocation, an overweight allocation to Weight Watchers International secured loans performed poorly as lead shareholder, Oprah Winfrey, stepped down as a member of the board of directors citing a "conflict of interest." Weight Watchers posted disappointing fundamental results during the reporting period as well.

The Fund's emerging market positions largely performed well during the reporting period. Turning to China, we generally avoided dozens of Chinese property companies that have defaulted over the past several years. However, we had a small overweight allocation to a formerly "higher quality" Chinese property operator called Country Garden Holdings that detracted from returns.

Looking for additional information?

The Fund is traded under the symbol "HIX" and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is available online under the symbol "XHGX" on most financial websites. *Barron's* and *The Wall Street Journal's* Monday edition both carry closed-end fund tables that provide additional information. In addition, the Fund issues a quarterly press release that can be found on most major financial websites as well as www.franklintempleton.com.

In a continuing effort to provide information concerning the Fund, shareholders may call 1-888-777-0102 (toll free), Monday through Friday from 8:00 a.m. to 5:30 p.m. Eastern Time, for the Fund's current NAV, market price and other information.

Thank you for your investment in the Western Asset High Income Fund II Inc. As always, we appreciate that you have chosen us to manage your assets and we remain focused on achieving the Fund's investment goals.

Sincerely,

Western Asset Management Company, LLC

May 20, 2024

***RISKS:** The Fund is a diversified closed-end management investment company designed primarily as a long-term investment and not as a trading vehicle. The Fund is not intended to be a complete investment program and, due to the uncertainty inherent in all investments, there can be no assurance that the Fund will achieve its investment objective. The Fund's common stock is traded on the New York Stock Exchange. Similar to stocks, the Fund's share price will fluctuate with market conditions and, at the time of sale, may be worth more or less than the original investment. Shares of closed-end funds often trade at a discount to their net asset value. Diversification does not assure against market loss. The Fund's investments are subject to a number of risks, such as credit risk, inflation risk and interest rate risk. As interest rates rise, bond prices fall, reducing the value of the Fund's holdings. The Fund may use derivatives, such as options and futures, which can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance. High-yield bonds, known as "junk bonds," involve greater credit and liquidity risks than investment grade bonds. Foreign securities are subject to certain risks not associated with domestic investing, such as currency fluctuations and changes in political and economic conditions which could result in significant fluctuations. These risks are magnified in emerging markets. Emerging market countries tend to have economic, political and legal systems that are less developed and are less stable than those of more developed countries. The Fund is also permitted purchases of equity securities. Equity securities generally have greater price volatility than fixed income securities. Leverage may result in greater volatility of NAV and the market price of common shares and increases a shareholder's risk of loss. The market values of securities or other assets will fluctuate, sometimes sharply and unpredictably, due to changes in general market conditions, overall economic trends or events, governmental actions or intervention, actions taken by the U.S. Federal Reserve or foreign central banks, market disruptions caused by trade disputes or other factors, political developments, armed conflicts, economic sanctions and countermeasures in response to sanctions, major cybersecurity events, investor sentiment, the global and domestic effects of a pandemic, and other factors that may or may not be related to the issuer of the security or other asset. The Fund may also invest in money market funds, including funds affiliated with the Fund's manager and subadvisers. For more information on Fund risks, see Summary of information regarding the Fund - Principal Risk Factors in this report.*

Portfolio holdings and breakdowns are as of April 30, 2024, and are subject to change and may not be representative of the portfolio managers' current or future investments. Please refer to pages 10 through 34 for a list and percentage breakdown of the Fund's holdings.

The mention of sector breakdowns is for informational purposes only and should not be construed as a recommendation to purchase or sell any securities. The information provided regarding such sectors is

Fund overview (cont'd)

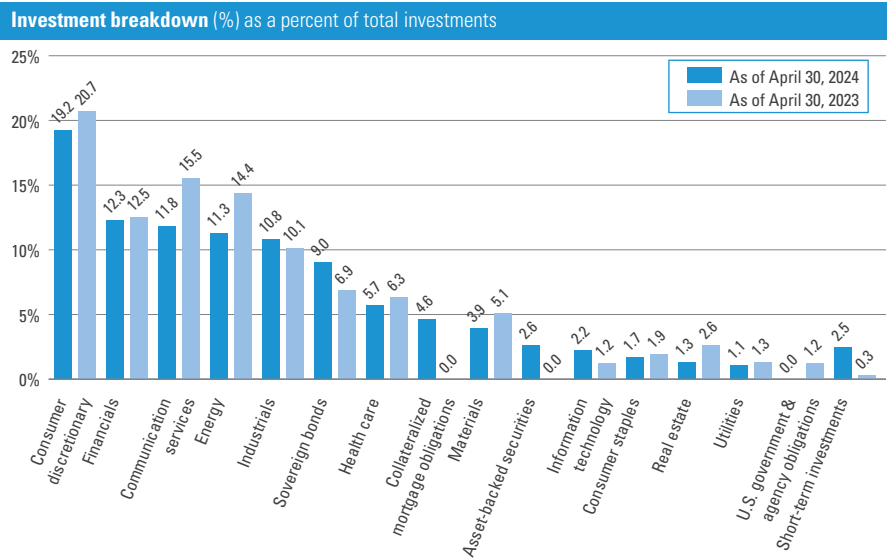
not a sufficient basis upon which to make an investment decision. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies discussed should consult their financial professional. The Fund's top five sector holdings (as a percentage of net assets) as of April 30, 2024 were: consumer discretionary (28.2%), financials (18.0%), communication services (17.3%), energy (16.6%) and industrials (16.0%). The Fund's portfolio composition is subject to change at any time.

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results. All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

The information provided is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the firm as a whole.

- ⁱ The Bloomberg U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.
- ⁱⁱ The Bloomberg U.S. Corporate High Yield — 2% Issuer Cap Index is an index of the 2% Issuer Cap component of the Bloomberg Barclays U.S. Corporate High Yield Index, which covers the U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market.
- ⁱⁱⁱ The JPMorgan Emerging Markets Bond Index Global ("EMBI Global") tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds and local market instruments.
- ^{iv} Net asset value ("NAV") is calculated by subtracting total liabilities, including liabilities associated with financial leverage (if any), from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is the Fund's market price as determined by supply of and demand for the Fund's shares.
- ^v A Liability Management Exercise is when a company typically attempts to capture discount in their bonds in the secondary market using some combination of issuance of additional debt, transferring asset, and or creating new issuer entities all while retaining their equity stake.

Fund at a glance[†] (unaudited)



[†] The bar graph above represents the composition of the Fund's investments as of April 30, 2024 and April 30, 2023 and does not include derivatives, such as forward foreign currency contracts. The Fund is actively managed. As a result, the composition of the Fund's investments is subject to change at any time.

Fund performance (unaudited)

Net Asset Value	
Average annual total returns¹	
Twelve Months Ended 4/30/24	7.45%
Five Years Ended 4/30/24	0.14
Ten Years Ended 4/30/24	1.98
Cumulative total returns¹	
4/30/14 through 4/30/24	21.68%

Market Price	
Average annual total returns²	
Twelve Months Ended 4/30/24	2.89%
Five Years Ended 4/30/24	1.50
Ten Years Ended 4/30/24	2.18
Cumulative total returns²	
4/30/14 through 4/30/24	24.11%

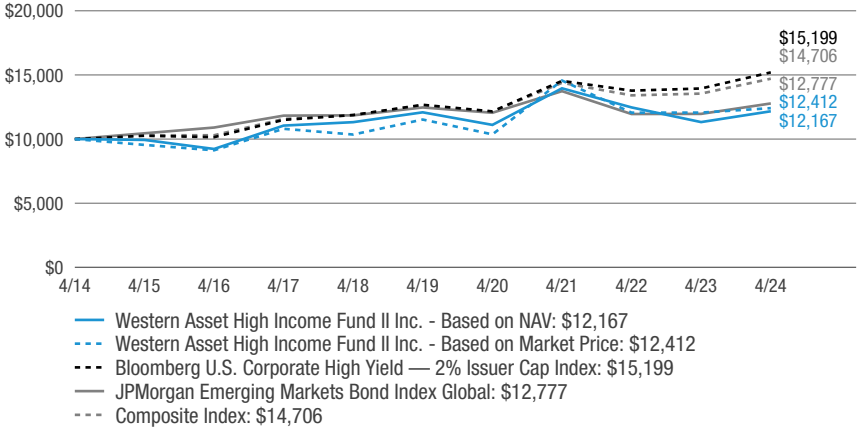
All figures represent past performance and are not a guarantee of future results. Returns reflect the deduction of all Fund expenses, including management fees, operating expenses, and other Fund expenses. Returns do not reflect the deduction of brokerage commissions or taxes that investors may pay on distributions or the sale of shares.

¹ Assumes the reinvestment of all distributions, including returns of capital, if any, at net asset value.
² Assumes the reinvestment of all distributions, including returns of capital, if any, in additional shares in accordance with the Fund's Dividend Reinvestment Plan.

Historical performance

Value of \$10,000 invested in

Western Asset High Income Fund II Inc. vs. Benchmark Indices† — April 2014 - April 2024



All figures represent past performance and are not a guarantee of future results. Returns reflect the deduction of all Fund expenses, including management fees, operating expenses, and other Fund expenses. Returns do not reflect the deduction of brokerage commissions or taxes that investors may pay on distributions or the sale of shares.

† Hypothetical illustration of \$10,000 invested in Western Asset High Income Fund II Inc. on April 30, 2014, assuming the reinvestment of all distributions, including returns of capital, if any, at net asset value and also assuming the reinvestment of all distributions, including returns of capital, if any, in additional shares in accordance with the Fund's Dividend Reinvestment Plan through April 30, 2024. The hypothetical illustration also assumes a \$10,000 investment in the Bloomberg U.S. Corporate High Yield — 2% Issuer Cap Index, the JPMorgan Emerging Markets Bond Index Global and the Composite Index (together, the "Indices"). The Bloomberg U.S. Corporate High Yield — 2% Issuer Cap Index is an index of the 2% Issuer Cap component of the Bloomberg U.S. Corporate High Yield Index, which covers the U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market. The JPMorgan Emerging Markets Bond Index Global tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds and local market instruments. The Composite Index reflects the blended rate of return of the following underlying indices: 80% Bloomberg U.S. Corporate High Yield — 2% Issuer Cap Index and 20% JPMorgan Emerging Markets Bond Index Global. The Indices are unmanaged. Please note that an investor cannot invest directly in an index.

Schedule of investments

April 30, 2024

Western Asset High Income Fund II Inc.

(Percentages shown based on Fund net assets)

Security	Rate	Maturity Date	Face Amount†	Value
Corporate Bonds & Notes — 100.6%				
Communication Services — 15.7%				
<i>Diversified Telecommunication Services — 3.6%</i>				
Altice Financing SA, Senior Secured Notes	5.750%	8/15/29	6,740,000	\$ 5,016,275 ^{(a)(b)}
Altice France Holding SA, Senior Secured Notes	10.500%	5/15/27	2,830,000	1,007,313 ^(a)
Altice France Holding SA, Senior Secured Notes	6.000%	2/15/28	1,840,000	538,549 ^(a)
Altice France SA, Senior Secured Notes	5.125%	7/15/29	2,500,000	1,632,039 ^{(a)(b)}
Altice France SA, Senior Secured Notes	5.500%	10/15/29	520,000	341,000 ^(a)
Telecom Italia Capital SA, Senior Notes	6.000%	9/30/34	2,646,000	2,231,109
Telecom Italia Capital SA, Senior Notes	7.200%	7/18/36	1,570,000	1,423,631
Telecom Italia Capital SA, Senior Notes	7.721%	6/4/38	300,000	279,224
Telecom Italia SpA, Senior Notes	5.303%	5/30/24	715,000	713,872 ^{(a)(b)}
Turk Telekomunikasyon AS, Senior Notes	4.875%	6/19/24	1,500,000	1,496,325 ^(a)
<i>Total Diversified Telecommunication Services</i>				<i>14,679,337</i>
<i>Entertainment — 0.7%</i>				
Banijay Entertainment SASU, Senior Secured Notes	8.125%	5/1/29	2,660,000	<i>2,724,005</i> ^{(a)(b)}
<i>Interactive Media & Services — 0.1%</i>				
Match Group Holdings II LLC, Senior Notes	3.625%	10/1/31	780,000	<i>644,712</i> ^(a)
<i>Media — 6.5%</i>				
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	4.500%	6/1/33	1,500,000	1,129,295 ^{(a)(b)}
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	4.250%	1/15/34	3,680,000	2,669,661 ^{(a)(b)}
Charter Communications Operating LLC/Charter Communications Operating Capital Corp., Senior Secured Notes	3.850%	4/1/61	6,100,000	3,411,140 ^(b)
Clear Channel Outdoor Holdings Inc., Senior Notes	7.750%	4/15/28	1,410,000	1,196,736 ^{(a)(b)}
DirecTV Financing LLC, Senior Secured Notes	8.875%	2/1/30	3,000,000	2,919,596 ^{(a)(b)}
DirecTV Financing LLC/DirecTV Financing Co-Obligor Inc., Senior Secured Notes	5.875%	8/15/27	350,000	326,516 ^(a)
DISH DBS Corp., Senior Notes	7.375%	7/1/28	1,060,000	475,737
DISH DBS Corp., Senior Notes	5.125%	6/1/29	5,830,000	2,346,875
iHeartCommunications Inc., Senior Secured Notes	6.375%	5/1/26	890,000	752,951
Sirius XM Radio Inc., Senior Notes	3.875%	9/1/31	1,500,000	1,207,728 ^{(a)(b)}
Sunrise HoldCo IV BV, Senior Secured Notes	5.500%	1/15/28	2,500,000	2,356,954 ^{(a)(b)}
United Group BV, Senior Secured Notes	5.250%	2/1/30	1,030,000 ^{EUR}	1,055,247 ^(c)

See Notes to Financial Statements.

Western Asset High Income Fund II Inc.

(Percentages shown based on Fund net assets)

Security	Rate	Maturity Date	Face Amount†	Value
<i>Media — continued</i>				
Univision Communications Inc., Senior Secured Notes	6.625%	6/1/27	1,000,000	\$ 965,859 ^(a)
Virgin Media Finance PLC, Senior Notes	5.000%	7/15/30	1,240,000	1,016,453 ^{(a)(b)}
Virgin Media Vendor Financing Notes III DAC, Senior Secured Notes	4.875%	7/15/28	2,500,000 GBP	2,796,337 ^(a)
VZ Secured Financing BV, Senior Secured Notes	5.000%	1/15/32	1,820,000	1,534,775 ^(a)
<i>Total Media</i>				<i>26,161,860</i>
<i>Wireless Telecommunication Services — 4.8%</i>				
CSC Holdings LLC, Senior Notes	11.250%	5/15/28	750,000	664,132 ^(a)
CSC Holdings LLC, Senior Notes	5.750%	1/15/30	1,430,000	628,321 ^(a)
CSC Holdings LLC, Senior Notes	4.625%	12/1/30	8,110,000	3,527,187 ^(a)
CSC Holdings LLC, Senior Notes	4.500%	11/15/31	1,600,000	1,016,991 ^{(a)(b)}
CSC Holdings LLC, Senior Notes	5.000%	11/15/31	2,830,000	1,207,478 ^(a)
Millicom International Cellular SA, Senior Notes	4.500%	4/27/31	2,500,000	2,087,820 ^(a)
Sprint Capital Corp., Senior Notes	6.875%	11/15/28	2,200,000	2,305,677 ^(b)
Sprint Capital Corp., Senior Notes	8.750%	3/15/32	5,170,000	6,108,567 ^(d)
Vmed O2 UK Financing I PLC, Senior Secured Notes	4.750%	7/15/31	2,060,000	1,721,168 ^{(a)(b)}
<i>Total Wireless Telecommunication Services</i>				<i>19,267,341</i>
Total Communication Services				63,477,255
Consumer Discretionary — 23.4%				
<i>Automobile Components — 3.4%</i>				
Adient Global Holdings Ltd., Senior Notes	4.875%	8/15/26	2,143,000	2,062,678 ^{(a)(b)}
American Axle & Manufacturing Inc., Senior Notes	6.500%	4/1/27	3,921,000	3,886,630 ^(b)
American Axle & Manufacturing Inc., Senior Notes	5.000%	10/1/29	1,170,000	1,056,729 ^(b)
JB Poindexter & Co. Inc., Senior Notes	8.750%	12/15/31	4,610,000	4,716,118 ^{(a)(b)}
ZF North America Capital Inc., Senior Notes	6.875%	4/14/28	950,000	957,350 ^(a)
ZF North America Capital Inc., Senior Notes	7.125%	4/14/30	1,230,000	1,258,900 ^{(a)(b)}
<i>Total Automobile Components</i>				<i>13,938,405</i>
<i>Automobiles — 2.0%</i>				
Aston Martin Capital Holdings Ltd., Senior Secured Notes	10.375%	3/31/29	1,300,000 GBP	1,624,262 ^(a)
Ford Motor Co., Senior Notes	3.250%	2/12/32	2,000,000	1,611,602
Ford Motor Credit Co. LLC, Senior Notes	7.350%	3/6/30	1,500,000	1,563,144 ^(b)
Ford Motor Credit Co. LLC, Senior Notes	3.625%	6/17/31	1,110,000	937,851 ^(b)

See Notes to Financial Statements.

Schedule of investments (cont'd)

April 30, 2024

Western Asset High Income Fund II Inc.

(Percentages shown based on Fund net assets)

Security	Rate	Maturity Date	Face Amount†	Value
<i>Automobiles — continued</i>				
McLaren Finance PLC, Senior Secured Notes	7.500%	8/1/26	1,250,000	\$ 1,096,275 ^{(a)(b)}
PM General Purchaser LLC, Senior Secured Notes	9.500%	10/1/28	1,160,000	1,176,278 ^{(a)(b)}
<i>Total Automobiles</i>				<i>8,009,412</i>
<i>Broadline Retail — 1.7%</i>				
Marks & Spencer PLC, Senior Notes	3.750%	5/19/26	1,800,000 GBP	2,163,642 ^(c)
Marks & Spencer PLC, Senior Notes	7.125%	12/1/37	840,000	860,849 ^(a)
MercadoLibre Inc., Senior Notes	3.125%	1/14/31	3,700,000	3,037,587 ^(b)
Prosus NV, Senior Notes	4.193%	1/19/32	600,000	508,437 ^(c)
QVC Inc., Senior Secured Notes	5.450%	8/15/34	392,000	257,837
<i>Total Broadline Retail</i>				<i>6,828,352</i>
<i>Distributors — 0.5%</i>				
Ritchie Bros Holdings Inc., Senior Notes	7.750%	3/15/31	2,100,000	<i>2,180,583</i> ^{(a)(b)}
<i>Diversified Consumer Services — 2.1%</i>				
APCOA Parking Holdings GmbH, Senior Secured Notes	4.625%	1/15/27	331,000 EUR	340,659 ^(c)
APCOA Parking Holdings GmbH, Senior Secured Notes	4.625%	1/15/27	2,740,000 EUR	2,819,956 ^(a)
Carriage Services Inc., Senior Notes	4.250%	5/15/29	880,000	776,677 ^(a)
IPD 3 BV, Senior Secured Notes	8.000%	6/15/28	400,000 EUR	453,272 ^(a)
Prime Security Services Borrower LLC/Prime Finance Inc., Secured Notes	6.250%	1/15/28	1,500,000	1,466,680 ^{(a)(b)}
Service Corp. International, Senior Notes	7.500%	4/1/27	2,090,000	2,158,274
WW International Inc., Senior Secured Notes	4.500%	4/15/29	770,000	322,818 ^(a)
<i>Total Diversified Consumer Services</i>				<i>8,338,336</i>
<i>Hotels, Restaurants & Leisure — 12.0%</i>				
888 Acquisitions Ltd., Senior Secured Notes	7.558%	7/15/27	2,460,000 EUR	2,539,333 ^(a)
888 Acquisitions Ltd., Senior Secured Notes	7.558%	7/15/27	1,500,000 EUR	1,548,374 ^(c)
Caesars Entertainment Inc., Senior Secured Notes	7.000%	2/15/30	1,000,000	1,007,648 ^{(a)(b)}
Carnival Holdings Bermuda Ltd., Senior Notes	10.375%	5/1/28	50,000	54,245 ^(a)
Carnival PLC, Senior Notes	1.000%	10/28/29	6,990,000 EUR	5,903,479
Carrols Restaurant Group Inc., Senior Notes	5.875%	7/1/29	2,480,000	2,524,699 ^{(a)(b)}
Full House Resorts Inc., Senior Secured Notes	8.250%	2/15/28	2,490,000	2,378,390 ^{(a)(b)}
Hilton Domestic Operating Co. Inc., Senior Notes	3.625%	2/15/32	1,300,000	1,093,386 ^{(a)(b)}
IRB Holding Corp., Senior Secured Notes	7.000%	6/15/25	480,000	479,387 ^(a)
Las Vegas Sands Corp., Senior Notes	3.200%	8/8/24	600,000	594,593

See Notes to Financial Statements.

Western Asset High Income Fund II Inc.

(Percentages shown based on Fund net assets)

Security	Rate	Maturity Date	Face Amount†	Value
<i>Hotels, Restaurants & Leisure — continued</i>				
Melco Resorts Finance Ltd., Senior Notes	5.375%	12/4/29	1,240,000	\$ 1,109,692 ^(a)
NCL Corp. Ltd., Senior Notes	3.625%	12/15/24	1,385,000	1,359,275 ^{(a)(b)}
NCL Corp. Ltd., Senior Notes	5.875%	3/15/26	1,560,000	1,529,628 ^{(a)(b)}
NCL Corp. Ltd., Senior Secured Notes	8.125%	1/15/29	760,000	792,083 ^(a)
NCL Finance Ltd., Senior Notes	6.125%	3/15/28	3,000,000	2,929,631 ^{(a)(b)}
Pinnacle Bidco PLC, Senior Secured Notes	10.000%	10/11/28	1,900,000 GBP	2,472,587 ^(a)
Royal Caribbean Cruises Ltd., Senior Notes	5.375%	7/15/27	4,720,000	4,596,501 ^{(a)(b)}
Royal Caribbean Cruises Ltd., Senior Notes	5.500%	4/1/28	2,910,000	2,834,534 ^{(a)(b)}
Saga PLC, Senior Notes	3.375%	5/12/24	1,580,000 GBP	1,960,963 ^(c)
Sands China Ltd., Senior Notes	2.850%	3/8/29	2,620,000	2,253,035 ^(b)
Viking Ocean Cruises Ship VII Ltd., Senior Secured Notes	5.625%	2/15/29	1,500,000	1,436,610 ^{(a)(b)}
Wheel Bidco Ltd., Senior Secured Notes	6.750%	7/15/26	1,000,000 GBP	1,070,689 ^(a)
Wynn Macau Ltd., Senior Notes	5.625%	8/26/28	2,250,000	2,076,856 ^{(a)(b)}
Wynn Macau Ltd., Senior Notes	5.125%	12/15/29	1,300,000	1,148,972 ^(a)
Wynn Resorts Finance LLC/Wynn Resorts Capital Corp., Senior Notes	5.125%	10/1/29	2,170,000	2,014,979 ^{(a)(b)}
Wynn Resorts Finance LLC/Wynn Resorts Capital Corp., Senior Notes	7.125%	2/15/31	750,000	761,199 ^(a)
<i>Total Hotels, Restaurants & Leisure</i>				<i>48,470,768</i>
<i>Specialty Retail — 1.7%</i>				
FirstCash Inc., Senior Notes	6.875%	3/1/32	1,000,000	988,610 ^(a)
Global Auto Holdings Ltd./AAG FH UK Ltd., Senior Notes	8.750%	1/15/32	2,480,000	2,343,757 ^{(a)(b)}
Michaels Cos. Inc., Senior Secured Notes	5.250%	5/1/28	1,860,000	1,576,382 ^{(a)(b)}
Sally Holdings LLC/Sally Capital Inc., Senior Notes	6.750%	3/1/32	2,110,000	2,041,760 ^(b)
<i>Total Specialty Retail</i>				<i>6,950,509</i>
Total Consumer Discretionary				94,716,365
Consumer Staples — 1.5%				
<i>Beverages — 0.2%</i>				
Central American Bottling Corp./CBC Bottling Holdco SL/Beliv Holdco SL, Senior Notes	5.250%	4/27/29	900,000	<i>841,000</i> ^(a)

See Notes to Financial Statements.

Schedule of investments (cont'd)

April 30, 2024

Western Asset High Income Fund II Inc.

(Percentages shown based on Fund net assets)

Security	Rate	Maturity Date	Face Amount	Value
<i>Food Products — 1.3%</i>				
Bellis Acquisition Co. PLC, Senior Secured Notes	3.250%	2/16/26	2,420,000 GBP \$	2,979,411 ^(c)
FAGE International SA/FAGE USA Dairy Industry Inc., Senior Notes	5.625%	8/15/26	2,500,000	2,486,456 ^(a)
<i>Total Food Products</i>				<i>5,465,867</i>
Total Consumer Staples				6,306,867
Energy — 16.5%				
<i>Energy Equipment & Services — 0.5%</i>				
Noble Finance II LLC, Senior Notes	8.000%	4/15/30	910,000	938,389 ^(a)
Sunnova Energy Corp., Senior Notes	5.875%	9/1/26	1,300,000	809,762 ^{(a)(b)}
<i>Total Energy Equipment & Services</i>				<i>1,748,151</i>
<i>Oil, Gas & Consumable Fuels — 16.0%</i>				
Blue Racer Midstream LLC/Blue Racer Finance Corp., Senior Notes	7.625%	12/15/25	190,000	190,997 ^{(a)(b)}
Continental Resources Inc., Senior Notes	4.375%	1/15/28	240,000	228,880 ^(b)
Continental Resources Inc., Senior Notes	4.900%	6/1/44	1,320,000	1,065,758 ^(b)
Crescent Energy Finance LLC, Senior Notes	9.250%	2/15/28	1,030,000	1,089,086 ^(a)
Crescent Energy Finance LLC, Senior Notes	7.625%	4/1/32	1,490,000	1,496,660 ^{(a)(b)}
Ecopetrol SA, Senior Notes	5.875%	5/28/45	2,350,000	1,668,579
Ecopetrol SA, Senior Notes	5.875%	11/2/51	4,110,000	2,786,849
Energy Transfer LP, Junior Subordinated Notes (6.500% to 11/15/26 then 5 year Treasury Constant Maturity Rate + 5.694%)	6.500%	11/15/26	950,000	924,205 ^{(e)(f)}
Energy Transfer LP, Junior Subordinated Notes (6.625% to 2/15/28 then 3 mo. USD LIBOR + 4.155%)	6.625%	2/15/28	751,000	692,664 ^{(e)(f)}
EQM Midstream Partners LP, Senior Notes	4.500%	1/15/29	1,960,000	1,815,173 ^{(a)(b)}
EQM Midstream Partners LP, Senior Notes	7.500%	6/1/30	950,000	996,898 ^(a)
EQM Midstream Partners LP, Senior Notes	4.750%	1/15/31	460,000	420,685 ^(a)
EQT Corp., Senior Notes	3.900%	10/1/27	360,000	339,839 ^(b)
Hilcorp Energy I LP/Hilcorp Finance Co., Senior Notes	8.375%	11/1/33	890,000	955,431 ^(a)
Howard Midstream Energy Partners LLC, Senior Notes	6.750%	1/15/27	1,750,000	1,728,214 ^{(a)(b)}
Kinder Morgan Inc., Senior Notes	7.750%	1/15/32	1,950,000	2,159,875 ^(b)
NGPL PipeCo LLC, Senior Notes	7.768%	12/15/37	1,900,000	2,073,515 ^{(a)(b)}
Occidental Petroleum Corp., Senior Notes	6.950%	7/1/24	464,000	464,906
Occidental Petroleum Corp., Senior Notes	2.900%	8/15/24	1,640,000	1,625,453 ^(b)
Occidental Petroleum Corp., Senior Notes	5.875%	9/1/25	1,190,000	1,191,032 ^(b)
Occidental Petroleum Corp., Senior Notes	5.550%	3/15/26	980,000	976,107

See Notes to Financial Statements.

Western Asset High Income Fund II Inc.

(Percentages shown based on Fund net assets)

Security	Rate	Maturity Date	Face Amount†	Value
<i>Oil, Gas & Consumable Fuels — continued</i>				
Occidental Petroleum Corp., Senior Notes	6.200%	3/15/40	1,330,000	\$ 1,320,581 ^(b)
Pan American Energy LLC, Senior Notes	8.500%	4/30/32	750,000	755,625 ^(a)
Petrobras Global Finance BV, Senior Notes	6.750%	1/27/41	5,620,000	5,357,683 ^(b)
Petroleos del Peru SA, Senior Notes	4.750%	6/19/32	1,750,000	1,312,313 ^(a)
Petroleos del Peru SA, Senior Notes	5.625%	6/19/47	1,000,000	618,048 ^(a)
Petroleos Mexicanos, Senior Notes	6.500%	6/2/41	1,000,000	661,294
Petroleos Mexicanos, Senior Notes	6.375%	1/23/45	5,220,000	3,238,532
Puma International Financing SA, Senior Notes	7.750%	4/25/29	1,270,000	1,286,218 ^{(a)(b)}
Range Resources Corp., Senior Notes	4.875%	5/15/25	1,009,000	1,001,282
Range Resources Corp., Senior Notes	8.250%	1/15/29	710,000	740,387 ^(b)
SilverBow Resources Inc., Secured Notes (3 mo. Term SOFR + 7.750%)	13.079%	12/15/28	1,110,000	1,101,925 ^{(a)(f)}
Southwestern Energy Co., Senior Notes	4.750%	2/1/32	1,000,000	901,271 ^(b)
Summit Midstream Holdings LLC/Summit Midstream Finance Corp., Secured Notes	9.500%	10/15/26	2,130,000	2,176,523 ^{(a)(b)}
Venture Global LNG Inc., Senior Secured Notes	9.875%	2/1/32	3,390,000	3,619,611 ^{(a)(b)}
Vital Energy Inc., Senior Notes	7.875%	4/15/32	1,440,000	1,462,132 ^{(a)(b)}
Western Midstream Operating LP, Senior Notes	4.050%	2/1/30	220,000	202,387
Western Midstream Operating LP, Senior Notes	5.300%	3/1/48	1,540,000	1,289,034 ^(b)
Western Midstream Operating LP, Senior Notes	5.250%	2/1/50	7,627,000	6,475,732 ^(d)
Williams Cos. Inc., Senior Notes	4.550%	6/24/24	1,280,000	1,277,476 ^(b)
Williams Cos. Inc., Senior Notes	7.500%	1/15/31	780,000	852,906 ^(b)
Williams Cos. Inc., Senior Notes	5.750%	6/24/44	3,900,000	3,710,123 ^(d)
YPF SA, Senior Notes	6.950%	7/21/27	670,000	607,984 ^(a)
<i>Total Oil, Gas & Consumable Fuels</i>				<i>64,859,873</i>
Total Energy				66,608,024
Financials — 14.5%				
<i>Banks — 8.6%</i>				
Banco Mercantil del Norte SA, Junior Subordinated Notes (6.625% to 1/24/32 then 10 year Treasury Constant Maturity Rate + 5.034%)	6.625%	1/24/32	3,820,000	3,368,534 ^{(a)(b)(e)(f)}
Banco Santander SA, Junior Subordinated Notes (9.625% to 11/21/33 then 5 year Treasury Constant Maturity Rate + 5.298%)	9.625%	5/21/33	1,000,000	1,070,090 ^{(e)(f)}

See Notes to Financial Statements.

Schedule of investments (cont'd)

April 30, 2024

Western Asset High Income Fund II Inc.

(Percentages shown based on Fund net assets)

Security	Rate	Maturity Date	Face Amount	Value
<i>Banks — continued</i>				
Barclays PLC, Junior Subordinated Notes (8.000% to 6/15/24 then 5 year Treasury Constant Maturity Rate + 5.672%)	8.000%	6/15/24	5,430,000	\$ 5,438,900 ^{(b)(e)(f)}
BBVA Bancomer SA, Subordinated Notes (5.125% to 1/17/28 then 5 year Treasury Constant Maturity Rate + 2.650%)	5.125%	1/18/33	2,000,000	1,827,037 ^{(a)(f)}
BNP Paribas SA, Junior Subordinated Notes (7.750% to 8/16/29 then 5 year Treasury Constant Maturity Rate + 4.899%)	7.750%	8/16/29	4,320,000	4,367,144 ^{(a)(d)(e)(f)}
Comerica Bank, Senior Notes	2.500%	7/23/24	790,000	780,137
Credit Agricole SA, Junior Subordinated Notes (8.125% to 12/23/25 then USD 5 year ICE Swap Rate + 6.185%)	8.125%	12/23/25	2,510,000	2,547,876 ^{(a)(b)(e)(f)}
HSBC Holdings PLC, Subordinated Notes (8.113% to 11/3/32 then SOFR + 4.250%)	8.113%	11/3/33	1,730,000	1,929,432 ^{(b)(f)}
Intesa Sanpaolo SpA, Subordinated Notes	5.017%	6/26/24	2,180,000	2,174,005 ^{(a)(b)}
Intesa Sanpaolo SpA, Subordinated Notes	5.710%	1/15/26	3,050,000	3,006,412 ^{(a)(b)}
Intesa Sanpaolo SpA, Subordinated Notes (4.198% to 6/1/31 then 1 year Treasury Constant Maturity Rate + 2.600%)	4.198%	6/1/32	570,000	467,466 ^{(a)(f)}
Lloyds Banking Group PLC, Junior Subordinated Notes (8.000% to 3/27/30 then 5 year Treasury Constant Maturity Rate + 3.913%)	8.000%	9/27/29	4,320,000	4,277,050 ^{(b)(e)(f)}
UniCredit SpA, Subordinated Notes (7.296% to 4/2/29 then USD 5 year ICE Swap Rate + 4.914%)	7.296%	4/2/34	3,390,000	3,419,964 ^{(a)(b)(f)}
<i>Total Banks</i>				<i>34,674,047</i>
<i>Capital Markets — 1.8%</i>				
B3 SA - Brasil Bolsa Balcao, Senior Notes	4.125%	9/20/31	2,000,000	1,719,855 ^(a)
Credit Suisse AG AT1 Claim	—	—	14,780,000	1,699,700 ^{*(g)}
StoneX Group Inc., Senior Secured Notes	7.875%	3/1/31	1,540,000	1,558,672 ^{(a)(b)}
UBS Group AG, Junior Subordinated Notes (6.875% to 8/7/25 then USD 5 year ICE Swap Rate + 4.590%)	6.875%	8/7/25	1,000,000	985,192 ^{(c)(e)(f)}
UBS Group AG, Junior Subordinated Notes (9.250% to 11/13/28 then 5 year Treasury Constant Maturity Rate + 4.745%)	9.250%	11/13/28	1,440,000	1,540,410 ^{(a)(e)(f)}
<i>Total Capital Markets</i>				<i>7,503,829</i>

See Notes to Financial Statements.

Western Asset High Income Fund II Inc.

(Percentages shown based on Fund net assets)

Security	Rate	Maturity Date	Face Amount†	Value
<i>Consumer Finance — 0.8%</i>				
Navient Corp., Senior Notes	5.875%	10/25/24	1,170,000	\$ 1,168,153 ^(b)
Navient Corp., Senior Notes	6.750%	6/15/26	1,990,000	1,985,172 ^(b)
<i>Total Consumer Finance</i>				<i>3,153,325</i>
<i>Financial Services — 2.2%</i>				
Boost Newco Borrower LLC, Senior Secured Notes	7.500%	1/15/31	360,000	371,812 ^(a)
Boost Newco Borrower LLC/GTCR W Dutch Finance Sub BV, Senior Secured Notes	8.500%	1/15/31	190,000 ^{GBP}	253,648 ^(a)
Global Aircraft Leasing Co. Ltd., Senior Notes (6.500% Cash or 7.250% PIK)	6.500%	9/15/24	3,434,220	3,251,990 ^{(a)(h)}
Jane Street Group/JSG Finance Inc., Senior Secured Notes	7.125%	4/30/31	2,330,000	2,346,051 ^(a)
Rocket Mortgage LLC/Rocket Mortgage Co-Issuer Inc., Senior Notes	3.625%	3/1/29	1,400,000	1,234,718 ^(a)
VistaJet Malta Finance PLC/Vista Management Holding Inc., Senior Notes	7.875%	5/1/27	750,000	667,749 ^(a)
VistaJet Malta Finance PLC/Vista Management Holding Inc., Senior Notes	6.375%	2/1/30	970,000	751,976 ^(a)
<i>Total Financial Services</i>				<i>8,877,944</i>
<i>Insurance — 0.3%</i>				
MetLife Capital Trust IV, Junior Subordinated Notes	7.875%	12/15/37	1,100,000	<i>1,166,456</i> ^{(a)(b)}
<i>Mortgage Real Estate Investment Trusts (REITs) — 0.8%</i>				
Apollo Commercial Real Estate Finance Inc., Senior Secured Notes	4.625%	6/15/29	1,000,000	825,148 ^(a)
Ladder Capital Finance Holdings LLLP/Ladder Capital Finance Corp., Senior Notes	4.750%	6/15/29	750,000	669,951 ^(a)
Starwood Property Trust Inc., Senior Notes	7.250%	4/1/29	1,820,000	1,797,700 ^(a)
<i>Total Mortgage Real Estate Investment Trusts (REITs)</i>				<i>3,292,799</i>
Total Financials				58,668,400
Health Care — 6.2%				
<i>Health Care Providers & Services — 3.6%</i>				
CHS/Community Health Systems Inc., Senior Secured Notes	8.000%	3/15/26	750,000	747,076 ^(a)
CHS/Community Health Systems Inc., Senior Secured Notes	4.750%	2/15/31	1,190,000	930,062 ^{(a)(b)}
CHS/Community Health Systems Inc., Senior Secured Notes	10.875%	1/15/32	1,840,000	1,886,046 ^{(a)(b)}
HCA Inc., Senior Notes	7.500%	11/15/95	2,205,000	2,363,599 ^(b)

See Notes to Financial Statements.

Schedule of investments (cont'd)

April 30, 2024

Western Asset High Income Fund II Inc.

(Percentages shown based on Fund net assets)

Security	Rate	Maturity Date	Face Amount†	Value
<i>Health Care Providers & Services — continued</i>				
Legacy LifePoint Health LLC, Senior Secured Notes	4.375%	2/15/27	2,200,000	\$ 2,062,482 ^{(a)(b)}
LifePoint Health Inc., Senior Secured Notes	11.000%	10/15/30	1,000,000	1,065,642 ^(a)
Tenet Healthcare Corp., Secured Notes	6.250%	2/1/27	1,930,000	1,923,999 ^(b)
Tenet Healthcare Corp., Senior Notes	6.125%	10/1/28	890,000	879,661 ^(b)
Tenet Healthcare Corp., Senior Notes	6.875%	11/15/31	2,500,000	2,578,955
<i>Total Health Care Providers & Services</i>				<i>14,437,522</i>
<i>Pharmaceuticals — 2.6%</i>				
Bausch Health Cos. Inc., Senior Secured Notes	4.875%	6/1/28	1,890,000	1,222,771 ^(a)
Cidron Aida Finco Sarl, Senior Secured Notes	5.000%	4/1/28	1,651,000 ^{EUR}	1,676,977 ^(a)
Cidron Aida Finco Sarl, Senior Secured Notes	6.250%	4/1/28	1,000,000 ^{GBP}	1,186,920 ^(a)
Endo Finance Holdings Inc., Senior Secured Notes	8.500%	4/15/31	1,440,000	1,464,937 ^(a)
Par Pharmaceutical Inc. Escrow	—	—	1,050,000	0 ^{*(a)(g)(i)(j)}
Teva Pharmaceutical Finance Netherlands III BV, Senior Notes	3.150%	10/1/26	2,500,000	2,318,273 ^(b)
Teva Pharmaceutical Finance Netherlands III BV, Senior Notes	5.125%	5/9/29	2,700,000	2,559,629 ^(b)
Teva Pharmaceutical Finance Netherlands III BV, Senior Notes	4.100%	10/1/46	480,000	320,426
<i>Total Pharmaceuticals</i>				<i>10,749,933</i>
Total Health Care				25,187,455
Industrials — 12.5%				
<i>Aerospace & Defense — 1.6%</i>				
Bombardier Inc., Senior Notes	7.500%	2/1/29	1,910,000	1,955,735 ^{(a)(b)}
Bombardier Inc., Senior Notes	8.750%	11/15/30	1,200,000	1,278,166 ^{(a)(b)}
Bombardier Inc., Senior Notes	7.250%	7/1/31	1,450,000	1,455,381 ^{(a)(b)}
TransDigm Inc., Senior Secured Notes	6.750%	8/15/28	1,000,000	1,005,499 ^(a)
TransDigm Inc., Senior Secured Notes	7.125%	12/1/31	865,000	882,581 ^(a)
<i>Total Aerospace & Defense</i>				<i>6,577,362</i>
<i>Building Products — 0.1%</i>				
Standard Industries Inc., Senior Notes	4.375%	7/15/30	540,000	478,692 ^{(a)(b)}
<i>Commercial Services & Supplies — 2.7%</i>				
CoreCivic Inc., Senior Notes	4.750%	10/15/27	3,100,000	2,892,347 ^(b)
CoreCivic Inc., Senior Notes	8.250%	4/15/29	3,930,000	4,064,150 ^(b)
GEO Group Inc., Senior Notes	10.250%	4/15/31	1,370,000	1,413,327 ^{(a)(b)}

See Notes to Financial Statements.

Western Asset High Income Fund II Inc.

(Percentages shown based on Fund net assets)

Security	Rate	Maturity Date	Face Amount†	Value
<i>Commercial Services & Supplies — continued</i>				
GEO Group Inc., Senior Secured Notes	8.625%	4/15/29	990,000	\$ 1,002,909 ^(a)
GFL Environmental Inc., Senior Secured Notes	6.750%	1/15/31	1,620,000	1,635,121 ^{(a)(b)}
<i>Total Commercial Services & Supplies</i>				<i>11,007,854</i>
<i>Machinery — 0.8%</i>				
Titan International Inc., Senior Secured Notes	7.000%	4/30/28	2,261,000	2,188,026
TK Elevator Holdco GmbH, Senior Notes	6.625%	7/15/28	990,000 EUR	1,008,790 ^(a)
<i>Total Machinery</i>				<i>3,196,816</i>
<i>Passenger Airlines — 6.3%</i>				
American Airlines Group Inc., Senior Notes	3.750%	3/1/25	7,130,000	6,944,593 ^{(a)(b)}
American Airlines Inc., Senior Secured Notes	8.500%	5/15/29	2,990,000	3,116,468 ^{(a)(b)}
Delta Air Lines Inc., Senior Notes	2.900%	10/28/24	1,070,000	1,054,857 ^(b)
Delta Air Lines Inc., Senior Notes	7.375%	1/15/26	880,000	900,924 ^(b)
Delta Air Lines Inc., Senior Secured Notes	7.000%	5/1/25	7,670,000	7,728,828 ^{(a)(d)}
Spirit Loyalty Cayman Ltd./Spirit IP Cayman Ltd., Senior Secured Notes	8.000%	9/20/25	2,387,998	1,866,858 ^{(a)(b)}
Spirit Loyalty Cayman Ltd./Spirit IP Cayman Ltd., Senior Secured Notes	8.000%	9/20/25	1,100,000	859,944 ^(a)
United Airlines Inc., Senior Secured Notes	4.375%	4/15/26	3,000,000	2,888,413 ^{(a)(b)}
<i>Total Passenger Airlines</i>				<i>25,360,885</i>
<i>Trading Companies & Distributors — 0.7%</i>				
H&E Equipment Services Inc., Senior Notes	3.875%	12/15/28	1,020,000	903,692 ^{(a)(b)}
United Rentals North America Inc., Senior Notes	5.500%	5/15/27	302,000	297,885
United Rentals North America Inc., Senior Notes	6.125%	3/15/34	1,500,000	1,466,449 ^{(a)(b)}
<i>Total Trading Companies & Distributors</i>				<i>2,668,026</i>
<i>Transportation Infrastructure — 0.3%</i>				
Gatwick Airport Finance PLC, Senior Secured Notes	4.375%	4/7/26	1,000,000 GBP	<i>1,207,216</i> ^(c)
Total Industrials				50,496,851
Information Technology — 1.3%				
<i>Communications Equipment — 0.8%</i>				
CommScope Technologies LLC, Senior Notes	5.000%	3/15/27	1,740,000	596,002 ^(a)
Viasat Inc., Senior Notes	7.500%	5/30/31	3,660,000	2,589,428 ^(a)
<i>Total Communications Equipment</i>				<i>3,185,430</i>
<i>Electronic Equipment, Instruments & Components — 0.2%</i>				
EquipmentShare.com Inc., Secured Notes	8.625%	5/15/32	650,000	<i>662,135</i> ^(a)

See Notes to Financial Statements.

Schedule of investments (cont'd)

April 30, 2024

Western Asset High Income Fund II Inc.

(Percentages shown based on Fund net assets)

Security	Rate	Maturity Date	Face Amount†	Value
<i>Technology Hardware, Storage & Peripherals — 0.3%</i>				
Seagate HDD Cayman, Senior Notes	4.750%	1/1/25	850,000	\$ 842,387 ^(b)
Seagate HDD Cayman, Senior Notes	4.875%	6/1/27	495,000	478,601
<i>Total Technology Hardware, Storage & Peripherals</i>				<i>1,320,988</i>
Total Information Technology				5,168,553
Materials — 5.5%				
<i>Chemicals — 0.9%</i>				
Braskem Netherlands Finance BV, Senior Notes	5.875%	1/31/50	700,000	524,505 ^(c)
INEOS Quattro Finance 1 PLC, Senior Notes	3.750%	7/15/26	1,500,000 EUR	1,555,597 ^(c)
Sasol Financing USA LLC, Senior Notes	8.750%	5/3/29	1,690,000	1,700,731 ^(a)
<i>Total Chemicals</i>				<i>3,780,833</i>
<i>Construction Materials — 0.6%</i>				
Cemex SAB de CV, Subordinated Notes (9.125% to 6/14/28 then 5 year Treasury Constant Maturity Rate + 5.157%)	9.125%	3/14/28	1,000,000	1,073,762 ^{(a)(e)(f)}
Smyrna Ready Mix Concrete LLC, Senior Secured Notes	8.875%	11/15/31	1,380,000	1,454,387 ^(a)
<i>Total Construction Materials</i>				<i>2,528,149</i>
<i>Containers & Packaging — 1.2%</i>				
ARD Finance SA, Senior Secured Notes (6.500% Cash or 7.250% PIK)	6.500%	6/30/27	1,000,000	247,627 ^{(a)(h)}
Ardagh Metal Packaging Finance USA LLC/Ardagh Metal Packaging Finance PLC, Senior Notes	4.000%	9/1/29	960,000	792,230 ^(a)
Ardagh Packaging Finance PLC/Ardagh Holdings USA Inc., Senior Notes	5.250%	8/15/27	3,220,000	1,645,549 ^(a)
Ball Corp., Senior Notes	3.125%	9/15/31	750,000	623,779
Pactiv LLC, Senior Notes	8.375%	4/15/27	1,320,000	1,372,800
<i>Total Containers & Packaging</i>				<i>4,681,985</i>
<i>Metals & Mining — 2.8%</i>				
ArcelorMittal SA, Senior Notes	7.000%	10/15/39	3,200,000	3,389,718 ^(d)
First Quantum Minerals Ltd., Secured Notes	9.375%	3/1/29	2,350,000	2,430,899 ^{(a)(b)}
Freeport-McMoRan Inc., Senior Notes	5.450%	3/15/43	2,620,000	2,404,171 ^(b)
Vale Overseas Ltd., Senior Notes	6.875%	11/21/36	2,960,000	3,035,580 ^(d)
<i>Total Metals & Mining</i>				<i>11,260,368</i>
Total Materials				22,251,335
Real Estate — 1.9%				
<i>Health Care REITs — 0.1%</i>				
Diversified Healthcare Trust, Senior Notes	4.375%	3/1/31	260,000	<i>188,113</i>

See Notes to Financial Statements.

Western Asset High Income Fund II Inc.

(Percentages shown based on Fund net assets)

Security	Rate	Maturity Date	Face Amount†	Value
<i>Hotel & Resort REITs — 1.0%</i>				
Service Properties Trust, Senior Notes	5.500%	12/15/27	2,880,000	\$ 2,720,372 ^(b)
Service Properties Trust, Senior Notes	4.950%	10/1/29	600,000	491,319
Service Properties Trust, Senior Notes	4.375%	2/15/30	1,310,000	998,257 ^(b)
<i>Total Hotel & Resort REITs</i>				<i>4,209,948</i>
<i>Real Estate Management & Development — 0.5%</i>				
Add Hero Holdings Ltd., Senior Secured Notes (7.500% Cash or 8.500% PIK)	8.500%	9/30/29	272,120	7,483 ^(h)
Add Hero Holdings Ltd., Senior Secured Notes (8.000% Cash or 9.000% PIK)	9.000%	9/30/30	209,825	2,623 ^(h)
Add Hero Holdings Ltd., Senior Secured Notes (8.800% Cash or 9.800% PIK)	9.800%	9/30/31	273,817	4,792 ^(h)
China Aoyuan Group Ltd., Senior Notes, Step bond (0.000% to 9/30/31 then 1.000%)	0.000%	3/30/2173	414,893	8,298
China Aoyuan Group Ltd., Senior Secured Notes (5.500% PIK)	5.500%	9/30/31	106,575	799 ^(h)
Country Garden Holdings Co. Ltd., Senior Secured Notes	—	1/27/24	1,450,000	96,831 ^{*(c)(k)}
Cushman & Wakefield US Borrower LLC, Senior Secured Notes	8.875%	9/1/31	330,000	342,667 ^{(a)(b)}
Heimstaden AB, Senior Notes	4.250%	3/9/26	1,900,000 EUR	1,369,444 ^(c)
<i>Total Real Estate Management & Development</i>				<i>1,832,937</i>
<i>Specialized REITs — 0.3%</i>				
Iron Mountain Inc., Senior Notes	7.000%	2/15/29	1,300,000	<i>1,308,556</i> ^{(a)(b)}
Total Real Estate				7,539,554
Utilities — 1.6%				
<i>Electric Utilities — 0.8%</i>				
Eskom Holdings SOC Ltd., Senior Notes	4.314%	7/23/27	1,210,000	1,100,864 ^(c)
Perusahaan Perseroan Persero PT Perusahaan Listrik Negara, Senior Notes	6.150%	5/21/48	1,000,000	959,506 ^(a)
Vistra Operations Co. LLC, Senior Notes	7.750%	10/15/31	980,000	1,005,845 ^(a)
<i>Total Electric Utilities</i>				<i>3,066,215</i>
<i>Gas Utilities — 0.8%</i>				
Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes	5.875%	3/1/27	3,500,000	<i>3,451,188</i> ^(b)
Total Utilities				6,517,403
Total Corporate Bonds & Notes (Cost — \$388,156,625)				406,938,062

See Notes to Financial Statements.

Schedule of investments (cont'd)

April 30, 2024

Western Asset High Income Fund II Inc.				
(Percentages shown based on Fund net assets)				
Security	Rate	Maturity Date	Face Amount†	Value
Senior Loans — 18.2%				
Communication Services — 0.7%				
<i>Media — 0.7%</i>				
iHeartCommunications Inc., New Term Loan (1 mo. Term SOFR + 3.114%)	8.430%	5/1/26	1,440,000	\$ 1,262,959 (FX)(m)
Ziggo Financing Partnership, Term Loan I (1 mo. Term SOFR + 2.614%)	7.935%	4/30/28	1,500,000	1,482,398 (FX)(m)
Total Communication Services				2,745,357
Consumer Discretionary — 4.8%				
<i>Automobile Components — 1.9%</i>				
Autokiniton US Holdings Inc., 2024 Replacement Term Loan B	—	4/6/28	2,493,750	2,509,336 (n)
Clarios Global LP, 2024 Refinancing Term Loan Facility (1 mo. Term SOFR + 3.000%)	8.316%	5/6/30	2,500,000	2,511,725 (FX)(m)
First Brands Group LLC, 2022 Incremental Term Loan (3 mo. Term SOFR + 5.262%)	10.591%	3/30/27	2,992,984	2,875,749 (FX)(m)
<i>Total Automobile Components</i>				<i>7,896,810</i>
<i>Diversified Consumer Services — 0.3%</i>				
WW International Inc., Initial Term Loan (1 mo. Term SOFR + 3.614%)	8.930%	4/13/28	2,250,000	1,028,329 (FX)(m)
<i>Hotels, Restaurants & Leisure — 2.4%</i>				
1011778 BC Unlimited Liability Co., Term Loan B5 (1 mo. Term SOFR + 2.250%)	7.566%	9/20/30	997,500	1,000,258 (FX)(m)
Caesars Entertainment Inc., Incremental Term Loan B1 (1 mo. Term SOFR + 2.750%)	8.066%	2/6/31	2,400,000	2,406,300 (FX)(m)
Fertitta Entertainment LLC, Initial Term Loan B (1 mo. Term SOFR + 3.750%)	9.069%	1/27/29	2,493,639	2,502,217 (FX)(m)
Scientific Games International Inc., Term Loan B1 (1 mo. Term SOFR + 2.750%)	8.071%	4/14/29	2,250,000	2,257,807 (FX)(m)
Station Casinos LLC, Term Loan Facility B	—	3/14/31	1,500,000	1,501,943 (n)
<i>Total Hotels, Restaurants & Leisure</i>				<i>9,668,525</i>
<i>Specialty Retail — 0.2%</i>				
Harbor Freight Tools USA Inc., 2021 Refinancing Term Loan (1 mo. Term SOFR + 2.864%)	8.180%	10/19/27	1,000,000	1,002,145 (FX)(m)
Total Consumer Discretionary				19,595,809
Consumer Staples — 1.0%				
<i>Beverages — 0.6%</i>				
Triton Water Holdings Inc., First Lien Initial Term Loan (3 mo. Term SOFR + 3.512%)	8.814%	3/31/28	2,493,591	2,486,883 (FX)(m)(n)

See Notes to Financial Statements.

Western Asset High Income Fund II Inc.

(Percentages shown based on Fund net assets)

Security	Rate	Maturity Date	Face Amount†	Value
<i>Consumer Staples Distribution & Retail — 0.4%</i>				
Froneri U.S. Inc., Term Loan Facility B2 (1 mo. Term SOFR + 2.350%)	7.666%	1/29/27	1,496,114	\$ 1,499,413 ^{(f)(i)(m)}
Total Consumer Staples				3,986,296
Energy — 0.1%				
<i>Oil, Gas & Consumable Fuels — 0.1%</i>				
Buckeye Partners LP, 2023 Term Loan Facility B2	—	11/22/30	498,750	501,121 ⁽ⁿ⁾
Financials — 3.5%				
<i>Banks — 0.5%</i>				
Mercury Borrower Inc., First Lien Initial Term Loan (1 mo. Term SOFR + 3.614%)	8.930%	8/2/28	1,994,767	1,996,013 ^{(f)(i)(m)}
<i>Capital Markets — 0.7%</i>				
Advisor Group Holdings Inc., Term Loan B2	—	8/17/28	997,500	1,004,752 ⁽ⁿ⁾
Cardinal Parent Inc., First Lien Initial Term Loan (3 mo. Term SOFR + 4.650%)	9.952%	11/12/27	1,000,000	946,255 ^{(f)(i)(m)}
First Eagle Holdings Inc., Term Loan B2 (3 mo. Term SOFR + 3.000%)	8.334%	2/22/29	1,000,000	990,700 ^{(f)(i)(m)}
<i>Total Capital Markets</i>				<i>2,941,707</i>
<i>Consumer Finance — 0.7%</i>				
Blackhawk Network Holdings Inc., Term Loan B (1 mo. Term SOFR + 5.000%)	10.316%	3/12/29	2,820,000	2,835,115 ^{(f)(i)(m)}
<i>Financial Services — 0.9%</i>				
Boost Newco Borrower LLC, Initial USD Term Loan (3 mo. Term SOFR + 3.000%)	8.309%	1/31/31	2,000,000	2,009,380 ^{(f)(i)(m)}
Jane Street Group LLC, 2021 Term Loan (1 mo. Term SOFR + 2.614%)	7.930%	1/26/28	997,422	999,408 ^{(f)(i)(m)}
Nexus Buyer LLC, Amendment No. 5 Term Loan (1 mo. Term SOFR + 4.500%)	9.816%	12/11/28	650,000	647,832 ^{(f)(i)(m)}
<i>Total Financial Services</i>				<i>3,656,620</i>
<i>Insurance — 0.5%</i>				
Asurion LLC, New Term Loan B10 (1 mo. Term SOFR + 4.100%)	9.416%	8/19/28	1,994,937	1,942,849 ^{(f)(i)(m)}
<i>Mortgage Real Estate Investment Trusts (REITs) — 0.2%</i>				
Blackstone Mortgage Trust Inc., Term Loan (1 mo. Term SOFR + 2.364%)	7.680%	4/23/26	997,389	978,833 ^{(f)(i)(m)}
Total Financials				14,351,137
Health Care — 2.1%				
<i>Health Care Equipment & Supplies — 1.0%</i>				
Medline Borrower LP, Term Loan B (1 mo. Term SOFR + 2.750%)	8.068%	10/23/28	4,200,000	4,215,834 ^{(f)(i)(m)(n)}

See Notes to Financial Statements.

Schedule of investments (cont'd)

April 30, 2024

Western Asset High Income Fund II Inc.

(Percentages shown based on Fund net assets)

Security	Rate	Maturity Date	Face Amount†	Value
<i>Health Care Providers & Services — 0.3%</i>				
Global Medical Response Inc., 2020 Term Loan	—	10/2/25	748,067	\$ 712,534 ⁽ⁿ⁾
R1 RCM Inc., Initial Term Loan B (1 mo. Term SOFR + 3.000%)	8.327%	6/21/29	498,734	501,602 ^{(F)(M)}
<i>Total Health Care Providers & Services</i>				<i>1,214,136</i>
<i>Health Care Technology — 0.5%</i>				
Cotiviti Holdings Inc., Term Loan	—	2/21/31	1,500,000	1,503,120 ⁽ⁿ⁾
MPH Acquisition Holdings LLC, Initial Term Loan (3 mo. Term SOFR + 4.512%)	9.855%	9/1/28	748,082	695,035 ^{(F)(M)}
<i>Total Health Care Technology</i>				<i>2,198,155</i>
<i>Pharmaceuticals — 0.3%</i>				
Jazz Financing Lux Sarl, Dollar Term Loan Facility B1 (1 mo. Term SOFR + 3.115%)	8.430%	5/5/28	997,153	<i>1,004,168</i> ^{(F)(M)}
Total Health Care				8,632,293
Industrials — 3.5%				
<i>Aerospace & Defense — 0.6%</i>				
Transdigm Inc., Term Loan J (3 mo. Term SOFR + 3.250%)	8.559%	2/28/31	2,493,750	<i>2,511,194</i> ^{(F)(M)(n)}
<i>Building Products — 0.5%</i>				
ACProducts Holdings Inc., Initial Term Loan (3 mo. Term SOFR + 4.512%)	9.814%	5/17/28	398,974	347,507 ^{(F)(M)}
Quikrete Holdings Inc., 2031 Term Loan B	—	4/14/31	1,500,000	1,502,677 ⁽ⁿ⁾
<i>Total Building Products</i>				<i>1,850,184</i>
<i>Commercial Services & Supplies — 0.8%</i>				
Allied Universal Holdco LLC, Amendment No. 3 Term Loan (1 mo. Term SOFR + 4.750%)	10.066%	5/12/28	1,496,241	1,504,388 ^{(F)(M)}
Garda World Security Corp., Fourth Additional Term Loan (3 mo. Term SOFR + 4.250%)	9.583%	2/1/29	1,745,558	1,755,202 ^{(F)(M)}
<i>Total Commercial Services & Supplies</i>				<i>3,259,590</i>
<i>Construction & Engineering — 0.5%</i>				
Tutor Perini Corp., Term Loan	—	8/18/27	1,992,304	<i>1,989,505</i> ⁽ⁿ⁾
<i>Machinery — 0.6%</i>				
TK Elevator Midco GmbH, USD Term Loan Facility B2	—	4/30/30	2,493,750	<i>2,506,992</i> ⁽ⁿ⁾
<i>Passenger Airlines — 0.5%</i>				
United Airlines Inc., Term Loan B (3 mo. Term SOFR + 2.750%)	8.076%	2/24/31	1,960,000	<i>1,970,721</i> ^{(F)(M)}
Total Industrials				14,088,186

See Notes to Financial Statements.

Western Asset High Income Fund II Inc.

(Percentages shown based on Fund net assets)

Security	Rate	Maturity Date	Face Amount†	Value
Information Technology — 2.0%				
<i>Electronic Equipment, Instruments & Components — 0.4%</i>				
Coherent Corp., Term Loan B1 (1 mo. Term SOFR + 2.500%)	7.829%	7/2/29	1,495,701	\$ 1,504,578 ^{(f)(l)(m)}
<i>IT Services — 0.4%</i>				
Redstone Holdco 2 LP, First Lien Initial Term Loan (1 mo. Term SOFR + 4.864%)	10.180%	4/27/28	2,000,000	1,574,170 ^{(f)(l)(m)}
<i>Semiconductors & Semiconductor Equipment — 0.5%</i>				
MKS Instruments Inc., 2023 Dollar Term Loan B (1 mo. Term SOFR + 2.500%)	7.823%	8/17/29	1,969,842	1,976,008 ^{(f)(l)(m)}
<i>Software — 0.7%</i>				
DCert Buyer Inc., First Lien Initial Term Loan (1 mo. Term SOFR + 4.000%)	9.316%	10/16/26	1,795,325	1,793,098 ^{(f)(l)(m)(n)}
DCert Buyer Inc., Second Lien Initial Term Loan (1 mo. USD LIBOR + 7.000%)	12.316%	2/19/29	500,000	453,283 ^{(f)(l)(m)}
Modena Buyer LLC, Term Loan	—	4/18/31	830,000	813,143 ⁽ⁿ⁾
<i>Total Software</i>				3,059,524
Total Information Technology				8,114,280
Materials — 0.3%				
<i>Construction Materials — 0.3%</i>				
Smyrna Ready Mix Concrete LLC, New Term Loan B (1 mo. Term SOFR + 3.500%)	8.815%	4/2/29	997,500	1,002,487 ^{(f)(l)(m)}
Sovereign Bonds — 0.2%				
<i>Tanzania — 0.2%</i>				
Government of the United Republic of Tanzania, Term Loan A2 (3 mo. Term SOFR + 5.450%)	10.764%	4/29/31	700,000	700,000 ^{(f)(g)(l)(m)}
Total Senior Loans (Cost — \$74,655,955)				73,716,966
Sovereign Bonds — 13.0%				
<i>Angola — 0.5%</i>				
Angolan Government International Bond, Senior Notes	8.000%	11/26/29	2,200,000	2,008,237 ^(a)
<i>Argentina — 0.6%</i>				
Provincia de Buenos Aires, Senior Notes, Step bond (6.375% to 9/1/24 then 6.625%)	6.375%	9/1/37	2,102,776	933,107 ^(a)
Provincia de Cordoba, Senior Notes	6.990%	6/1/27	350,000	280,000 ^(a)
Provincia de Cordoba, Senior Notes	6.875%	2/1/29	1,640,000	1,217,700 ^(a)
<i>Total Argentina</i>				2,430,807

See Notes to Financial Statements.

Schedule of investments (cont'd)

April 30, 2024

Western Asset High Income Fund II Inc.

(Percentages shown based on Fund net assets)

Security	Rate	Maturity Date	Face Amount†	Value
<i>Bahamas — 0.7%</i>				
Bahamas Government International Bond, Senior Notes	9.000%	6/16/29	2,060,000	\$ 2,014,680 ^(a)
Bahamas Government International Bond, Senior Notes	6.950%	11/20/29	1,030,000	917,613 ^(a)
<i>Total Bahamas</i>				<i>2,932,293</i>
<i>Bahrain — 0.5%</i>				
Bahrain Government International Bond, Senior Notes	6.000%	9/19/44	2,750,000	<i>2,194,940</i> ^(a)
<i>Brazil — 1.1%</i>				
Brazil Notas do Tesouro Nacional Serie F, Notes	10.000%	1/1/25	17,000,000 BRL	3,263,966
Brazilian Government International Bond, Senior Notes	5.625%	1/7/41	1,500,000	1,294,939
<i>Total Brazil</i>				<i>4,558,905</i>
<i>Chile — 0.2%</i>				
Chile Government International Bond, Senior Notes	3.100%	5/7/41	1,000,000	<i>703,182</i>
<i>Colombia — 0.4%</i>				
Colombia Government International Bond, Senior Notes	4.125%	2/22/42	2,670,000	<i>1,706,145</i>
<i>Costa Rica — 0.1%</i>				
Costa Rica Government International Bond, Senior Notes	7.158%	3/12/45	460,000	<i>475,645</i> ^(a)
<i>Dominican Republic — 0.7%</i>				
Dominican Republic International Bond, Senior Notes	4.500%	1/30/30	3,330,000	<i>2,985,833</i> ^(a)
<i>Ecuador — 0.1%</i>				
Ecuador Government International Bond, Senior Notes, Step bond (2.500% to 7/31/24 then 5.000%)	2.500%	7/31/40	540,000	<i>277,560</i> ^(a)
<i>Egypt — 0.6%</i>				
Egypt Government International Bond, Senior Notes	3.875%	2/16/26	1,000,000	910,750 ^(a)
Egypt Government International Bond, Senior Notes	7.625%	5/29/32	2,038,000	1,695,196 ^(c)
<i>Total Egypt</i>				<i>2,605,946</i>
<i>Guatemala — 0.1%</i>				
Guatemala Government Bond, Senior Notes	5.375%	4/24/32	500,000	<i>466,799</i> ^(a)

See Notes to Financial Statements.

Western Asset High Income Fund II Inc.

(Percentages shown based on Fund net assets)

Security	Rate	Maturity Date	Face Amount†	Value
<i>Ivory Coast — 0.7%</i>				
Ivory Coast Government International Bond, Senior Notes	5.750%	12/31/32	536,945	\$ 500,143 ^(a)
Ivory Coast Government International Bond, Senior Notes	6.125%	6/15/33	2,750,000	2,390,228 ^(a)
<i>Total Ivory Coast</i>				<i>2,890,371</i>
<i>Jordan — 0.6%</i>				
Jordan Government International Bond, Senior Notes	5.850%	7/7/30	2,540,000	<i>2,286,965</i> ^(a)
<i>Kenya — 0.4%</i>				
Republic of Kenya Government International Bond, Senior Notes	7.000%	5/22/27	1,500,000	<i>1,450,372</i> ^(a)
<i>Mexico — 2.5%</i>				
Mexican Bonos, Bonds	5.000%	3/6/25	100,000,000 ^{MXN}	5,570,684
Mexican Bonos, Bonds	7.750%	5/29/31	39,300,000 ^{MXN}	2,034,334
Mexico Government International Bond, Senior Notes	2.659%	5/24/31	3,000,000	2,439,680 ^(b)
<i>Total Mexico</i>				<i>10,044,698</i>
<i>Nigeria — 0.5%</i>				
Nigeria Government International Bond, Senior Notes	7.625%	11/21/25	1,000,000	995,600 ^(c)
Nigeria Government International Bond, Senior Notes	7.696%	2/23/38	1,130,000	893,864 ^(c)
<i>Total Nigeria</i>				<i>1,889,464</i>
<i>Oman — 0.2%</i>				
Oman Government International Bond, Senior Notes	5.625%	1/17/28	800,000	<i>788,738</i> ^(a)
<i>Panama — 0.4%</i>				
Panama Government International Bond, Senior Notes	2.252%	9/29/32	2,110,000	1,464,449
Panama Government International Bond, Senior Notes	4.500%	5/15/47	500,000	330,675
<i>Total Panama</i>				<i>1,795,124</i>
<i>Peru — 0.2%</i>				
Peruvian Government International Bond, Senior Notes	3.000%	1/15/34	800,000	<i>628,600</i>
<i>Philippines — 0.1%</i>				
Philippine Government International Bond, Senior Notes	3.200%	7/6/46	500,000	<i>340,424</i>

See Notes to Financial Statements.

Schedule of investments (cont'd)

April 30, 2024

Western Asset High Income Fund II Inc.

(Percentages shown based on Fund net assets)

Security	Rate	Maturity Date	Face Amount†	Value
<i>Qatar — 0.1%</i>				
Qatar Government International Bond, Senior Notes	3.750%	4/16/30	500,000	\$ 467,305 ^(a)
<i>South Africa — 0.3%</i>				
Republic of South Africa Government International Bond, Senior Notes	6.250%	3/8/41	1,500,000	1,212,558
<i>Turkey — 0.7%</i>				
Turkiye Government International Bond, Senior Notes	5.125%	2/17/28	1,400,000	1,325,625
Turkiye Government International Bond, Senior Notes	4.875%	4/16/43	2,400,000	1,647,000
<i>Total Turkey</i>				2,972,625
<i>Ukraine — 0.1%</i>				
Ukraine Government International Bond, Senior Notes	7.375%	9/25/34	800,000	200,640 ^{*(a)(o)}
<i>Uruguay — 0.6%</i>				
Uruguay Government International Bond, Senior Notes	9.750%	7/20/33	89,000,000 UYU	2,421,048
Total Sovereign Bonds (Cost — \$51,250,918)				52,735,224
Collateralized Mortgage Obligations^(p) — 6.8%				
280 Park Avenue Mortgage Trust, 2017-280P F (1 mo. Term SOFR + 3.127%)	8.446%	9/15/34	1,000,000	893,718 ^{(a)(f)}
BANK, 2021-BN35 H	1.766%	6/15/64	890,000	285,554 ^{(a)(f)}
BANK, 2021-BN35 K	1.766%	6/15/64	1,846,154	449,438 ^{(a)(f)}
BANK, 2022-BNK41 E	2.500%	4/15/65	2,100,000	1,197,065 ^(a)
BANK, 2022-BNK43 D	3.000%	8/15/55	2,250,000	1,457,350 ^(a)
BX Trust, 2021-ARIA E (1 mo. Term SOFR + 2.359%)	7.680%	10/15/36	1,650,000	1,615,776 ^{(a)(f)}
Citigroup Commercial Mortgage Trust, 2015-GC29 D	3.110%	4/10/48	600,000	527,412 ^(a)
Citigroup Commercial Mortgage Trust, 2015-P1 D	3.225%	9/15/48	1,040,000	911,093 ^(a)
CSAIL Commercial Mortgage Trust, 2015-C3 C	4.494%	8/15/48	990,000	838,974 ^(f)
Extended Stay America Trust, 2021-ESH F (1 mo. Term SOFR + 3.814%)	9.135%	7/15/38	1,590,805	1,591,735 ^{(a)(f)}
Federal Home Loan Mortgage Corp. (FHLMC) REMIC, Structured Agency Credit Risk Debt Notes, 2021-DNA3 B2 (30 Day Average SOFR + 6.250%)	11.580%	10/25/33	1,430,000	1,676,153 ^{(a)(f)}

See Notes to Financial Statements.

Western Asset High Income Fund II Inc.

(Percentages shown based on Fund net assets)

Security	Rate	Maturity Date	Face Amount†	Value
Collateralized Mortgage Obligations ^(p) — continued				
Federal National Mortgage Association (FNMA) — CAS, 2024-R01 1B2 (30 Day Average SOFR + 4.000%)	9.330%	1/25/44	2,000,000	\$ 2,033,843 ^{(a)(f)}
Greystone CRE Notes, 2024-HC3 D (1 mo. Term SOFR + 5.333%)	10.654%	3/15/41	1,000,000	997,354 ^{(a)(f)}
GS Mortgage Securities Corp. Trust, 2024-70P E	9.263%	3/10/41	1,500,000	1,491,520 ^{(a)(f)}
Hawaii Hotel Trust, 2019-MAUI F (1 mo. Term SOFR + 2.797%)	8.118%	5/15/38	1,650,000	1,636,963 ^{(a)(f)}
KIND Trust, 2021-KIND C (1 mo. Term SOFR + 1.864%)	7.194%	8/15/38	1,487,612	1,443,433 ^{(a)(f)}
Life Mortgage Trust, 2021-BMR F (1 mo. Term SOFR + 2.464%)	7.785%	3/15/38	1,651,390	1,596,513 ^{(a)(f)}
MHC Commercial Mortgage Trust, 2021-MHC F (1 mo. Term SOFR + 2.715%)	8.036%	4/15/38	1,258,315	1,251,309 ^{(a)(f)}
Morgan Stanley Capital Trust, 2015-UBS8 C	4.710%	12/15/48	970,000	856,174 ^(f)
Morgan Stanley Capital Trust, 2016-BNK2 B	3.485%	11/15/49	1,020,000	841,856
SLG Office Trust, 2021-OVA F	2.851%	7/15/41	2,119,000	1,468,488 ^(a)
SMRT, 2022-MINI D (1 mo. Term SOFR + 1.950%)	7.271%	1/15/39	1,500,000	1,481,836 ^{(a)(f)}
WB Commercial Mortgage Trust, 2024-HQ D	8.278%	3/15/40	1,050,000	1,056,619 ^{(a)(f)}
Total Collateralized Mortgage Obligations (Cost — \$27,016,587)				27,600,176
Asset-Backed Securities — 3.9%				
AIMCO CLO Ltd., 2024-22A E (3 mo. Term SOFR + 6.500%)	11.827%	4/19/37	1,500,000	1,499,935 ^{(a)(f)}
CIFC Funding Ltd., 2021-1A D (3 mo. Term SOFR + 3.212%)	8.535%	4/25/33	500,000	502,689 ^{(a)(f)}
Dryden CLO Ltd., 2024-119A E (3 mo. Term SOFR + 7.000%)	12.322%	4/15/36	2,000,000	2,000,000 ^{(a)(f)}
Greywolf CLO Ltd., 2020-3RA CR (3 mo. Term SOFR + 3.610%)	8.935%	4/15/33	500,000	491,460 ^{(a)(f)}
Madison Park Funding Ltd., 2018-28A E (3 mo. Term SOFR + 5.512%)	10.840%	7/15/30	2,600,000	2,570,037 ^{(a)(f)}
NYACK Park CLO Ltd., 2021-1A D (3 mo. Term SOFR + 3.062%)	8.386%	10/20/34	1,000,000	992,881 ^{(a)(f)}
OHA Credit Funding Ltd., 2024-18A D1 (3 mo. Term SOFR + 3.450%)	8.742%	4/20/37	1,000,000	1,003,923 ^{(a)(f)}
Palmer Square Loan Funding Ltd., 2022-3A DR (3 mo. Term SOFR + 5.900%)	11.229%	4/15/31	2,000,000	1,980,746 ^{(a)(f)}
Stratus CLO Ltd., 2021-2A D (3 mo. Term SOFR + 2.912%)	8.236%	12/28/29	320,000	320,848 ^{(a)(f)}

See Notes to Financial Statements.

April 30, 2024

(Percentages shown based on Fund net assets)

See Notes to Financial Statements

Western Asset High Income Fund II Inc.

(Percentages shown based on Fund net assets)

Security	Rate	Maturity Date	Face Amount†	Value
Short-Term Investments — 3.6%				
U.S. Treasury Bills — 2.3%				
U.S. Treasury Bills	2.727%	5/2/24	5,000,000	\$ 4,999,265 ^(q)
U.S. Treasury Bills	4.707%	5/7/24	4,250,000	4,246,263 ^(q)
Total U.S. Treasury Bills (Cost — \$9,245,530)				9,245,528
Shares				
Money Market Funds — 1.3%				
Western Asset Premier Institutional Government Reserves, Premium Shares (Cost — \$5,390,472)	5.265%		5,390,472	5,390,472 ^{(r)(s)}
Total Short-Term Investments (Cost — \$14,636,002)				14,636,000
Total Investments — 147.1% (Cost — \$575,719,935)				595,180,893
Liabilities in Excess of Other Assets — (47.1)%				(190,573,193)
Total Net Assets — 100.0%				\$ 404,607,700

See Notes to Financial Statements.

Schedule of investments (cont'd)

April 30, 2024

Western Asset High Income Fund II Inc.

† Face amount denominated in U.S. dollars, unless otherwise noted.

†† Represents less than 0.1%.

* Non-income producing security.

(a) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors.

(b) All or a portion of this security is pledged as collateral pursuant to the loan agreement (Note 5).

(c) Security is exempt from registration under Regulation S of the Securities Act of 1933. Regulation S applies to securities offerings that are made outside of the United States and do not involve direct selling efforts in the United States. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors.

(d) All or a portion of this security is held by the counterparty as collateral for open reverse repurchase agreements.

(e) Security has no maturity date. The date shown represents the next call date.

(f) Variable rate security. Interest rate disclosed is as of the most recent information available. Certain variable rate securities are not based on a published reference rate and spread but are determined by the issuer or agent and are based on current market conditions. These securities do not indicate a reference rate and spread in their description above.

(g) Security is fair valued in accordance with procedures approved by the Board of Directors (Note 1).

(h) Payment-in-kind security for which the issuer has the option at each interest payment date of making interest payments in cash or additional securities.

(i) Security is valued using significant unobservable inputs (Note 1).

(j) Value is less than \$1.

(k) The maturity principal is currently in default as of April 30, 2024.

(l) Interest rates disclosed represent the effective rates on senior loans. Ranges in interest rates are attributable to multiple contracts under the same loan.

(m) Senior loans may be considered restricted in that the Fund ordinarily is contractually obligated to receive approval from the agent bank and/or borrower prior to the disposition of a senior loan.

(n) All or a portion of this loan has not settled as of April 30, 2024. Interest rates are not effective until settlement date. Interest rates shown, if any, are for the settled portion of the loan.

(o) The coupon payment on this security is currently in default as of April 30, 2024.

(p) Collateralized mortgage obligations are secured by an underlying pool of mortgages or mortgage pass-through certificates that are structured to direct payments on underlying collateral to different series or classes of the obligations. The interest rate may change positively or inversely in relation to one or more interest rates, financial indices or other financial indicators and may be subject to an upper and/or lower limit.

(q) Rate shown represents yield-to-maturity.

(r) Rate shown is one-day yield as of the end of the reporting period.

(s) In this instance, as defined in the Investment Company Act of 1940, an "Affiliated Company" represents Fund ownership of at least 5% of the outstanding voting securities of an issuer, or a company which is under common ownership or control with the Fund. At April 30, 2024, the total market value of investments in Affiliated Companies was \$5,390,472 and the cost was \$5,390,472 (Note 9).

[See Notes to Financial Statements.](#)

Western Asset High Income Fund II Inc.

Abbreviation(s) used in this schedule:

BRL	—	Brazilian Real
CAS	—	Connecticut Avenue Securities
CLO	—	Collateralized Loan Obligation
EUR	—	Euro
GBP	—	British Pound
ICE	—	Intercontinental Exchange
LIBOR	—	London Interbank Offered Rate
MXN	—	Mexican Peso
PIK	—	Payment-In-Kind
REMIC	—	Real Estate Mortgage Investment Conduit
SOFR	—	Secured Overnight Financing Rate
USD	—	United States Dollar
UYU	—	Uruguayan Peso

At April 30, 2024, the Fund had the following open reverse repurchase agreements:

Counterparty	Rate	Effective Date	Maturity Date	Face Amount of Reverse Repurchase Agreements	Asset Class of Collateral*	Collateral Value**
Deutsche Bank AG	5.750%	3/25/2024	6/18/2024	\$ 3,154,150	Corporate Bonds & Notes	\$3,399,674
Deutsche Bank AG	5.850%	3/25/2024	6/18/2024	3,667,413	Corporate Bonds & Notes	4,436,894
Goldman Sachs Group Inc.	5.700%	4/17/2024	5/21/2024	22,426,753	Corporate Bonds & Notes	24,528,719
Goldman Sachs Group Inc.	6.000%	10/20/2023	TBD***	2,320,661	Corporate Bonds & Notes	3,126,025
				\$31,568,977		\$35,491,312

* Refer to the Schedule of Investments for positions held at the counterparty as collateral for reverse repurchase agreements.

** Including accrued interest.

***TBD — To Be Determined; These reverse repurchase agreements have no maturity dates because they are renewed daily and can be terminated by either the Fund or the counterparty in accordance with the terms of the agreements. The rates for these agreements are variable. The rate disclosed is the rate as of April 30, 2024.

At April 30, 2024, the Fund had the following open forward foreign currency contracts:

Currency Purchased	Currency Sold	Counterparty	Settlement Date	Unrealized Appreciation (Depreciation)
USD 15,312,979	EUR 14,329,837	Bank of America N.A.	7/19/24	\$ (33,455)
GBP 115,299	USD 143,159	Citibank N.A.	7/19/24	976

See Notes to Financial Statements.

Schedule of investments (cont'd)

April 30, 2024

Western Asset High Income Fund II Inc.

Currency Purchased	Currency Sold	Counterparty	Settlement Date	Unrealized Appreciation (Depreciation)
USD 17,038,800	GBP 13,581,950	Citibank N.A.	7/19/24	\$ 59,970
USD 1,183,258	MXN 19,750,941	JPMorgan Chase & Co.	7/19/24	45,078
USD 2,713,843	MXN 45,100,000	JPMorgan Chase & Co.	7/19/24	114,882
CAD 12,453	USD 9,107	Morgan Stanley & Co. Inc.	7/19/24	(50)
GBP 1,711,334	USD 2,139,009	Morgan Stanley & Co. Inc.	7/19/24	335
Net unrealized appreciation on open forward foreign currency contracts				\$187,736

Abbreviation(s) used in this table:

CAD	—	Canadian Dollar
EUR	—	Euro
GBP	—	British Pound
MXN	—	Mexican Peso
USD	—	United States Dollar

See Notes to Financial Statements.

Statement of assets and liabilities

April 30, 2024

Assets:

Investments in unaffiliated securities, at value (Cost — \$570,329,463)	\$ 589,790,421
Investments in affiliated securities, at value (Cost — \$5,390,472)	5,390,472
Foreign currency, at value (Cost — \$407,437)	366,369
Cash	35,722
Interest receivable	8,472,962
Receivable for securities sold	5,866,625
Deferred offering costs (Note 8)	328,598
Unrealized appreciation on forward foreign currency contracts	221,241
Dividends receivable from affiliated investments	11,009
Prepaid expenses	26,463
Total Assets	610,509,882

Liabilities:

Loan payable (Note 5)	147,000,000
Payable for open reverse repurchase agreements (Note 3)	31,568,977
Payable for securities purchased	21,019,456
Distributions payable	4,411,713
Interest and commitment fees payable	873,980
Deposits from brokers for open reverse repurchase agreements	400,000
Investment management fee payable	368,220
Unrealized depreciation on forward foreign currency contracts	33,505
Directors' fees payable	8,043
Accrued expenses	218,288
Total Liabilities	205,902,182

Total Net Assets **\$ 404,607,700**

Net Assets:

Par value (\$0.001 par value; 90,034,960 shares issued and outstanding; 100,000,000 shares authorized)	\$ 90,035
Paid-in capital in excess of par value	676,910,624
Total distributable earnings (loss)	(272,392,959)
Total Net Assets	\$ 404,607,700

Shares Outstanding 90,034,960

Net Asset Value \$4.49

See Notes to Financial Statements.

Statement of operations

For the Year Ended April 30, 2024

Investment Income:

Interest	\$ 43,297,634
Dividends from affiliated investments	224,391
Less: Foreign taxes withheld	(103,107)
Total Investment Income	43,418,918

Expenses:

Interest expense (Notes 3 and 5)	7,805,099
Investment management fee (Note 2)	3,654,036
Transfer agent fees	146,414
Legal fees	139,736
Commitment fees (Note 5)	135,052
Directors' fees	111,962
Audit and tax fees	97,668
Shareholder reports	72,603
Stock exchange listing fees	34,397
Fund accounting fees	11,250
Custody fees	4,269
Insurance	2,840
Miscellaneous expenses	68,565
Total Expenses	12,283,891
Less: Fee waivers and/or expense reimbursements (Note 2)	(4,413)
Net Expenses	12,279,478
Net Investment Income	31,139,440

Realized and Unrealized Gain (Loss) on Investments, Forward Foreign Currency Contracts and Foreign Currency Transactions (Notes 1, 3 and 4):

Net Realized Gain (Loss) From:	
Investment transactions in unaffiliated securities	(27,152,376)
Forward foreign currency contracts	682,588
Foreign currency transactions	(25,249)
Net Realized Loss	(26,495,037)
Change in Net Unrealized Appreciation (Depreciation) From:	
Investments in unaffiliated securities	24,230,217
Forward foreign currency contracts	481,690
Foreign currencies	(50,470)
Change in Net Unrealized Appreciation (Depreciation)	24,661,437
Net Loss on Investments, Forward Foreign Currency Contracts and Foreign Currency Transactions	(1,833,600)
Increase in Net Assets From Operations	\$ 29,305,840

See Notes to Financial Statements.

Statements of changes in net assets

For the Years Ended April 30,

2024

2023

Operations:

Net investment income	\$ 31,139,440	\$ 32,439,748
Net realized loss	(26,495,037)	(54,469,752)
Change in net unrealized appreciation (depreciation)	24,661,437	(8,484,075)
<i>Increase (Decrease) in Net Assets From Operations</i>	<i>29,305,840</i>	<i>(30,514,079)</i>

Distributions to Shareholders From (Note 1):

Total distributable earnings	(32,947,370)	(31,102,535)
Return of capital	(8,737,521)	(7,251,074)
<i>Decrease in Net Assets From Distributions to Shareholders</i>	<i>(41,684,891)</i>	<i>(38,353,609)</i>

Fund Share Transactions:

Net proceeds from sale of shares from shelf registration (1,102,775 and 963,737 shares issued, respectively)	5,361,325 [†]	5,094,561 [†]
Net proceeds from sale of shares from rights offering (22,508,740 and 6,001,836 shares issued, respectively)	96,707,606 [‡]	30,667,643 [‡]
Reinvestment of distributions (279,063 and 254,223 shares issued, respectively)	1,315,188	1,302,617
<i>Increase in Net Assets From Fund Share Transactions</i>	<i>103,384,119</i>	<i>37,064,821</i>
<i>Increase (Decrease) in Net Assets</i>	<i>91,005,068</i>	<i>(31,802,867)</i>

Net Assets:

Beginning of year	313,602,632	345,405,499
<i>End of year</i>	<i>\$404,607,700</i>	<i>\$313,602,632</i>

[†] Net of sales charges of \$53,215 and \$51,752 and net of shelf registration offering costs of \$12,017 and \$33,213, respectively (Note 8).

[‡] Net of rights offering costs of \$79,976 and \$361,849 respectively (Note 8).

See Notes to Financial Statements.

Statement of cash flows

For the Year Ended April 30, 2024

Increase (Decrease) in Cash:

Cash Flows from Operating Activities:

Net increase in net assets resulting from operations	\$ 29,305,840
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided (used) by operating activities:	
Purchases of portfolio securities	(327,132,110)
Sales of portfolio securities	191,111,172
Net purchases, sales and maturities of short-term investments	(16,713,425)
Net amortization of premium (accretion of discount)	(13,056,065)
Increase in receivable for securities sold	(3,083,860)
Increase in interest receivable	(899,251)
Increase in prepaid expenses	(36,112)
Increase in dividends receivable from affiliated investments	(3,429)
Increase in deferred offering costs	(13,999)
Increase in deposits from brokers for open reverse repurchase agreements	400,000
Increase in payable for securities purchased	14,649,329
Increase in investment management fee payable	82,665
Increase in Directors' fees payable	3,337
Increase in interest and commitment fees payable	311,803
Decrease in accrued expenses	(11,523)
Net realized loss on investments	27,152,376
Change in net unrealized appreciation (depreciation) of investments and forward foreign currency contracts	(24,711,907)
Net Cash Used in Operating Activities*	(122,645,159)

Cash Flows from Financing Activities:

Distributions paid on common stock (net of distributions payable)	(39,197,776)
Proceeds from loan facility borrowings	41,000,000
Increase in payable for open reverse repurchase agreements	15,481,639
Net proceeds from sale of shares (net of receivable for Fund shares sold)	22,166
Net proceeds from sale of shares from shelf registration	5,361,325
Net proceeds from sale of shares from rights offering	96,707,606
Net Cash Provided by Financing Activities	119,374,960
Net Decrease in Cash and Restricted Cash	(3,270,199)
Cash and restricted cash at beginning of year	3,672,290
Cash and restricted cash at end of year	\$ 402,091

*Included in operating expenses is \$7,628,348 paid for interest and commitment fees on borrowings.

See Notes to Financial Statements.

The following table provides a reconciliation of cash (including foreign currency) and restricted cash reported within the Statement of Assets and Liabilities that sums to the total of such amounts shown on the Statement of Cash Flows.

	April 30, 2024
Cash	\$402,091
Restricted cash	—
Total cash and restricted cash shown in the Statement of Cash Flows	\$402,091

Restricted cash consists of cash that has been segregated to cover the Fund's collateral or margin obligations under derivative contracts and for reverse repurchase agreements. It is separately reported on the Statement of Assets and Liabilities as Deposits with brokers.

Non-Cash Financing Activities:

Proceeds from reinvestment of distributions	\$1,315,188
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See Notes to Financial Statements.

Financial highlights

For a share of capital stock outstanding throughout each year ended April 30:					
	2024 ¹	2023 ¹	2022 ¹	2021 ¹	2020 ¹
Net asset value, beginning of year	\$4.74	\$5.86	\$7.15	\$6.19	\$7.31
Income (loss) from operations:					
Net investment income	0.44	0.50	0.54	0.51	0.55
Net realized and unrealized gain (loss)	0.05 ²	(0.98)	(1.24)	1.03	(1.11)
Total income (loss) from operations	0.49	(0.48)	(0.70)	1.54	(0.56)
Less distributions from:					
Net investment income	(0.47)	(0.48)	(0.53)	(0.46)	(0.48)
Return of capital	(0.12)	(0.11)	(0.06)	(0.13)	(0.09)
Total distributions	(0.59)	(0.59)	(0.59)	(0.59)	(0.57)
Anti-dilutive impact of repurchase plan	—	—	—	—	0.01 ³
Dilutive impact of rights offering	(0.15) ⁴	(0.05) ⁴	—	—	—
Anti-dilutive impact of tender offer	—	—	—	0.01 ⁵	—
Net asset value, end of year	\$4.49	\$4.74	\$5.86	\$7.15	\$6.19
Market price, end of year	\$4.34	\$4.79	\$5.38	\$7.09	\$5.51
Total return, based on NAV^{6,7}	7.45%	(9.18)%	(10.66)%	25.68%	(8.11)%
Total return, based on Market Price⁸	2.89%	0.04%	(17.20)%	40.48%	(10.02)%
Net assets, end of year (millions)	\$405	\$314	\$345	\$419	\$521
Ratios to average net assets:					
Gross expenses	3.70%	3.26%	1.66%	1.59%	2.57% ⁹
Net expenses ^{10,11}	3.70	3.26	1.66	1.59	2.55 ⁹
Net investment income	9.39	9.70	7.87	7.37	7.76
Portfolio turnover rate	42%	123%	55%	50%	66%
Supplemental data:					
Loan Outstanding, End of Year (000s)	\$147,000	\$106,000	\$154,500	\$158,000	\$208,000
Asset Coverage Ratio for Loan Outstanding ¹²	375%	396%	324%	365%	351%
Asset Coverage, per \$1,000 Principal Amount of Loan Outstanding ¹²	\$3,752	\$3,959	\$3,236	\$3,654	\$3,506
Weighted Average Loan (000s)	\$110,055	\$136,284	\$155,075	\$178,800	\$241,971
Weighted Average Interest Rate on Loan	6.07%	3.77%	0.89%	0.86%	2.58%

See Notes to Financial Statements.

- ¹ Per share amounts have been calculated using the average shares method.
- ² Calculation of the net gain per share (both realized and unrealized) does not correlate to the aggregate realized and unrealized loss presented in the Statement of Operations due to the timing of the sales and repurchases of Fund shares in relation to fluctuating market values of the investments of the Fund.
- ³ The repurchase plan was completed at an average repurchase price of \$4.91 for 917,344 shares and \$4,506,248 for the year ended April 30, 2020.
- ⁴ The rights offering was completed at a price of \$4.30 for 22,508,740 shares and \$96,787,582 for the year ended April 30, 2024 and \$5.17 for 6,001,836 shares and \$31,029,492 for the year ended April 30, 2023 (Note 8).
- ⁵ The tender offer was completed at a price of \$7.01 for 25,577,060 shares and \$179,295,192 for the year ended April 30, 2021.
- ⁶ Performance figures may reflect compensating balance arrangements, fee waivers and/or expense reimbursements. In the absence of compensating balance arrangements, fee waivers and/or expense reimbursements, the total return would have been lower. Past performance is no guarantee of future results.
- ⁷ The total return calculation assumes that distributions are reinvested at NAV. Past performance is no guarantee of future results.
- ⁸ The total return calculation assumes that distributions are reinvested in accordance with the Fund's dividend reinvestment plan. Past performance is no guarantee of future results.
- ⁹ Included in the expense ratios are certain non-recurring legal and transfer agent fees that were incurred by the Fund during the period. Without these fees, the gross and net expense ratios would have been 2.37% and 2.35%, respectively.
- ¹⁰ The manager has agreed to waive the Fund's management fee to an extent sufficient to offset the net management fee payable in connection with any investment in an affiliated money market fund.
- ¹¹ Reflects fee waivers and/or expense reimbursements.
- ¹² Represents value of net assets plus the loan outstanding at the end of the period divided by the loan outstanding at the end of the period.

[See Notes to Financial Statements.](#)

Notes to financial statements

1. Organization and significant accounting policies

Western Asset High Income Fund II Inc. (the “Fund”) was incorporated in Maryland and is registered as a diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the “1940 Act”). The Fund seeks to maximize current income by investing at least 80% of its net assets, plus any borrowings for investment purposes, in high-yield debt securities. As a secondary objective, the Fund seeks capital appreciation to the extent consistent with its objective of seeking to maximize current income.

The Fund follows the accounting and reporting guidance in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 946, *Financial Services – Investment Companies* (“ASC 946”). The following are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles (“GAAP”), including, but not limited to, ASC 946. Estimates and assumptions are required to be made regarding assets, liabilities and changes in net assets resulting from operations when financial statements are prepared. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ. Subsequent events have been evaluated through the date the financial statements were issued.

(a) Investment valuation. The valuations for fixed income securities (which may include, but are not limited to, corporate, government, municipal, mortgage-backed, collateralized mortgage obligations and asset-backed securities) and certain derivative instruments are typically the prices supplied by independent third party pricing services, which may use market prices or broker/dealer quotations or a variety of valuation techniques and methodologies. The independent third party pricing services typically use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar securities. Investments in open-end funds are valued at the closing net asset value per share of each fund on the day of valuation. Equity securities for which market quotations are available are valued at the last reported sales price or official closing price on the primary market or exchange on which they trade. When the Fund holds securities or other assets that are denominated in a foreign currency, the Fund will normally use the currency exchange rates as of 4:00 p.m. (Eastern Time). If independent third party pricing services are unable to supply prices for a portfolio investment, or if the prices supplied are deemed by the manager to be unreliable, the market price may be determined by the manager using quotations from one or more broker/dealers or at the transaction price if the security has recently been purchased and no value has yet been obtained from a pricing service or pricing broker. When reliable prices are not readily available, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the Fund calculates its net asset value, the Fund values these securities as determined in accordance with procedures approved by the Fund’s Board of Directors.

Pursuant to policies adopted by the Board of Directors, the Fund's manager has been designated as the valuation designee and is responsible for the oversight of the daily valuation process. The Fund's manager is assisted by the Global Fund Valuation Committee (the "Valuation Committee"). The Valuation Committee is responsible for making fair value determinations, evaluating the effectiveness of the Fund's pricing policies, and reporting to the Fund's manager and the Board of Directors. When determining the reliability of third party pricing information for investments owned by the Fund, the Valuation Committee, among other things, conducts due diligence reviews of pricing vendors, monitors the daily change in prices and reviews transactions among market participants.

The Valuation Committee will consider pricing methodologies it deems relevant and appropriate when making fair value determinations. Examples of possible methodologies include, but are not limited to, multiple of earnings; discount from market of a similar freely traded security; discounted cash-flow analysis; book value or a multiple thereof; risk premium/yield analysis; yield to maturity; and/or fundamental investment analysis. The Valuation Committee will also consider factors it deems relevant and appropriate in light of the facts and circumstances. Examples of possible factors include, but are not limited to, the type of security; the issuer's financial statements; the purchase price of the security; the discount from market value of unrestricted securities of the same class at the time of purchase; analysts' research and observations from financial institutions; information regarding any transactions or offers with respect to the security; the existence of merger proposals or tender offers affecting the security; the price and extent of public trading in similar securities of the issuer or comparable companies; and the existence of a shelf registration for restricted securities.

For each portfolio security that has been fair valued pursuant to the policies adopted by the Board of Directors, the fair value price is compared against the last available and next available market quotations. The Valuation Committee reviews the results of such back testing monthly and fair valuation occurrences are reported to the Board of Directors quarterly.

The Fund uses valuation techniques to measure fair value that are consistent with the market approach and/or income approach, depending on the type of security and the particular circumstance. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable securities. The income approach uses valuation techniques to discount estimated future cash flows to present value.

Notes to financial statements (cont'd)

GAAP establishes a disclosure hierarchy that categorizes the inputs to valuation techniques used to value assets and liabilities at measurement date. These inputs are summarized in the three broad levels listed below:

- Level 1 — unadjusted quoted prices in active markets for identical investments
- Level 2 — other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 — significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used in valuing the Fund's assets and liabilities carried at fair value:

ASSETS				
Description	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Long-Term Investments†:				
Corporate Bonds & Notes:				
Health Care	—	\$ 25,187,455	\$ 0*	\$ 25,187,455
Other Corporate Bonds & Notes	—	381,750,607	—	381,750,607
Senior Loans:				
Materials	—	—	1,002,487	1,002,487
Other Senior Loans	—	72,714,479	—	72,714,479
Sovereign Bonds	—	52,735,224	—	52,735,224
Collateralized Mortgage Obligations	—	27,600,176	—	27,600,176
Asset-Backed Securities	—	15,592,444	—	15,592,444
Convertible Bonds & Notes	—	3,771,196	—	3,771,196
Common Stocks:				
Health Care	—	—	180,211	180,211
Real Estate	\$ 1,565	—	—	1,565
Warrants	—	9,049	—	9,049
Total Long-Term Investments	1,565	579,360,630	1,182,698	580,544,893
Short-Term Investments†:				
U.S. Treasury Bills	—	9,245,528	—	9,245,528
Money Market Funds	5,390,472	—	—	5,390,472
Total Short-Term Investments	5,390,472	9,245,528	—	14,636,000
Total Investments	\$5,392,037	\$588,606,158	\$1,182,698	\$595,180,893

ASSETS (cont'd)

Description	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Other Financial Instruments:				
Forward Foreign Currency Contracts††	—	\$ 221,241	—	\$ 221,241
Total	\$5,392,037	\$588,827,399	\$1,182,698	\$595,402,134

LIABILITIES

Description	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Other Financial Instruments:				
Forward Foreign Currency Contracts††	—	\$ 33,505	—	\$ 33,505

† See Schedule of Investments for additional detailed categorizations.

* Amount represents less than \$1.

†† Reflects the unrealized appreciation (depreciation) of the instruments.

(b) Forward foreign currency contracts. The Fund enters into a forward foreign currency contract to hedge against foreign currency exchange rate risk on its non-U.S. dollar denominated securities or to facilitate settlement of a foreign currency denominated portfolio transaction. A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set price with delivery and settlement at a future date. The contract is marked-to-market daily and the change in value is recorded by the Fund as an unrealized gain or loss. When a forward foreign currency contract is closed, through either delivery or offset by entering into another forward foreign currency contract, the Fund recognizes a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value of the contract at the time it is closed.

Forward foreign currency contracts involve elements of market risk in excess of the amounts reflected on the Statement of Assets and Liabilities. The Fund bears the risk of an unfavorable change in the foreign exchange rate underlying the forward foreign currency contract. Risks may also arise upon entering into these contracts from the potential inability of the counterparties to meet the terms of their contracts.

(c) Loan participations. The Fund may invest in loans arranged through private negotiation between one or more financial institutions. The Fund's investment in any such loan may be in the form of a participation in or an assignment of the loan. In connection with purchasing participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement related to the loan, or any rights of offset against the borrower and the Fund may not benefit directly from any collateral supporting the loan in which it has purchased the participation.

Notes to financial statements (cont'd)

The Fund assumes the credit risk of the borrower, the lender that is selling the participation and any other persons interpositioned between the Fund and the borrower. In the event of the insolvency of the lender selling the participation, the Fund may be treated as a general creditor of the lender and may not benefit from any offset between the lender and the borrower.

(d) Reverse repurchase agreements. The Fund may enter into reverse repurchase agreements. Under the terms of a typical reverse repurchase agreement, a fund sells a security subject to an obligation to repurchase the security from the buyer at an agreed upon time and price. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, the Fund's use of the proceeds of the agreement may be restricted pending a determination by the counterparty, or its trustee or receiver, whether to enforce the Fund's obligation to repurchase the securities. In entering into reverse repurchase agreements, the Fund will pledge cash, U.S. government securities or other liquid debt obligations at least equal in value to its obligations with respect to reverse repurchase agreements or will take other actions permitted by law to cover its obligations. If the market value of the collateral declines during the period, the Fund may be required to post additional collateral to cover its obligation. Cash collateral that has been pledged to cover obligations of the Fund under reverse repurchase agreements, if any, will be reported separately in the Statement of Assets and Liabilities. Securities pledged as collateral are noted in the Schedule of Investments. Interest payments made on reverse repurchase agreements are recognized as a component of "Interest expense" on the Statement of Operations. In periods of increased demand for the security, the Fund may receive a fee for use of the security by the counterparty, which may result in interest income to the Fund.

(e) Cash flow information. The Fund invests in securities and distributes dividends from net investment income and net realized gains, which are paid in cash and may be reinvested at the discretion of shareholders. These activities are reported in the Statements of Changes in Net Assets and additional information on cash receipts and cash payments is presented in the Statement of Cash Flows.

(f) Foreign currency translation. Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the respective dates of such transactions.

The Fund does not isolate that portion of the results of operations resulting from fluctuations in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

Net realized foreign exchange gains or losses arise from sales of foreign currencies, including gains and losses on forward foreign currency contracts, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the values of assets and liabilities, other than investments in securities, on the date of valuation, resulting from changes in exchange rates.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of U.S. dollar denominated transactions as a result of, among other factors, the possibility of lower levels of governmental supervision and regulation of foreign securities markets and the possibility of political or economic instability.

(g) Credit and market risk. The Fund invests in high-yield and emerging market instruments that are subject to certain credit and market risks. The yields of high-yield and emerging market debt obligations reflect, among other things, perceived credit and market risks. The Fund's investments in securities rated below investment grade typically involve risks not associated with higher rated securities including, among others, greater risk related to timely and ultimate payment of interest and principal, greater market price volatility and less liquid secondary market trading. The consequences of political, social, economic or diplomatic changes may have disruptive effects on the market prices of investments held by the Fund. The Fund's investments in non-U.S. dollar denominated securities may also result in foreign currency losses caused by devaluations and exchange rate fluctuations.

Investments in securities that are collateralized by real estate mortgages are subject to certain credit and liquidity risks. When market conditions result in an increase in default rates of the underlying mortgages and the foreclosure values of underlying real estate properties are materially below the outstanding amount of these underlying mortgages, collection of the full amount of accrued interest and principal on these investments may be doubtful. Such market conditions may significantly impair the value and liquidity of these investments and may result in a lack of correlation between their credit ratings and values.

(h) Foreign investment risks. The Fund's investments in foreign securities may involve risks not present in domestic investments. Since securities may be denominated in foreign currencies, may require settlement in foreign currencies or may pay interest or dividends in foreign currencies, changes in the relationship of these foreign currencies to the U.S. dollar can significantly affect the value of the investments and earnings of the Fund. Foreign investments may also subject the Fund to foreign government exchange restrictions, expropriation, taxation or other political, social or economic developments, all of which affect the market and/or credit risk of the investments.

Notes to financial statements (cont'd)

(i) Counterparty risk and credit-risk-related contingent features of derivative instruments.

The Fund may invest in certain securities or engage in other transactions where the Fund is exposed to counterparty credit risk in addition to broader market risks. The Fund may invest in securities of issuers, which may also be considered counterparties as trading partners in other transactions. This may increase the risk of loss in the event of default or bankruptcy by the counterparty or if the counterparty otherwise fails to meet its contractual obligations. The Fund's subadviser attempts to mitigate counterparty risk by (i) periodically assessing the creditworthiness of its trading partners, (ii) monitoring and/or limiting the amount of its net exposure to each individual counterparty based on its assessment and (iii) requiring collateral from the counterparty for certain transactions. Market events and changes in overall economic conditions may impact the assessment of such counterparty risk by the subadviser. In addition, declines in the values of underlying collateral received may expose the Fund to increased risk of loss.

With exchange traded and centrally cleared derivatives, there is less counterparty risk to the Fund since the exchange or clearinghouse, as counterparty to such instruments, guarantees against a possible default. The clearinghouse stands between the buyer and the seller of the contract; therefore, the credit risk is limited to failure of the clearinghouse. While offset rights may exist under applicable law, the Fund does not have a contractual right of offset against a clearing broker or clearinghouse in the event of a default of the clearing broker or clearinghouse.

The Fund has entered into master agreements, such as an International Swaps and Derivatives Association, Inc. Master Agreement ("ISDA Master Agreement") or similar agreement, with certain of its derivative counterparties that govern over-the-counter ("OTC") derivatives and provide for general obligations, representations, agreements, collateral posting terms, netting provisions in the event of default or termination and credit related contingent features. The credit related contingent features include, but are not limited to, a percentage decrease in the Fund's net assets or net asset value per share over a specified period of time. If these credit related contingent features were triggered, the derivatives counterparty could terminate the positions and demand payment or require additional collateral.

Under an ISDA Master Agreement, the Fund may, under certain circumstances, offset with the counterparty certain derivative financial instruments' payables and/or receivables with collateral held and/or posted and create one single net payment. However, absent an event of default by the counterparty or a termination of the agreement, the terms of the ISDA Master Agreements do not result in an offset of reported amounts of financial assets and financial liabilities in the Statement of Assets and Liabilities across transactions between the Fund and the applicable counterparty. The enforceability of the right to offset may vary by jurisdiction.

Collateral requirements differ by type of derivative. Collateral or margin requirements are set by the broker or exchange clearinghouse for exchange traded derivatives while

collateral terms are contract specific for OTC traded derivatives. Cash collateral that has been pledged to cover obligations of the Fund under derivative contracts, if any, will be reported separately in the Statement of Assets and Liabilities. Securities pledged as collateral, if any, for the same purpose are noted in the Schedule of Investments.

As of April 30, 2024, the Fund held forward foreign currency contracts with credit related contingent features which had a liability position of \$33,505. If a contingent feature in the master agreements would have been triggered, the Fund would have been required to pay this amount to its derivatives counterparties.

(j) Security transactions and investment income. Security transactions are accounted for on a trade date basis. Interest income (including interest income from payment-in-kind securities) is recorded on the accrual basis. Amortization of premiums and accretion of discounts on debt securities are recorded to interest income over the lives of the respective securities, except for premiums on certain callable debt securities, which are amortized to the earliest call date. Paydown gains and losses on mortgage- and asset-backed securities are recorded as adjustments to interest income. Dividend income is recorded on the ex-dividend date for dividends received in cash and/or securities. Foreign dividend income is recorded on the ex-dividend date or as soon as practicable after the Fund determines the existence of a dividend declaration after exercising reasonable due diligence. The cost of investments sold is determined by use of the specific identification method. To the extent any issuer defaults or a credit event occurs that impacts the issuer, the Fund may halt any additional interest income accruals and consider the realizability of interest accrued up to the date of default or credit event.

(k) Distributions to shareholders. Distributions from net investment income of the Fund, if any, are declared quarterly and paid on a monthly basis. The actual source of the Fund's current fiscal year distributions may be from net investment income, return of capital or a combination of both. Shareholders will be informed of the tax characteristics of the distributions after the close of the fiscal year. Distributions of net realized gains, if any, are declared at least annually. Distributions to shareholders of the Fund are recorded on the ex-dividend date and are determined in accordance with income tax regulations, which may differ from GAAP.

(l) Compensating balance arrangements. The Fund has an arrangement with its custodian bank whereby a portion of the custodian's fees is paid indirectly by credits earned on the Fund's cash on deposit with the bank.

(m) Federal and other taxes. It is the Fund's policy to comply with the federal income and excise tax requirements of the Internal Revenue Code of 1986 (the "Code"), as amended, applicable to regulated investment companies. Accordingly, the Fund intends to distribute its taxable income and net realized gains, if any, to shareholders in accordance with timing requirements imposed by the Code. Therefore, no federal or state income tax provision is required in the Fund's financial statements.

Notes to financial statements (cont'd)

Management has analyzed the Fund's tax positions taken on income tax returns for all open tax years and has concluded that as of April 30, 2024, no provision for income tax is required in the Fund's financial statements. The Fund's federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state departments of revenue.

Under the applicable foreign tax laws, a withholding tax may be imposed on interest, dividends and capital gains at various rates.

(n) Reclassification. GAAP requires that certain components of net assets be reclassified to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. During the current year, the Fund had no reclassifications.

2. Investment management agreement and other transactions with affiliates

Franklin Templeton Fund Adviser, LLC ("FTFA") (formerly known as Legg Mason Partners Fund Advisor, LLC ("LMPFA") prior to November 30, 2023) is the Fund's investment manager. Western Asset Management Company, LLC ("Western Asset"), Western Asset Management Company Limited ("Western Asset London") and Western Asset Management Company Pte. Ltd. ("Western Asset Singapore") are the Fund's subadvisers. FTFA, Western Asset, Western Asset London and Western Asset Singapore are indirect, wholly-owned subsidiaries of Franklin Resources, Inc. ("Franklin Resources").

FTFA provides administrative and certain oversight services to the Fund. The Fund pays FTFA an investment management fee, calculated daily and paid monthly, at an annual rate of 0.80% of the Fund's average weekly net assets plus the proceeds of any outstanding borrowings used for leverage and any proceeds from the issuance of preferred stock.

FTFA delegates to Western Asset the day-to-day portfolio management of the Fund. Western Asset London and Western Asset Singapore provide certain subadvisory services to the Fund relating to currency transactions and investments in non-U.S. dollar denominated debt securities. Western Asset London and Western Asset Singapore do not receive any compensation from the Fund and are paid by Western Asset for their services to the Fund. For its services, FTFA pays Western Asset a fee monthly, at an annual rate equal to 70% of the net management fee it receives from the Fund. In turn, Western Asset pays Western Asset London and Western Asset Singapore a monthly subadvisory fee in an amount equal to 100% of the management fee paid to Western Asset on the assets that Western Asset allocates to each such non-U.S. subadviser to manage.

During periods in which the Fund utilizes financial leverage, the fees paid to FTFA will be higher than if the Fund did not utilize leverage because the fees are calculated as a percentage of the Fund's assets, including those investments purchased with leverage.

The manager has agreed to waive the Fund’s management fee to an extent sufficient to offset the net management fee payable in connection with any investment in an affiliated money market fund (the “affiliated money market fund waiver”).

Effective June 1, 2024, FTFa implemented a voluntary investment management fee waiver of 0.05% that will continue until May 31, 2025.

During the year ended April 30, 2024, fees waived and/or expenses reimbursed amounted to \$4,413, all of which was an affiliated money market fund waiver.

All officers and one Director of the Fund are employees of Franklin Resources or its affiliates and do not receive compensation from the Fund.

3. Investments

During the year ended April 30, 2024, the aggregate cost of purchases and proceeds from sales of investments (excluding short-term investments) and U.S. Government & Agency Obligations were as follows:

	Investments	U.S. Government & Agency Obligations
Purchases	\$322,770,490	\$4,361,620
Sales	183,311,526	7,799,646

At April 30, 2024, the aggregate cost of investments and the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were as follows:

	Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation
Securities	\$581,876,436	\$33,304,508	\$(20,000,051)	\$13,304,457
Forward foreign currency contracts	—	221,241	(33,505)	187,736

Transactions in reverse repurchase agreements for the Fund during the year ended April 30, 2024 were as follows:

Average Daily Balance*	Weighted Average Interest Rate*	Maximum Amount Outstanding
\$17,108,527	5.786%	\$32,337,000

* Averages based on the number of days that the Fund had reverse repurchase agreements outstanding.

Interest rates on reverse repurchase agreements ranged from 5.500% to 6.000% during the year ended April 30, 2024. Interest expense incurred on reverse repurchase agreements totaled \$1,006,377.

Notes to financial statements (cont'd)

4. Derivative instruments and hedging activities

Below is a table, grouped by derivative type, that provides information about the fair value and the location of derivatives within the Statement of Assets and Liabilities at April 30, 2024.

ASSET DERIVATIVES ¹	
	Foreign Exchange Risk
Forward foreign currency contracts	\$221,241

LIABILITY DERIVATIVES ¹	
	Foreign Exchange Risk
Forward foreign currency contracts	\$33,505

¹ Generally, the balance sheet location for asset derivatives is receivables/net unrealized appreciation and for liability derivatives is payables/net unrealized depreciation.

The following tables provide information about the effect of derivatives and hedging activities on the Fund's Statement of Operations for the year ended April 30, 2024. The first table provides additional detail about the amounts and sources of gains (losses) realized on derivatives during the period. The second table provides additional information about the change in net unrealized appreciation (depreciation) resulting from the Fund's derivatives and hedging activities during the period.

AMOUNT OF NET REALIZED GAIN (LOSS) ON DERIVATIVES RECOGNIZED	
	Foreign Exchange Risk
Forward foreign currency contracts	\$682,588

CHANGE IN NET UNREALIZED APPRECIATION (DEPRECIATION) ON DERIVATIVES RECOGNIZED	
	Foreign Exchange Risk
Forward foreign currency contracts	\$481,690

During the year ended April 30, 2024, the volume of derivative activity for the Fund was as follows:

	Average Market Value
Forward foreign currency contracts (to buy)	\$ 1,740,853
Forward foreign currency contracts (to sell)	33,529,705

The following table presents the Fund's OTC derivative assets and liabilities by counterparty net of amounts available for offset under an ISDA Master Agreement and net of the related collateral pledged (received) by the Fund as of April 30, 2024.

Counterparty	Gross Assets Subject to Master Agreements ¹	Gross Liabilities Subject to Master Agreements ¹	Net Assets (Liabilities) Subject to Master Agreements	Collateral Pledged (Received)	Net Amount ²
Bank of America N.A.	—	\$(33,455)	\$(33,455)	—	\$(33,455)
Citibank N.A.	\$ 60,946	—	60,946	—	60,946
JPMorgan Chase & Co.	159,960	—	159,960	—	159,960
Morgan Stanley & Co. Inc.	335	(50)	285	—	285
Total	\$221,241	\$(33,505)	\$187,736	—	\$187,736

¹ Absent an event of default or early termination, derivative assets and liabilities are presented gross and not offset in the Statement of Assets and Liabilities.

² Represents the net amount receivable (payable) from (to) the counterparty in the event of default.

5. Loan

The Fund entered into a Margin Loan and Security Agreement (the "BofA Credit Agreement") with the Bank of America, N.A. ("BofA"). The BofA Credit Agreement allows the Fund to borrow up to an aggregate amount of \$220,000,000 and renews daily for a 179-day term unless notice to the contrary is given to the Fund. The Fund pays interest on borrowings calculated based on SOFR plus applicable margin. The Fund pays a commitment fee on the unutilized portion of the loan commitment amount at an annual rate of 0.15% except that the commitment fee is 0.10% when the aggregate outstanding balance of the loan is equal to or greater than 50% of the maximum commitment amount. To the extent of the borrowing outstanding, the Fund is required to maintain collateral in a special custody account at the Fund's custodian on behalf of BofA. The BofA Credit Agreement contains customary covenants that, among other things, may limit the Fund's ability to pay distributions in certain circumstances, incur additional debt, change certain material investment policies and engage in certain transactions, including mergers and consolidations, and require asset coverage ratios in addition to those required by the 1940 Act. In addition, the BofA Credit Agreement may be subject to early termination under certain conditions and may contain other provisions that could limit the Fund's ability to utilize borrowing under the agreement. Interest expense related to the Credit Agreement for the year ended April 30, 2024 was \$6,795,430. For the year ended April 30, 2024, the Fund incurred commitment fees of \$135,052. For the year ended April 30, 2024, based on the number of days during the reporting period that the Fund had a loan balance outstanding, the average daily loan balance was \$110,054,645 and the weighted average interest rate was 6.07%. At April 30, 2024, the Fund had \$147,000,000 of borrowings outstanding.

Notes to financial statements (cont'd)

6. Distributions subsequent to April 30, 2024

The following distributions have been declared by the Fund's Board of Directors and are payable subsequent to the period end of this report:

Record Date	Payable Date	Amount
4/23/2024	5/1/2024	\$0.0490
5/23/2024	6/3/2024	\$0.0490
6/21/2024	7/1/2024	\$0.0490
7/24/2024	8/1/2024	\$0.0490
8/23/2024	9/3/2024	\$0.0490

7. Stock repurchase program

On November 16, 2015, the Fund announced that the Fund's Board of Directors (the "Board") had authorized the Fund to repurchase in the open market up to approximately 10% of the Fund's outstanding common stock when the Fund's shares are trading at a discount to net asset value. The Board has directed management of the Fund to repurchase shares of common stock at such times and in such amounts as management reasonably believes may enhance stockholder value. The Fund is under no obligation to purchase shares at any specific discount levels or in any specific amounts. During the years ended April 30, 2024 and April 30, 2023, the Fund did not repurchase any shares.

Since the commencement of the stock repurchase program through April 30, 2024, the Fund repurchased 1,964,984 shares or 2.28% of its common shares outstanding for a total amount of \$10,774,478.

8. Capital shares

On January 19, 2024, the Fund announced that the Fund's Board of Directors had approved a transferable rights offering ("Rights") to common shareholders of record ("Record Date") as of January 29, 2024, to subscribe for additional shares of common stock for up to an aggregate offering 22,508,740 shares. The Rights offering expired on February 26, 2024. Each Record Date stockholder received one right for each outstanding whole common share held. The Rights holders were entitled to purchase one additional share of common stock for every three Rights held ("Primary Subscription") at the final subscription price ("Subscription Price") per share. Stockholders who held fewer than three common shares on Record Date were entitled to subscribe for one common share, and fractional shares were not issued. The Subscription Price was determined based upon a formula equal to 92.5% of the average of the last reported sales price per share of the Fund's common stock on the New York Stock Exchange ("NYSE") on the expiration date and each of the four preceding trading days ("Formula Price"). If, however, the Formula Price was less than 90% of the net asset value per share of common stock at the close of trading on the NYSE on the expiration date, then the Subscription Price was 90% of the Fund's net asset value per share of common stock at the close of trading on the NYSE on that day. Record Date stockholders who fully exercised their Rights in the Primary Subscription were eligible for an over-subscription privilege entitling those stockholders to subscribe for any additional

shares of common stock not purchased pursuant to the Primary Subscription, subject to certain limitations, allotment and the right of the Board of Directors to have eliminated the over-subscription privilege. Holders of Rights acquired in the secondary market were not able to participate in the over-subscription privilege. The Rights offering resulted in the issuance of 22,508,740 shares of common stock. The gross proceeds from the Rights offering were \$96,787,582. The Fund received the gross proceeds of the Rights offering less fees and expenses totaling \$79,976. The shares of common stock subscribed were issued on March 4, 2024.

On March 29, 2022, the Fund announced that the Fund's Board of Directors had approved a transferable rights offering ("Rights") to common shareholders of record ("Record Date") as of April 8, 2022, to subscribe for additional shares of common stock for up to an aggregate offering price of \$175,000,000. The Rights offering expired on May 6, 2022. Each Record Date stockholder received one right for each outstanding whole common share held. The Rights holders were entitled to purchase one additional share of common stock for every three Rights held ("Primary Subscription") at the final subscription price ("Subscription Price") per share. Stockholders who held fewer than three common shares on Record Date were entitled to subscribe for one common share, and fractional shares were not issued. The Subscription Price was determined based upon a formula equal to 92.5% of the average of the last reported sales price per share of the Fund's common stock on the New York Stock Exchange ("NYSE") on the expiration date and each of the four preceding trading days ("Formula Price"). If, however, the Formula Price was less than 90% of the net asset value per share of common stock at the close of trading on the NYSE on the expiration date, then the Subscription Price was 90% of the Fund's net asset value per share of common stock at the close of trading on the NYSE on that day. Record Date stockholders who fully exercised their Rights in the Primary Subscription were eligible for an over-subscription privilege entitling those stockholders to subscribe for any additional shares of common stock not purchased pursuant to the Primary Subscription, subject to certain limitations, allotment and the right of the Board of Directors to have eliminated the over-subscription privilege. Holders of Rights acquired in the secondary market were not able to participate in the over-subscription privilege. The Rights offering resulted in the issuance of 6,001,836 shares of common stock. The gross proceeds from the Rights offering were \$31,029,492. The Fund received the gross proceeds of the Rights offering less fees and expenses totaling \$361,849. The shares of common stock subscribed were issued on May 13, 2022.

The Fund filed a registration statement with the Securities and Exchange Commission, effective December 9, 2022, authorizing the Fund to offer and sell shares of common stock having an aggregate offering price of up to \$143,970,507. Under the equity shelf offering program, the Fund, subject to market conditions, may raise additional equity capital from time to time in varying amounts and offering methods at a net price at or above the Fund's then-current net asset value per common share. Costs incurred by the Fund in connection with the shelf offering are recorded as a prepaid expense. These costs are amortized on a pro-rata basis as shares are sold and are presented as a reduction to the net proceeds from

Notes to financial statements (cont'd)

sale of shares on the Statement of Changes in Net Assets. Any deferred charges remaining at the end of the life of the shelf offering period will be expensed.

For the year ended April 30, 2024, the Fund sold 23,611,515 shares of common stock and the proceeds from such sales were \$102,068,931, net of offering costs and sales charges of \$91,993 and \$53,215, respectively. For the year ended April 30, 2023, the Fund sold 6,965,573 shares of common stock and the proceeds from such sales were \$35,762,204, net of offering costs and sales charges of \$395,062 and \$51,752, respectively.

9. Transactions with affiliated company

As defined by the 1940 Act, an affiliated company is one in which the Fund owns 5% or more of the outstanding voting securities, or a company which is under common ownership or control with the Fund. The following company was considered an affiliated company for all or some portion of the year ended April 30, 2024. The following transactions were effected in such company for the year ended April 30, 2024.

	Affiliate Value at April 30, 2023	Purchased		Sold	
		Cost	Shares	Proceeds	Shares
Western Asset Premier Institutional Government Reserves, Premium Shares	\$1,277,532	\$242,594,803	242,594,803	\$238,481,863	238,481,863
(cont'd)	Realized Gain (Loss)	Dividend Income	Net Increase (Decrease) in Unrealized Appreciation (Depreciation)	Affiliate Value at April 30, 2024	
Western Asset Premier Institutional Government Reserves, Premium Shares	—	\$224,391	—	\$5,390,472	

10. Income tax information and distributions to shareholders

The tax character of distributions paid during the fiscal years ended April 30, was as follows:

	2024	2023
Distributions paid from:		
Ordinary income	\$32,947,370	\$31,102,535
Tax return of capital	8,737,521	7,251,074
Total distributions paid	\$41,684,891	\$38,353,609

As of April 30, 2024, the components of distributable earnings (loss) on a tax basis were as follows:

Deferred capital losses*	\$(281,141,097)
Other book/tax temporary differences ^(a)	(4,692,543)
Unrealized appreciation (depreciation) ^(b)	13,440,681
Total distributable earnings (loss) — net	\$(272,392,959)

* These capital losses have been deferred in the current year as either short-term or long-term losses. The losses will be deemed to occur on the first day of the next taxable year in the same character as they were originally deferred and will be available to offset future taxable capital gains.

^(a) Other book/tax temporary differences are attributable to the tax deferral of losses on straddles, the realization for tax purposes of unrealized gains (losses) on foreign currency contracts, the difference between cash and accrual basis distributions paid and book/tax differences in the timing of the deductibility of various expenses.

^(b) The difference between book-basis and tax-basis unrealized appreciation (depreciation) is attributable to the tax deferral of losses on wash sales, the difference between book and tax amortization methods for premium on fixed income securities and other book/tax basis adjustments.

11. Recent accounting pronouncement

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, *Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. In January 2021 and December 2022, the FASB issued ASU No. 2021-01 and ASU No. 2022-06, with further amendments to Topic 848. The amendments in the ASUs provide optional temporary accounting recognition and financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference rates as of the end of 2021 for certain LIBOR settings and 2023 for the remainder. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2024. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

Report of independent registered public accounting firm

To the Board of Directors and Shareholders of Western Asset High Income Fund II Inc.

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Western Asset High Income Fund II Inc. (the “Fund”) as of April 30, 2024, the related statements of operations and cash flows for the year ended April 30, 2024, the statement of changes in net assets for each of the two years in the period ended April 30, 2024, including the related notes, and the financial highlights for each of the five years in the period ended April 30, 2024 (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of April 30, 2024, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period ended April 30, 2024 and the financial highlights for each of the five years in the period ended April 30, 2024 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of April 30, 2024 by correspondence with the custodian, agent banks, and brokers; when replies were not received, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP

Baltimore, Maryland
June 24, 2024

We have served as the auditor of one or more investment companies in the Franklin Templeton Group of Funds since 1948.

Additional information (unaudited)

Information about Directors and Officers

The business and affairs of Western Asset High Income Fund II Inc. (the “Fund”) are conducted by management under the supervision and subject to the direction of its Board of Directors. The business address of each Director is c/o Jane Trust, Franklin Templeton, 280 Park Avenue, 8th Floor, New York, New York 10017.

Information pertaining to the Directors and officers of the Fund is set forth below. The Fund’s annual proxy statement includes additional information about Directors and is available, without charge, upon request by calling the Fund at 1-888-777-0102.

Independent Directors [†]	
Robert D. Agdern	
Year of birth	1950
Position(s) held with Fund ¹	Director and Member of Nominating, Audit, Compensation and Pricing and Valuation Committees, and Compliance Liaison, Class I
Term of office ¹ and length of time served	Since 2015
Principal occupation(s) during the past five years	Member of the Advisory Committee of the Dispute Resolution Research Center at the Kellogg Graduate School of Business, Northwestern University (2002 to 2016); formerly, Deputy General Counsel responsible for western hemisphere matters for BP PLC (1999 to 2001); Associate General Counsel at Amoco Corporation responsible for corporate, chemical, and refining and marketing matters and special assignments (1993 to 1998) (Amoco merged with British Petroleum in 1998 forming BP PLC)
Number of portfolios in fund complex overseen by Director (including the Fund)	18
Other board memberships held by Director during the past five years	None
Carol L. Colman	
Year of birth	1946
Position(s) held with Fund ¹	Director and Member of Nominating, Audit and Compensation Committees, and Chair of Pricing and Valuation Committee, Class III
Term of office ¹ and length of time served	Since 2002
Principal occupation(s) during the past five years	President, Colman Consulting Company (consulting)
Number of portfolios in fund complex overseen by Director (including the Fund)	18
Other board memberships held by Director during the past five years	None

Additional information (unaudited) (cont'd)

Information about Directors and Officers

Independent Directors[†] (cont'd)

Daniel P. Cronin

Year of birth	1946
Position(s) held with Fund ¹	Director and Member of Audit, Compensation and Pricing and Valuation Committees, and Chair of Nominating Committee, Class I
Term of office ¹ and length of time served	Since 2007
Principal occupation(s) during the past five years	Retired; formerly, Associate General Counsel, Pfizer Inc. (prior to and including 2004)
Number of portfolios in fund complex overseen by Director (including the Fund)	18
Other board memberships held by Director during the past five years	None

Paolo M. Cucchi

Year of birth	1941
Position(s) held with Fund ¹	Director and Member of Nominating, Audit, and Pricing and Valuation Committees, and Chair of Compensation Committee, Class II
Term of office ¹ and length of time served	Since 2007
Principal occupation(s) during the past five years	Emeritus Professor of French and Italian (since 2014) and formerly, Vice President and Dean of The College of Liberal Arts (1984 to 2009) and Professor of French and Italian (2009 to 2014) at Drew University
Number of portfolios in fund complex overseen by Director (including the Fund)	18
Other board memberships held by Director during the past five years	None

Independent Directors[†] (cont'd)

Eileen A. Kamerick

Year of birth	1958
Position(s) held with Fund [†]	Lead Independent Director and Member of Nominating, Compensation, Pricing and Valuation and Audit Committees, Class I
Term of office [†] and length of time served	Since 2013
Principal occupation(s) during the past five years	Chief Executive Officer, The Governance Partners, LLC (consulting firm) (since 2015); National Association of Corporate Directors Board Leadership Fellow (since 2016, with Directorship Certification since 2019) and NACD 2022 Directorship 100 honoree; Adjunct Professor, Georgetown University Law Center (since 2021); Adjunct Professor, The University of Chicago Law School (since 2018); Adjunct Professor, University of Iowa College of Law (since 2007); formerly, Chief Financial Officer, Press Ganey Associates (health care informatics company) (2012 to 2014); Managing Director and Chief Financial Officer, Houlihan Lokey (international investment bank) and President, Houlihan Lokey Foundation (2010 to 2012)
Number of portfolios in fund complex overseen by Director (including the Fund)	18
Other board memberships held by Director during the past five years	Director, VALIC Company I (since October 2022); Director of ACV Auctions Inc. (since 2021); Director of Associated Banc-Corp (financial services company) (since 2007); formerly, Director of Hochschild Mining plc (precious metals company) (2016 to 2023); formerly Trustee of AIG Funds and Anchor Series Trust (2018 to 2021)

Nisha Kumar

Year of birth	1970
Position(s) held with Fund [†]	Director and Member of Nominating, Compensation and Pricing and Valuation Committees, and Chair of the Audit Committee, Class II
Term of office [†] and length of time served	Since 2019
Principal occupation(s) during the past five years	Formerly, Managing Director and the Chief Financial Officer and Chief Compliance Officer of Greenbriar Equity Group, LP (2011 to 2021); formerly, Chief Financial Officer and Chief Administrative Officer of Rent the Runway, Inc. (2011); Executive Vice President and Chief Financial Officer of AOL LLC, a subsidiary of Time Warner Inc. (2007 to 2009); Member of the Council of Foreign Relations
Number of portfolios in fund complex overseen by Director (including the Fund)	18
Other board memberships held by Director during the past five years	Director of The India Fund, Inc. (since 2016); formerly, Director of Aberdeen Income Credit Strategies Fund (2017 to 2018); and Director of The Asia Tigers Fund, Inc. (2016 to 2018)

Additional information (unaudited) (cont'd)

Information about Directors and Officers

Interested Director and Officer

Jane Trust, CFA²

Year of birth	1962
Position(s) held with Fund ¹	Director, Chairman, President and Chief Executive Officer, Class III
Term of office ¹ and length of time served	Since 2015
Principal occupation(s) during the past five years	Senior Vice President, Fund Board Management, Franklin Templeton (since 2020); Officer and/or Trustee/Director of 121 funds associated with FTFA or its affiliates (since 2015); President and Chief Executive Officer of FTFA (since 2015); formerly, Senior Managing Director (2018 to 2020) and Managing Director (2016 to 2018) of Legg Mason & Co., LLC ("Legg Mason & Co."); and Senior Vice President of FTFA (2015)
Number of portfolios in fund complex overseen by Director (including the Fund)	Trustee/Director of Franklin Templeton funds consisting of 121 portfolios; Trustee of Putnam Family of Funds consisting of 105 portfolios
Other board memberships held by Director during the past five years	None

Additional Officers

Fred Jensen

Franklin Templeton
280 Park Avenue, 8th Floor, New York, NY 10017

Year of birth	1963
Position(s) held with Fund ¹	Chief Compliance Officer
Term of office ¹ and length of time served	Since 2020
Principal occupation(s) during the past five years	Director - Global Compliance of Franklin Templeton (since 2020); Managing Director of Legg Mason & Co. (2006 to 2020); Director of Compliance, Legg Mason Office of the Chief Compliance Officer (2006 to 2020); formerly, Chief Compliance Officer of Legg Mason Global Asset Allocation (prior to 2014); Chief Compliance Officer of Legg Mason Private Portfolio Group (prior to 2013); formerly, Chief Compliance Officer of The Reserve Funds (investment adviser, funds and broker-dealer) (2004) and Ambac Financial Group (investment adviser, funds and broker-dealer) (2000 to 2003)

Marc A. De Oliveira

Franklin Templeton
100 First Stamford Place, 6th Floor, Stamford, CT 06902

Year of birth	1971
Position(s) held with Fund ¹	Secretary and Chief Legal Officer
Term of office ¹ and length of time served	Since 2023
Principal occupation(s) during the past five years	Associate General Counsel of Franklin Templeton (since 2020); Secretary and Chief Legal Officer of certain funds associated with Legg Mason & Co. or its affiliates since 2020); Assistant Secretary of certain funds associated with Legg Mason & Co. or its affiliates (since 2006); formerly, Managing Director (2016 to 2020) and Associate General Counsel of Legg Mason & Co. (2005 to 2020)

Additional Officers (cont'd)

Thomas C. Mandia

Franklin Templeton

100 First Stamford Place, 6th Floor, Stamford, CT 06902

Year of birth	1962
Position(s) held with Fund ¹	Senior Vice President
Term of office ¹ and length of time served	Since 2022
Principal occupation(s) during the past five years	Senior Associate General Counsel of Franklin Templeton (since 2020); Secretary of FTFA (since 2006); Assistant Secretary of certain funds associated with Legg Mason & Co. or its affiliates (since 2006); Secretary of LM Asset Services, LLC ("LMAS") (since 2002) and Legg Mason Fund Asset Management, Inc. ("LMFAM") (since 2013) (formerly registered investment advisers); formerly, Managing Director and Deputy General Counsel of Legg Mason & Co. (2005 to 2020) and Assistant Secretary of certain funds in the fund complex (2006 to 2022)

Christopher Berarducci

Franklin Templeton

280 Park Avenue, 8th Floor, New York, NY 10017

Year of birth	1974
Position(s) held with Fund ¹	Treasurer and Principal Financial Officer
Term of office ¹ and length of time served	Since 2019
Principal occupation(s) during the past five years	Vice President, Fund Administration and Reporting, Franklin Templeton (since 2020); Treasurer (since 2010) and Principal Financial Officer (since 2019) of certain funds associated with Legg Mason & Co. or its affiliates; formerly, Managing Director (2020), Director (2015 to 2020), and Vice President (2011 to 2015) of Legg Mason & Co.

Jeanne M. Kelly

Franklin Templeton

280 Park Avenue, 8th Floor, New York, NY 10017

Year of birth	1951
Position(s) held with Fund ¹	Senior Vice President
Term of office ¹ and length of time served	Since 2007
Principal occupation(s) during the past five years	U.S. Fund Board Team Manager, Franklin Templeton (since 2020); Senior Vice President of certain funds associated with Legg Mason & Co. or its affiliates (since 2007); Senior Vice President of FTFA (since 2006); President and Chief Executive Officer of LMAS and LMFAM (since 2015); formerly, Managing Director of Legg Mason & Co. (2005 to 2020); Senior Vice President of LMFAM (2013 to 2015)

FTFA, referenced above, was formerly known as LMPFA prior to November 30, 2023.

- [†] Directors who are not "interested persons" of the Fund within the meaning of Section 2(a)(19) of the Investment Company Act of 1940, as amended (the "1940 Act").
- ¹ The Fund's Board of Directors is divided into three classes: Class I, Class II and Class III. The terms of office of the Class I, II and III Directors expire at the Annual Meetings of Stockholders in the year 2026, year 2024 and year 2025, respectively, or thereafter in each case when their respective successors are duly elected and

Additional information (unaudited) (cont'd)

Information about Directors and Officers

qualified. The Fund's executive officers are chosen each year, to hold office until their successors are duly elected and qualified.

² Ms. Trust is an “interested person” of the Fund as defined in the 1940 Act because Ms. Trust is an officer of FTFA and certain of its affiliates.

Annual chief executive officer and principal financial officer certifications (unaudited)

The Fund’s Chief Executive Officer (“CEO”) has submitted to the NYSE the required annual certification and the Fund also has included the Certifications of the Fund’s CEO and Principal Financial Officer required by Section 302 of the Sarbanes-Oxley Act in the Fund’s Form N-CSR filed with the SEC for the period of this report.

Other shareholder communications regarding accounting matters (unaudited)

The Fund's Audit Committee has established guidelines and procedures regarding the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters (collectively, "Accounting Matters"). Persons with complaints or concerns regarding Accounting Matters may submit their complaints to the Chief Compliance Officer ("CCO"). Persons who are uncomfortable submitting complaints to the CCO, including complaints involving the CCO, may submit complaints directly to the Fund's Audit Committee Chair. Complaints may be submitted on an anonymous basis.

The CCO may be contacted at:

Franklin Resources Inc.
Compliance Department
280 Park Ave, 8th Floor
New York, NY 10017

Complaints may also be submitted by telephone at 1-800-742-5274. Complaints submitted through this number will be received by the CCO.

Important information to shareholders (unaudited)

UPDATED DISCLOSURES FOR THE FUND

The following additional information is provided for the Fund as of the fiscal year ended April 30, 2024.

Summary of Fund Expenses

Sales Load (as a percentage of offering price) ⁽¹⁾	1.00%
Offering Expense (as a percentage of offering price) ⁽²⁾	0.10%
Dividend Reinvestment Plan Fees ⁽³⁾	\$5.00

Annual Operating Expenses

	Percentage of Net Assets Attributable to Common Shares
Management Fees ⁽⁴⁾	1.10%
Interest Payments on Borrowed Funds ⁽⁵⁾	2.35%
Other Expenses ⁽⁶⁾	0.25%
Total Annual Fund Operating Expenses	3.70%

(1) Represents the estimated commission with respect to the Common Stock being sold in at-the-market offerings. Jones Trading will be entitled to compensation of up to 1.00% of the gross proceeds of the sale of any Common Stock under the Sales Agreement, with the exact amount of such compensation to be mutually agreed upon in writing by the Fund and Jones Trading from time to time.

(2) Costs incurred by the Fund in connection with the shelf offering are recorded as a prepaid expense. These costs are amortized on a pro-rata basis as shares are sold and are presented as a reduction to the net proceeds from the sale of shares. Any deferred charges remaining at the end of the life of the shelf offering period will be expensed.

(3) Common Stockholders will pay brokerage charges if they direct the Plan Agent to sell shares of Common Stock held in a dividend reinvestment account. There are no fees charged to stockholders for participating in the Fund's dividend reinvestment plan. However, stockholders participating in the Plan that elect to sell their shares obtained pursuant to the plan would pay \$5.00 per transaction to sell shares.

(4) The Investment Manager receives an annual fee, payable monthly, in an amount equal to 0.80% of the Fund's average weekly "Managed Assets". Managed Assets means net assets plus the amount of any borrowings (including loans from certain financial institutions, the use of reverse repurchase agreements and/or the issuance of debt securities, collectively "Borrowings"). For the purposes of this table, we have assumed that the Fund has utilized Borrowings in an aggregate amount of 28% of its Managed assets, which equals the average level of Borrowings for the Fund's fiscal year ended April 30, 2024. If the Fund were to use Borrowings in excess of 28%, the amount of management fees paid to the Investment Manager would be higher because the fees paid are calculated on the Fund's Managed Assets, which include assets purchased with Borrowings.

(5) The Fund has utilized Borrowings in an aggregate amount of 28% of its Managed Assets, which equals the average level of Borrowings for the Fund's fiscal year ended April 30, 2024. The expenses and rates associated with Borrowings may vary.

(6) "Other Expenses" are estimated based on amounts incurred in the fiscal year ended April 30, 2024.

Examples

An investor would pay the following expenses (including a sales load of \$10.00 and offering costs of \$1.00) on a \$1,000 investment in the Fund, assuming a 5% annual return:

One Year	Three Years	Five Years	Ten Years
\$48	\$123	\$200	\$401

Important information to shareholders (unaudited) (cont'd)

The above table and example are intended to assist investors in understanding the various costs and expenses directly or indirectly associated with investing in Shares of the Fund. The “Example” assumes that all dividends and other distributions are reinvested at net asset value and that the percentage amounts listed in the table above under Total Annual Operating Expenses remain the same in the years shown. The above table and example and the assumption in the example of a 5% annual return are required by regulations of the SEC that are applicable to all investment companies; the assumed 5% annual return is not a prediction of, and does not represent, the projected or actual performance of the Fund’s Common Shares.

The example should not be considered a representation of past or future expenses, and the Fund’s actual expenses may be greater than or less than those shown. The Fund’s actual rate of return may be greater or less than the hypothetical 5% return shown in the example.

Market Price and Net Asset Valuation (NAV) Information

The Fund’s Common Stock is traded on the NYSE under the symbol “HIX”. The below table details for the period indicated the high and low closing market prices, the NAV, and premium to or discount from NAV, on the date of each of the high and low market prices.

	Quarterly Closing Market Price		Quarterly Closing NAV Price per Common share on Date of Market Price		Quarterly Closing Premium/(Discount) on Date of Market Price	
	High	Low	High	Low	High	Low
Fiscal Year 2024:						
July 31, 2023	\$4.96	\$4.39	\$4.80	\$4.58	3.33%	(4.15)%
October 31, 2023	\$5.07	\$4.18	\$4.78	\$4.41	6.07%	(5.22)%
January 31, 2024	\$4.99	\$4.31	\$4.84	\$4.42	3.10%	(2.49)%
April 30, 2024	\$4.58	\$4.23	\$4.81	\$4.54	(4.78)%	(6.83)%
Fiscal Year 2023:						
July 31, 2022	\$5.40	\$4.93	\$5.71	\$5.13	(5.43)%	(3.90)%
October 31, 2022	\$5.93	\$4.24	\$5.58	\$4.76	6.27%	(10.92)%
January 31, 2023	\$5.54	\$4.59	\$5.27	\$4.83	5.12%	(4.97)%
April 30, 2023	\$5.69	\$4.74	\$5.34	\$4.67	6.55%	1.50%
Fiscal Year 2022:						
July 31, 2021	\$7.40	\$7.04	\$7.19	\$7.14	2.92%	(1.40)%
October 31, 2021	\$7.75	\$7.10	\$7.18	\$7.10	7.94%	0.00%
January 31, 2022	\$7.30	\$6.35	\$6.99	\$6.66	4.43%	(4.65)%
April 30, 2022	\$6.76	\$5.36	\$6.64	\$5.91	1.81%	(9.31)%

Source of market prices: NYSE.

The NAV per Common Share on April 30, 2024 was \$4.49 and the market price per Common Stock at the close of business on April 30, 2024 was \$4.34, representing a 3.34% discount

from such net asset value. As of April 30, 2024, the Fund has 90,034,960 outstanding shares of Common Stock.

Shares of a closed-end investment company may frequently trade at prices lower than NAV. The Fund’s Common Stock has traded in the market below, at and above net asset value since the commencement of the Fund’s operations. The Fund cannot determine the reasons why the Fund’s Common Stock trades at a premium to or discount from NAV, nor can the Fund predict whether its Stock will trade in the future at a premium to or discount from NAV, or the level of any premium or discount. The Board regularly monitors the relationship between the market price and NAV of the Common Stock. If the Common Stock were to trade at a substantial discount to NAV for an extended period of time, the Board may consider the repurchase of the Fund’s Common Stock on the open market, the making of a tender offer for such shares or other programs intended to reduce the discount. The Fund cannot assure you that its Board will decide to take or propose any of these actions, or that share repurchases or tender offers will actually reduce market discount.

Senior Securities Table

The Fund engaged in senior securities during the prior ten years as follows:

Fiscal Year Ended	Total Amount Outstanding ⁽¹⁾	Asset Coverage per 1,000 ⁽²⁾	Average Market Value Per Unit ⁽³⁾
Revolving Credit Facility:			
April 30, 2024*	\$147,000,000	\$3,752	N/A
April 30, 2023*	\$106,000,000	\$3,959	N/A
April 30, 2022*	\$154,500,000	\$3,236	N/A
April 30, 2021*	\$158,000,000	\$3,654	N/A
April 30, 2020*	\$208,000,000	\$3,506	N/A
April 30, 2019*	\$246,500,000	\$3,524	N/A
April 30, 2018	\$235,000,000	\$3,710	N/A
April 30, 2017	\$240,000,000	\$3,796	N/A
April 30, 2016	\$240,000,000	\$3,557	N/A
April 30, 2015*	\$260,000,000	\$3,840	N/A

* The Fund had open reverse repurchase agreements at April 30, 2024, 2023, 2022, 2021, 2020, 2019 and 2015.

- (1) Total amount of senior securities outstanding at the end of the period presented.
- (2) Asset coverage per \$1,000 of indebtedness is the value of net assets plus the senior securities outstanding at the end of the period divided by the senior securities outstanding at the end of the period.
- (3) Not applicable, as these senior securities were not registered for public trading.

UNRESOLVED STAFF COMMENTS

The Fund believes that there are no material unresolved written comments, received 180 days or more before April 30, 2024, from the Staff of the Securities and Exchange Commission regarding any of its periodic or current reports under the Securities Exchange Act of 1934 or the 1940 Act, or its registration statement.

Summary of information regarding the Fund (unaudited)

Investment Objectives

The Fund's primary investment objective is to maximize current income by investing at least 80% of its net assets, plus any borrowings for investment purposes, in high-yield debt securities. As a secondary objective, the Fund seeks capital appreciation to the extent consistent with its objective of seeking to maximize current income.

Principal Investment Policies and Strategies

Under normal conditions, the Fund will invest at least 80% of its net assets plus any borrowings for investment purposes in high-yield debt securities. The Fund's investment manager is free to invest in debt securities of any maturity. Certain of the debt securities purchased by the Fund may be rated as low as "C" by Moody's Investor Service ("Moody's") or "D" by Standard & Poor's Ratings Services ("S&P") or may be comparable to securities so rated. The Fund is not required to dispose of a debt security if its credit rating or credit quality declines.

The Fund invests up to 35% of its total assets in debt securities of issuers located in emerging market countries. "Emerging market country" is defined to include any country which is, at the time of investment, (i) represented in the J.P. Morgan Emerging Market Bond Index Global or the J.P. Morgan Corporate Emerging Market Bond Index Broad or (ii) categorized by the World Bank in its annual categorization as middle- or low-income. The Fund may also invest in securities denominated in currencies of emerging market countries. There is no minimum rating criteria for the Fund's investments in such securities. The Fund's investments in debt securities of emerging market issuers may include dollar and non-dollar-denominated (a) debt obligations issued or guaranteed by foreign national, provincial, state, municipal or other governments with taxing authority or by their agencies or instrumentalities; (b) debt obligations of supranational entities; (c) debt obligations and other fixed-income securities of foreign corporate issuers; (d) debt obligations of U.S. corporate issuers; and (e) debt securities issued by corporations that generate significant profits from emerging market countries.

The Fund may invest up to 30% of its assets in zero coupon securities, pay-in-kind bonds and deferred payment securities. The Fund may also invest up to 20% of its total assets in common stock, convertible securities, warrants, preferred stock or other equity securities of U.S. and foreign issuers when consistent with its objectives.

The Fund may invest in high-yield foreign and U.S. corporate securities including bonds, debentures, notes, commercial paper and preferred stock and will generally be unsecured. The Fund may invest in corporate debt securities with variable rates of interest or which involve equity features, such as contingent interest or participations based on revenues, sales or profits (i.e., interest or other payments, often in addition to a fixed rate of return, that are based on the borrower's attainment of specified levels of revenues, sales or profits

and thus enable the holder of the security to share in the potential success of the venture). The Fund may invest in high-yield debt securities with floating interest rates.

The Fund may invest in fixed and floating rate loans arranged through private negotiations between a corporate borrower or a foreign sovereign entity and one or more financial institutions in the form of participations in loans and assignments of all or a portion of loans from third parties.

In times of adverse market conditions, the Fund may employ alternative strategies, including investment of a substantial portion of the Fund's assets in securities rated higher than "Baa" by Moody's or "BBB" by S&P, or in unrated securities of comparable quality. In addition, in order to maintain liquidity, the Fund may invest up to 35% of its total assets in high-quality short-term money market instruments. Such instruments may include obligations of the U.S. Government or its agencies or instrumentalities; commercial paper of issuers rated, at the time of purchase, A-2 or better by S&P or P-2 or better by Moody's or which, in the opinion of management, are of comparable creditworthiness; certificates of deposit, banker's acceptances or time deposits of United States banks with total assets of at least \$1 billion (including obligations of foreign branches of such banks) and of the 75 largest foreign commercial banks in terms of total assets (including domestic branches of such banks); and repurchase agreements with respect to the foregoing obligations.

In times of adverse market conditions, the Fund may invest its assets without limit in high-quality short-term money market instruments.

Pursuant to the 1940 Act, the Fund may use leverage through borrowings in an aggregate amount of up to approximately 33 1/3% of the Fund's total assets less all liabilities and indebtedness not represented by senior securities (for these purposes, "total net assets") immediately after such borrowings. Furthermore, the Fund may use leverage through the issuance of preferred stock in an aggregate amount of liquidation preference attributable to the preferred stock combined with the aggregate amount of any borrowings of up to approximately 50% of the Fund's total net assets immediately after such issuance.

The Fund may, in addition to engaging in the transactions described above, borrow money for temporary or emergency purposes (including, for example, clearance of transactions, share repurchases or payments of dividends to stockholders) in an amount not exceeding 5% of the value of the fund's total assets (including the amount borrowed).

Under Rule 18f-4(d), the Fund may enter into reverse repurchase agreements or similar financing transactions in reliance on the rule if the Fund either (i) complies with the asset coverage requirements of Section 18 of the 1940 Act, and combines the aggregate amount of indebtedness associated with all reverse repurchase agreements or similar financing transactions with the aggregate amount of any other senior securities representing

Summary of information regarding the Fund (unaudited) (cont'd)

indebtedness when calculating its asset coverage ratio; or (ii) treats all reverse repurchase agreements or similar financing transactions as derivatives transactions for all purposes under the rule.

The Fund may engage in currency transactions with counterparties to hedge the value of portfolio securities denominated in particular currencies against fluctuations in relative value or to generate income or gain. Currency transactions include currency forward contracts, exchange-listed currency futures contracts and options thereon, exchange-listed and OTC options on currencies and currency swaps.

The Fund may use a variety of derivative instruments as part of its investment strategies or for hedging or risk management purposes. Examples of derivative instruments that the fund may use include options contracts, futures contracts, options on futures contracts, credit default swaps and other swap agreements. The Fund may purchase and sell futures contracts, purchase and sell (or write) exchange-listed and over-the-counter put and call options on securities, financial indices and futures contracts, enter into various interest rate and currency transactions and enter into other similar transactions which may be developed in the future to the extent the management determines that they are consistent with the fund's investment objectives and policies and applicable regulatory requirements. The Fund may use any or all of these techniques at any time, and the use of any particular derivative transaction will depend on market conditions.

The Fund may enter into interest rate swaps and may purchase interest rate caps, floors and collars and may sell interest rate caps, floors and collars that it has purchased.

The Fund may also enter into (a) contracts for the purchase or sale for future delivery ("futures contracts") of debt securities, aggregates of securities, indices based upon the prices thereof and other financial indices and (b) put or call options on such futures contracts.

The Fund may purchase or sell exchange-traded or over-the-counter put or call options on securities and indices based upon the prices, yields or spreads of securities.

The Fund may purchase securities on a firm commitment basis, including when-issued securities. The Fund may also invest in delayed-delivery securities.

The Fund may lend portfolio securities to brokers or dealers or other financial institutions. The Fund does not currently intend to make loans of portfolio securities with a value in excess of 33 1/3% of the value of its total assets.

The Fund may invest, without limitation, in illiquid securities, which are securities that cannot be sold within seven days at a price which the fund would determine to be fair value. The Fund may purchase Rule 144A securities for which there is a secondary market of qualified institutional buyers, as defined in Rule 144A promulgated under the Securities

Act. The Fund may purchase securities for which there is a limited trading market or which are subject to restrictions on resale to the public.

The Fund may invest in dollar rolls, asset-backed securities and mortgage-backed securities.

Principal Risk Factors

There is no assurance that the Fund will meet its investment objectives. You may lose money on your investment in the Fund. The value of the Fund's shares may go up or down, sometimes rapidly and unpredictably. Market conditions, financial conditions of issuers represented in the Fund's portfolio, investment strategies, portfolio management, and other factors affect the volatility of the Fund's shares. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

The following section includes a summary of the principal risks of investing in the Fund.

Investment Risk and Market Risk. An investment in the Fund is subject to investment risk, including the possible loss of the entire principal amount that you invest. Your investment in the Fund represents an indirect investment in the securities owned by the Fund. The value of these securities may increase or decrease, at times rapidly and unexpectedly. Your investment in the Fund may at any point in the future be worth less than your original investment even after taking into account the reinvestment of dividends and distributions.

Below Investment Grade Securities (High-Yield) Risk. At any one time, substantially all of the Fund's managed assets may be invested in high-yield debt securities. High yield debt securities are generally subject to greater credit risks than higher-grade debt securities, including the risk of default on the payment of interest or principal. High yield debt securities are considered speculative, typically have lower liquidity and are more difficult to value than higher grade bonds. High yield debt securities tend to be volatile and more susceptible to adverse events, credit downgrades and negative sentiments and may be difficult to sell at a desired price, or at all, during periods of uncertainty or market turmoil.

Low Rated and Unrated Securities. The Fund may invest in instruments that are low rated or unrated. Debt securities of emerging market issuers may be considered to have a credit quality rated below investment grade by internationally recognized credit rating organizations such as Moody's and S&P. Non-investment grade securities (that is, rated Ba1 or lower by Moody's or BB+ or lower by S&P) are commonly referred to as "junk bonds" and are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. Some of the emerging market issuer securities held by the Fund, which may not be paying interest currently or may be in payment default, may be comparable to securities rated as low as C by Moody's or CCC or lower by S&P. These securities are considered to have extremely poor prospects of ever attaining any real

Summary of information regarding the Fund (unaudited) (cont'd)

investment standing, to have a current identifiable vulnerability to default, to be unlikely to have the capacity to pay interest and repay principal when due in the event of adverse business, financial or economic conditions and/or to be in default or not current in the payment of interest or principal.

Low rated and unrated debt instruments generally offer a higher current yield than that available from higher grade issues, but typically involve greater risk. Low rated and unrated securities are especially subject to adverse changes in general economic conditions, to changes in the financial condition of their issuers and to price fluctuation in response to changes in interest rates. During periods of economic downturn or rising interest rates, issuers of low rated and unrated instruments may experience financial stress that could adversely affect their ability to make payments of principal and interest and increase the possibility of default. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the values and liquidity of low rated and unrated securities especially in a market characterized by a low volume of trading.

Default Risk. Investments in fixed-income securities are subject to the risk that the issuer of the security could default on its obligations, causing a fund to sustain losses on those investments. A default could impact both interest and principal payments. High-yield fixed-income securities (commonly known as “junk bonds”) are considered speculative with respect to the issuer’s capacity to pay interest and repay principal in accordance with the terms of the obligations. This means that, compared to issuers of higher rated securities, issuers of medium and lower rated securities are less likely to have the capacity to pay interest and repay principal when due in the event of adverse business, financial or economic conditions and/or may be in default or not current in the payment of interest or principal.

The market values of medium and lower rated securities tend to be more sensitive to company-specific developments and changes in economic conditions than higher rated securities. The companies that issue these securities often are highly leveraged, and their ability to service their debt obligations during an economic downturn or periods of rising interest rates may be impaired. In addition, these companies may not have access to more traditional methods of financing, and may be unable to repay debt at maturity by refinancing. The risk of loss due to default in payment of interest or principal by these issuers is significantly greater than with higher rated securities because medium and lower rated securities generally are unsecured and subordinated to senior debt.

Default, or the market’s perception that an issuer is likely to default, could reduce the value and liquidity of securities held by the Fund, thereby reducing the value of your investment in the Common Stock. In addition, default may cause the Fund to incur expenses in seeking recovery of principal or interest on its portfolio holdings.

Foreign (Non-U.S.) Investment Risk. A fund that invests in foreign (non-U.S.) securities may experience more rapid and extreme changes in value than a fund that invests exclusively in securities of U.S. companies. The securities markets of many foreign countries are relatively small, with a limited number of companies representing a small number of industries. Investments in foreign securities (including those denominated in U.S. dollars) are subject to economic and political developments in the countries and regions where the issuers operate or are domiciled, or where the securities are traded, such as changes in economic or monetary policies. Values may also be affected by restrictions on receiving the investment proceeds from a foreign country. Less information may be publicly available about foreign companies than about U.S. companies. Foreign companies are generally not subject to the same accounting, auditing and financial reporting standards as are U.S. companies. In addition, the Fund's investments in foreign securities may be subject to the risk of nationalization or expropriation of assets, imposition of currency exchange controls or restrictions on the repatriation of foreign currency, confiscatory taxation, political or financial instability and adverse diplomatic developments. In addition, there may be difficulty in obtaining or enforcing a court judgment abroad. Dividends or interest on, or proceeds from the sale of, foreign securities may be subject to non-U.S. withholding taxes, and special U.S. tax considerations may apply.

The risks of foreign investment are greater for investments in emerging markets. Emerging market countries typically have economic and political systems that are less fully developed, and that can be expected to be less stable, than those of more advanced countries. Low trading volumes may result in a lack of liquidity and in price volatility. Emerging market countries may have policies that restrict investment by foreigners, that require governmental approval prior to investments by foreign persons, or that prevent foreign investors from withdrawing their money at will. An investment in emerging market securities should be considered speculative.

Economic and Political Risks. The economies of individual emerging market countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency and balance of payments position. Further, the economies of developing countries generally are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade.

With respect to any emerging market country, there is the possibility of nationalization, expropriation or confiscatory taxation, political changes, governmental regulation, social

Summary of information regarding the Fund (unaudited) (cont'd)

instability or diplomatic developments (including war) which could affect adversely the economies of such countries or the value of the Fund's investments in those countries.

Investment Controls; Repatriation. Foreign investment in certain emerging market issuers is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment in certain emerging market issuers and increase the costs and expenses of the Fund. Certain emerging market countries require governmental approval prior to investments by foreign persons in a particular issuer, limit the amount of investment by foreign persons in a particular issuer, limit the investment by foreign persons only to a specific class of securities of an issuer that may have less advantageous rights than the classes available for purchase by domiciliaries of the countries and/or impose additional taxes on foreign investors. Certain emerging market countries may also restrict investment opportunities in issuers in industries deemed important to national interests.

Emerging market countries may require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, if a deterioration occurs in an emerging market country's balance of payments, the country could impose temporary restrictions on foreign capital remittances. The Fund could be adversely affected by delays in, or a refusal to grant, any restrictions on investments. Investing in local markets in emerging market countries may require the Fund to adopt special procedures, seek local government approvals or take other actions, each of which may involve additional costs to the Fund.

Market Illiquidity. No established secondary markets may exist for many of the emerging market issuer securities in which the Fund may invest. Markets may become illiquid quickly. Reduced secondary market liquidity may have an adverse effect on market price and the Fund's ability to dispose of particular instruments when necessary to meet its liquidity requirements or in response to specific economic events such as a deterioration in the creditworthiness of the issuer. Reduced secondary market liquidity for certain emerging market issuer securities may also make it more difficult for the Fund to obtain accurate market quotations for purposes of valuing its portfolio and calculating its net asset value. Market quotations are generally available on many emerging market issuer securities only from a limited number of dealers and may not necessarily represent firm bids of those dealers or prices for actual sales.

Currency Devaluations and Fluctuations. The value of investments in securities denominated in foreign currencies increases or decreases as the rates of exchange between those currencies and the U.S. dollar change. Currency conversion costs and currency fluctuations could erase investment gains or add to investment losses. Currency exchange rates can be volatile, and are affected by factors such as general economic conditions, the actions of the U.S. and foreign governments or central banks, the imposition

of currency controls and speculation. The Fund may be unable or may choose not to hedge its foreign currency exposure.

Financial Information and Standards. Issuers in emerging market countries generally are subject to accounting, auditing and financial standards and requirements that differ, in some cases significantly, from those applicable to U.S. issuers. In particular, the assets and profits appearing on the financial statements of an emerging market country issuer may not reflect its financial position or results of operations in the way they would be reflected had the financial statements been prepared in accordance with U.S. generally accepted accounting principles. In addition, for an issuer that keeps accounting records in local currency, inflation accounting rules may require, for both tax and accounting purposes, that certain assets and liabilities be restated on the issuer's balance sheet in order to express items in terms of currency of constant purchasing power. Inflation accounting may indirectly generate losses or profits. Consequently, financial data may be materially affected by restatements for inflation and may not accurately reflect the real condition of those issuers and securities markets. Substantially less information may be publicly available about issuers in emerging market countries than is available about U.S. issuers.

Smaller Company Risk. The general risks associated with income-producing securities are particularly pronounced for securities issued by companies with smaller market capitalizations. These companies may have limited product lines, markets or financial resources or they may depend on a few key employees. As a result, they may be subject to greater levels of credit, market and issuer risk. Securities of smaller companies may trade less frequently and in lesser volume than more widely held securities and their values may fluctuate more sharply than other securities. Companies with medium-sized market capitalizations may have risks similar to those of smaller companies.

Interest Rate Risk. The market price of the Fund's investments will change in response to changes in interest rates and other factors. During periods of declining interest rates, the market price of fixed income securities generally rises. Conversely, during periods of rising interest rates, the market price of such securities generally declines. The magnitude of these fluctuations in the market price of fixed income securities is generally greater for securities with longer maturities. Additionally, such risk may be greater during a period of historically low interest rates. Fluctuations in the market price of the Fund's securities will not affect interest income derived from securities already owned by the Fund, but will be reflected in the Fund's net asset value. The U.S. Federal Reserve has raised interest rates from historically low levels. It may continue to raise interest rates. In addition, changes in monetary policy may exacerbate the risks associated with changing interest rates. Any additional interest rate increases in the future could cause the value of the fund's holdings to decrease. It cannot be predicted when inflation will return to more normalized levels or how long financial authorities will counter inflationary pressures with monetary tightening.

Summary of information regarding the Fund (unaudited) (cont'd)

The Fund may utilize certain strategies, including investments in structured notes or interest rate swap or cap transactions, for the purpose of reducing the interest rate sensitivity of the portfolio and decreasing the Fund's exposure to interest rate risk, although there is no assurance that it will do so or that such strategies will be successful.

Credit Risk and Counterparty Risk. If an issuer or guarantor of a security held by the Fund or a counterparty to a financial contract with the Fund defaults or its credit is downgraded, or is perceived to be less creditworthy, or if the value of the assets underlying a security declines, the value of your investment will typically decline. Changes in actual or perceived creditworthiness may occur quickly. The Fund could be delayed or hindered in its enforcement of rights against an issuer, guarantor or counterparty. Subordinated securities are more likely to suffer a credit loss than non-subordinated securities of the same issuer and will be disproportionately affected by a default, downgrade or perceived decline in creditworthiness.

Reinvestment Risk. Reinvestment risk is the risk that income from the Fund's portfolio will decline if and when the Fund invests the proceeds from matured, traded or called debt obligations at market interest rates that are below the portfolio's current earnings rate. A decline in income could affect the price of Common Stock or the Fund's overall return.

Liquidity Risk. The Fund has no limit on its ability to purchase illiquid securities. Liquidity risk exists when particular investments are difficult to sell. Securities may become illiquid after purchase by the Fund, particularly during periods of market turmoil. When the Fund holds illiquid investments, the portfolio may be harder to value, especially in changing markets, and if the Fund is forced to sell these investments in order to segregate assets or for other cash needs, the Fund may suffer a loss.

Duration Risk. The duration of a fixed-income security is a measure of the portfolio's sensitivity to changes in interest rates. Prices of fixed-income securities with longer effective maturities are more sensitive to interest rate changes than those with shorter effective maturities. Holding long duration investments may expose the Fund to certain magnified risks. These include interest rate risk, credit risk and liquidity risk, as discussed above.

Management Risk. The Fund is subject to management risk because it is an actively managed investment portfolio. The Manager and each individual portfolio manager will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these will produce the desired results.

Leverage Risk. The Fund generally utilizes leverage, and under current market conditions intends to continue to use leverage. The value of your investment may be more volatile if the fund borrows or uses instruments, such as derivatives, that have a leveraging effect on the fund's portfolio. Other risks described in the Prospectus also will be compounded

because leverage generally magnifies the effect of a change in the value of an asset and creates a risk of loss of value on a larger pool of assets than the fund would otherwise have had. The fund may also have to sell assets at inopportune times to satisfy its obligations created by the use of leverage or derivatives. The use of leverage is considered to be a speculative investment practice and may result in the loss of a substantial amount, and possibly all, of the fund's assets. In addition, the fund's portfolio will be leveraged if it exercises its right to delay payment on a redemption, and losses will result if the value of the fund's assets declines between the time a redemption request is deemed to be received by the fund and the time the fund liquidates assets to meet redemption requests.

Derivatives Risk. The Fund may utilize a variety of derivative instruments for investment or risk management purposes, such as options, futures contracts, swap agreements and credit default swaps. Using derivatives can increase Fund losses and reduce opportunities for gains when market prices, interest rates, currencies, or the derivatives themselves behave in a way not anticipated by the Fund. Using derivatives also can have a leveraging effect and increase Fund volatility. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment. Derivatives may not be available at the time or price desired, may be difficult to sell, unwind or value, and the counterparty may default on its obligations to the Fund. Derivatives are generally subject to the risks applicable to the assets, rates, indices or other indicators underlying the derivative. The value of a derivative may fluctuate more than the underlying assets, rates, indices or other indicators to which it relates. Use of derivatives may have different tax consequences for the Fund than an investment in the underlying security, and those differences may affect the amount, timing and character of income distributed to shareholders. The U.S. government and foreign governments are in the process of adopting and implementing regulations governing derivatives markets, including mandatory clearing of certain derivatives, margin and reporting requirements. The ultimate impact of the regulations remains unclear. Additional regulation of derivatives may make derivatives more costly, limit their availability or utility, otherwise adversely affect their performance or disrupt markets.

Registered investment companies are subject to regulatory limitations on their use of derivative investments and certain financing transactions (e.g. reverse repurchase agreements) by registered investment companies. Among other things, Rule 18f-4 requires funds that invest in derivative instruments beyond a specified limited amount to apply a value at risk (VaR) based limit to their use of certain derivative instruments and financing transactions and to adopt and implement a derivatives risk management program. A fund that uses derivative instruments in a limited amount is not subject to the full requirements of Rule 18f-4. Compliance with Rule 18f-4 by the Fund could, among other things, make derivatives more costly, limit their availability or utility, or otherwise adversely affect their performance. Rule 18f-4 may limit the Fund's ability to use derivatives as part of its investment strategy and may not work as intended to limit losses from derivatives.

Summary of information regarding the Fund (unaudited) (cont'd)

Credit default swap contracts involve heightened risks and may result in losses to the Fund. Credit default swaps may be illiquid and difficult to value. When the Fund sells credit protection via a credit default swap, credit risk increases since the Fund has exposure to both the issuer whose credit is the subject of the swap and the counterparty to the swap.

Dollar Rolls, Asset-Backed Securities and Mortgage-Backed Securities Risk. The Fund may invest in dollar rolls, asset-backed securities and mortgage-backed securities. Under a dollar roll transaction, the Fund sells securities for delivery in the current month, or sells securities it has purchased on a "to-be-announced" basis, and simultaneously contracts to repurchase substantially similar (same type and coupon) securities on a specified future date. During the roll period, the Fund forgoes principal and interest paid on the purchased securities. Dollar rolls are speculative techniques involving leverage, and are considered borrowings by the Fund if the Fund does not establish and maintain a segregated account. In addition, dollar rolls involve the risk that the market value of the securities the Fund is obligated to repurchase may decline below the repurchase price. In the event the buyer of securities under a dollar roll files for bankruptcy or becomes insolvent, the Fund's use of proceeds may be restricted pending a determination by the other party, or its trustee or receiver, whether to enforce the Fund's obligation to repurchase the securities. Successful use of dollar rolls may depend upon the ability of the Fund's investment manager to correctly predict interest rates and prepayments. There is no assurance that dollar rolls can be successfully employed.

Mortgage-backed securities may be issued by private companies or by agencies of the U.S. Government and represent direct or indirect participations in, or are collateralized by and payable from, mortgage loans secured by real property. Asset-backed securities represent participations in, or are secured by and payable from, assets such as installment sales or loan contracts, leases, credit card receivables and other categories of receivables. Certain debt instruments may only pay principal at maturity or may only represent the right to receive payments of principal or payments of interest on underlying pools of mortgages, assets or government securities, but not both. The value of these types of instruments may change more drastically than debt securities that pay both principal and interest during periods of changing interest rates. The Fund may obtain a below market yield or incur a loss on such instruments during periods of declining interest rates. Principal only and interest only instruments are subject to extension risk. For mortgage derivatives and structured securities that have imbedded leverage features, small changes in interest or prepayment rates may cause large and sudden price movements. Mortgage derivatives may be illiquid and hard to value in declining markets.

Interest Rate Transactions Risk. The Fund may enter into a swap or cap transaction to attempt to protect itself from increasing interest expenses on borrowings resulting from increasing short-term interest rates or dividend expenses on any preferred shares. A decline

in interest rates may result in a decline in net amounts receivable by the Fund from the counterparty under the swap or cap (or an increase in the net amounts payable by the Fund to the counterparty under the swap), which may result in a decline in the net asset value of the Fund.

Valuation Risk. The sales price the Fund could receive for any particular portfolio investment may differ from the Fund's valuation of the investment, particularly for securities that trade in thin or volatile markets or that are valued using a fair value methodology. These differences may increase significantly and affect Fund investments more broadly during periods of market volatility. The Fund's ability to value its investments may be impacted by technological issues and/or errors by pricing services or other third party service providers. The valuation of the Fund's investments involves subjective judgment.

Risks of Warrants and Rights. Warrants and rights are subject to the same market risks as stocks, but may be more volatile in price. Warrants and rights do not carry the right to dividends or voting rights with respect to their underlying securities, and they do not represent any rights in the assets of the issuer. An investment in warrants or rights may be considered speculative. In addition, the value of a warrant or right does not necessarily change with the value of the underlying security and a warrant or right ceases to have value if it is not exercised prior to its expiration date. The purchase of warrants or rights involves the risk that the Fund could lose the purchase value of a warrant or right if the right to subscribe to additional shares is not exercised prior to the warrants' or rights' expiration. Also, the purchase of warrants and rights involves the risk that the effective price paid for the warrant or right added to the subscription price of the related security may exceed the value of the subscribed security's market price such as when there is no movement in the price of the underlying security.

Market Price Discount from Net Asset Value. Shares of closed-end investment companies frequently trade at a discount from their net asset value. This risk is separate and distinct from the risk that the Fund's net asset value could decrease as a result of its investment activities and may be a greater risk to investors expecting to sell their Common Stock in a relatively short period following completion of this offering. Whether investors will realize gains or losses upon the sale of the Common Stock will depend not upon the Fund's net asset value but upon whether the market price of the Common Stock at the time of sale is above or below the investor's purchase price for the Common Stock.

Inflation/Deflation Risk. Inflation risk is the risk that the value of certain assets or income from the Fund's investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Common Stock and distributions on the Common Stock can decline. In addition, during any periods of rising inflation, the dividend rates or borrowing costs associated with the Fund's use of leverage would likely

Summary of information regarding the Fund (unaudited) (cont'd)

increase, which would tend to further reduce returns to stockholders. Deflation risk is the risk that prices throughout the economy decline over time—the opposite of inflation.

Deflation may have an adverse effect on the creditworthiness of issuers and may make issuer defaults more likely, which may result in a decline in the value of the Fund's portfolio.

Market Events Risk. The market values of securities or other assets will fluctuate, sometimes sharply and unpredictably, due to factors such as economic events, governmental actions or intervention, actions taken by the U.S. Federal Reserve or foreign central banks, market disruptions caused by trade disputes, labor strikes or other factors, political developments, armed conflicts, economic sanctions and countermeasures in response to sanctions, major cybersecurity events, the global and domestic effects of widespread or local health, weather or climate events, and other factors that may or may not be related to the issuer of the security or other asset. Economies and financial markets throughout the world are increasingly interconnected. Economic, financial or political events, trading and tariff arrangements, public health events, terrorism, wars, natural disasters and other circumstances in one country or region could have profound impacts on global economies or markets. As a result, whether or not the fund invests in securities of issuers located in or with significant exposure to the countries or markets directly affected, the value and liquidity of the fund's investments may be negatively affected. Following Russia's invasion of Ukraine in 2022, Russian stocks lost all, or nearly all, of their market value. Other securities or markets could be similarly affected by past or future geopolitical or other events or conditions. Furthermore, events involving limited liquidity, defaults, non-performance or other adverse developments that affect one industry, such as the financial services industry, or concerns or rumors about any events of these kinds, have in the past and may in the future lead to market-wide liquidity problems, may spread to other industries, and could negatively affect the value and liquidity of the fund's investments.

The long-term impact of the COVID-19 pandemic and its subsequent variants on economies, markets, industries and individual issuers is not known. Some sectors of the economy and individual issuers have experienced or may experience particularly large losses. Periods of extreme volatility in the financial markets, reduced liquidity of many instruments, increased government debt, inflation, and disruptions to supply chains, consumer demand and employee availability, may continue for some time. The U.S. government and the Federal Reserve, as well as certain foreign governments and central banks, took extraordinary actions to support local and global economies and the financial markets in response to the COVID-19 pandemic. This and other government intervention into the economy and financial markets may not work as intended, and have resulted in a large expansion of government deficits and debt, the long term consequences of which are not known. In addition, the COVID-19 pandemic, and measures taken to mitigate its effects, could result in disruptions to the services provided to the fund by its service providers.

Raising the ceiling on U.S. government debt has become increasingly politicized. Any failure to increase the total amount that the U.S. government is authorized to borrow could lead to a default on U.S. government obligations, with unpredictable consequences for economies and markets in the U.S. and elsewhere. Recently, inflation and interest rates have increased and may rise further. These circumstances could adversely affect the value and liquidity of the fund's investments, impair the fund's ability to satisfy redemption requests, and negatively impact the fund's performance.

The United States and other countries are periodically involved in disputes over trade and other matters, which may result in tariffs, investment restrictions and adverse impacts on affected companies and securities. For example, the United States has imposed tariffs and other trade barriers on Chinese exports, has restricted sales of certain categories of goods to China, and has established barriers to investments in China. Trade disputes may adversely affect the economies of the United States and its trading partners, as well as companies directly or indirectly affected and financial markets generally. The United States government has prohibited U.S. persons from investing in Chinese companies designated as related to the Chinese military. These and possible future restrictions could limit the fund's opportunities for investment and require the sale of securities at a loss or make them illiquid. Moreover, the Chinese government is involved in a longstanding dispute with Taiwan that has included threats of invasion. If the political climate between the United States and China does not improve or continues to deteriorate, if China were to attempt unification of Taiwan by force, or if other geopolitical conflicts develop or get worse, economies, markets and individual securities may be severely affected both regionally and globally, and the value of the fund's assets may go down.

Legislative and Regulatory Risk. Prices for high-yield securities may be affected by legislative and regulatory developments which could adversely affect the Fund's net asset value and investment practices, the secondary market for high-yield securities, the financial condition of issuers of these securities and the value of outstanding high-yield securities. These risks generally are higher than issuers in emerging market countries.

Anti-Takeover Provisions Risk. The Fund's Charter and Bylaws include provisions that are designed to limit the ability of other entities or persons to acquire control of the Fund for short-term objectives, including by converting the Fund to open-end status or changing the composition of the Board, that may be detrimental to the Fund's ability to achieve its primary investment objective. The Fund's Bylaws also contains a provision providing that the Fund is subject to the provisions of the Maryland Control Share Acquisition Act. There can be no assurance, however, that such provisions will be sufficient to deter professional arbitrageurs that seek to cause the Fund to take actions that may not be consistent with its investment objective or aligned with the interests of long-term shareholders, such as liquidating debt investments prior to maturity, triggering taxable events for shareholders

Summary of information regarding the Fund (unaudited) (cont'd)

and decreasing the size of the Fund. Such provisions may limit the ability of shareholders to sell their shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of the Fund. There can be no assurance, however, that such provisions will be sufficient to deter activist investors that seek to cause the Fund to take actions that may not be aligned with the interests of long-term shareholders.

Operational Risk. The valuation of the Fund's investments may be negatively impacted because of the operational risks arising from factors such as processing errors and human errors, inadequate or failed internal or external processes, failures in systems and technology, changes in personnel, and errors caused by third party service providers or trading counterparties. It is not possible to identify all of the operational risks that may affect the Fund or to develop processes and controls that completely eliminate or mitigate the occurrence of such failures. The Fund and its shareholders could be negatively impacted as a result.

Cybersecurity Risk. Like other funds and business enterprises, the fund, the manager, the subadvisers, Authorized Participants, the relevant listing exchange and their service providers are subject to the risk of cyber incidents occurring from time to time. Cybersecurity incidents, whether intentionally caused by third parties or otherwise, may allow an unauthorized party to gain access to fund assets, fund or customer data (including private shareholder information) or proprietary information, cause the fund, the manager, the subadvisers, Authorized Participants, the relevant listing exchange and/or their service providers (including, but not limited to, fund accountants, custodians, sub-custodians, transfer agents and financial intermediaries) to suffer data breaches, data corruption or loss of operational functionality, or prevent fund investors from purchasing, redeeming or exchanging shares, receiving distributions or receiving timely information regarding the fund or their investment in the fund. The fund, the manager, and the subadvisers have limited ability to prevent or mitigate cybersecurity incidents affecting third party service providers, and such third party service providers may have limited indemnification obligations to the fund, the manager, and/or the subadvisers. Cybersecurity incidents may result in financial losses to the fund and its shareholders, and substantial costs may be incurred in order to prevent or mitigate any future cybersecurity incidents. Issuers of securities in which the fund invests are also subject to cybersecurity risks, and the value of these securities could decline if the issuers experience cybersecurity incidents.

New ways to carry out cyber attacks continue to develop. There is a chance that some risks have not been identified or prepared for, or that an attack may not be detected, which puts limitations on the fund's ability to plan for or respond to a cyber attack.

More Information

For a complete list of the Fund's fundamental investment restrictions and more detailed descriptions of the Fund's investment policies, strategies and risks, see the Fund's

registration statement on Form N-2 that was declared effective by the SEC on March 23, 2022. The Fund's fundamental investment restrictions may not be changed without the approval of the holders of a majority of the outstanding voting securities, as defined in the 1940 Act.

Dividend reinvestment plan (unaudited)

Unless you elect to receive distributions in cash (i.e., opt-out), all dividends, including any capital gain dividends and return of capital distributions, on your Common Stock will be automatically reinvested by Computershare Trust Company, N.A., as agent for the stockholders (the "Plan Agent"), in additional shares of Common Stock under the Fund's Dividend Reinvestment Plan (the "Plan"). You may elect not to participate in the Plan by contacting the Plan Agent. If you do not participate, you will receive all cash distributions paid by check mailed directly to you by Computershare Trust Company, N.A., as dividend paying agent.

If you participate in the Plan, the number of shares of Common Stock you will receive will be determined as follows:

(1) If the market price of the Common Stock (plus \$0.03 per share commission) on the payment date (or, if the payment date is not a NYSE trading day, the immediately preceding trading day) is equal to or exceeds the net asset value per share of the Common Stock at the close of trading on the NYSE on the payment date, the Fund will issue new Common Stock at a price equal to the greater of (a) the net asset value per share at the close of trading on the NYSE on the payment date or (b) 95% of the market price per share of the Common Stock on the payment date.

(2) If the net asset value per share of the Common Stock exceeds the market price of the Common Stock (plus \$0.03 per share commission) at the close of trading on the NYSE on the payment date, the Plan Agent will receive the dividend or distribution in cash and will buy Common Stock in the open market, on the NYSE or elsewhere, for your account as soon as practicable commencing on the trading day following the payment date and terminating no later than the earlier of (a) 30 days after the dividend or distribution payment date, or (b) the payment date for the next succeeding dividend or distribution to be made to the stockholders; except when necessary to comply with applicable provisions of the federal securities laws. If during this period: (i) the market price (plus \$0.03 per share commission) rises so that it equals or exceeds the net asset value per share of the Common Stock at the close of trading on the NYSE on the payment date before the Plan Agent has completed the open market purchases or (ii) if the Plan Agent is unable to invest the full amount eligible to be reinvested in open market purchases, the Plan Agent will cease purchasing Common Stock in the open market and the Fund shall issue the remaining Common Stock at a price per share equal to the greater of (a) the net asset value per share at the close of trading on the NYSE on the day prior to the issuance of shares for reinvestment or (b) 95% of the then current market price per share.

Common Stock in your account will be held by the Plan Agent in non-certificated form. Any proxy you receive will include all shares of Common Stock you have received under the Plan. You may withdraw from the Plan (i.e., opt-out) by notifying the Plan Agent in writing at P.O. Box 43006, Providence, RI 02940-3078 or by calling the Plan Agent at 1-888-888-0151. Such withdrawal will be effective immediately if notice is received by the Plan Agent not less than ten business days prior to any dividend or distribution record date; otherwise such

withdrawal will be effective as soon as practicable after the Plan Agent's investment of the most recently declared dividend or distribution on the Common Stock.

Plan participants who sell their shares will be charged a service charge (currently \$5.00 per transaction) and the Plan Agent is authorized to deduct brokerage charges actually incurred from the proceeds (currently \$0.05 per share commission). There is no service charge for reinvestment of your dividends or distributions in Common Stock. However, all participants will pay a pro rata share of brokerage commissions incurred by the Plan Agent when it makes open market purchases. Because all dividends and distributions will be automatically reinvested in additional shares of Common Stock, this allows you to add to your investment through dollar cost averaging, which may lower the average cost of your Common Stock over time. Dollar cost averaging is a technique for lowering the average cost per share over time if the Fund's net asset value declines. While dollar cost averaging has definite advantages, it cannot assure profit or protect against loss in declining markets.

Automatically reinvesting dividends and distributions does not mean that you do not have to pay income taxes due upon receiving dividends and distributions. Investors will be subject to income tax on amounts reinvested under the Plan.

The Fund reserves the right to amend or terminate the Plan if, in the judgment of the Board of Directors, the change is warranted. The Plan may be terminated, amended or supplemented by the Fund upon notice in writing mailed to stockholders at least 30 days prior to the record date for the payment of any dividend or distribution by the Fund for which the termination or amendment is to be effective. Upon any termination, you will be sent cash for any fractional share of Common Stock in your account. You may elect to notify the Plan Agent in advance of such termination to have the Plan Agent sell part or all of your Common Stock on your behalf. Additional information about the Plan and your account may be obtained from the Plan Agent at P.O. Box 43006, Providence, RI 02940-3078 or by calling the Plan Agent at 1-888-888-0151.

Important tax information (unaudited)

By mid-February, tax information related to a shareholder’s proportionate share of distributions paid during the preceding calendar year will be received, if applicable. Please also refer to www.franklintempleton.com for per share tax information related to any distributions paid during the preceding calendar year. Shareholders are advised to consult with their tax advisors for further information on the treatment of these amounts on their tax returns.

The following tax information for the Fund is required to be furnished to shareholders with respect to income earned and distributions paid during its fiscal year.

The Fund hereby reports the following amounts, or if subsequently determined to be different, the maximum allowable amounts, for the fiscal year ended April 30, 2024:

	Pursuant to:	Amount Reported
Qualified Net Interest Income (QI)	§871(k)(1)(C)	\$13,317,775
Section 163(j) Interest Earned	§163(j)	\$42,585,744
Interest Earned from Federal Obligations	Note (1)	\$280,268

Note (1) - The law varies in each state as to whether and what percentage of dividend income attributable to Federal obligations is exempt from state income tax. Shareholders are advised to consult with their tax advisors to determine if any portion of the dividends received is exempt from state income taxes.

Western Asset High Income Fund II Inc.

Directors

Robert D. Agdern
Carol L. Colman
Daniel P. Cronin
Paolo M. Cucchi
Eileen A. Kamerick
Nisha Kumar
Jane Trust
Chairman

Officers

Jane Trust
President and Chief Executive Officer
Christopher Berarducci
Treasurer and Principal Financial Officer
Fred Jensen
Chief Compliance Officer
Marc A. De Oliveira*
Secretary and Chief Legal Officer
Thomas C. Mandia
Senior Vice President
Jeanne M. Kelly
Senior Vice President

Western Asset High Income Fund II Inc.

620 Eighth Avenue
47th Floor
New York, NY 10018

Investment manager

Franklin Templeton Fund Adviser, LLC**

Subadvisers

Western Asset Management Company,
LLC
Western Asset Management Company
Limited
Western Asset Management Company
Pte. Ltd.

Custodian

The Bank of New York Mellon

Transfer agent

Computershare Inc.
P.O. Box 43006
Providence, RI 02940-3078

Independent registered public accounting firm

PricewaterhouseCoopers LLP
Baltimore, MD

Legal counsel

Simpson Thacher & Bartlett LLP
900 G Street NW
Washington, DC 20001

New York Stock Exchange Symbol

HIX

* Effective September 7, 2023, Mr. De Oliveira became Secretary and Chief Legal Officer.

** Formerly known as Legg Mason Partners Fund Advisor, LLC.

Franklin Templeton Funds Privacy and Security Notice

Your Privacy and the Security of Your Personal Information is Very Important to US

This Privacy and Security Notice (the "Privacy Notice") addresses the Funds' privacy and data protection practices with respect to nonpublic personal information the Fund receives. The Legg Mason Funds include the Western Asset Money Market Funds (Funds) sold by the Funds' distributor, Franklin Distributors, LLC, as well as Legg Mason-sponsored closed-end funds. The provisions of this Privacy Notice apply to your information both while you are a shareholder and after you are no longer invested with the Funds.

The Type of Nonpublic Personal Information the Funds Collect About You

The Funds collect and maintain nonpublic personal information about you in connection with your shareholder account. Such information may include, but is not limited to:

- Personal information included on applications or other forms;
- Account balances, transactions, and mutual fund holdings and positions;
- Bank account information, legal documents, and identity verification documentation; and
- Online account access user IDs, passwords, security challenge question responses.

How the Funds Use Nonpublic Personal Information About You

The Funds do not sell or share your nonpublic personal information with third parties or with affiliates for their marketing purposes, unless you have authorized the Funds to do so. The Funds do not disclose any nonpublic personal information about you except as may be required to perform transactions or services you have authorized or as permitted or required by law. The Funds may disclose information about you to:

- Employees, agents, and affiliates on a "need to know" basis to enable the Funds to conduct ordinary business or to comply with obligations to government regulators;
- Service providers, including the Funds' affiliates, who assist the Funds as part of the ordinary course of business (such as printing, mailing services, or processing or servicing your account with us) or otherwise perform services on the Funds' behalf, including companies that may perform statistical analysis, market research and marketing services solely for the Funds;
- Permit access to transfer, whether in the United States or countries outside of the United States to such Funds' employees, agents and affiliates and service providers as required to enable the Funds to conduct ordinary business, or to comply with obligations to government regulators;
- The Funds' representatives such as legal counsel, accountants and auditors to enable the Funds to conduct ordinary business, or to comply with obligations to government regulators;
- Fiduciaries or representatives acting on your behalf, such as an IRA custodian or trustee of a grantor trust.

Franklin Templeton Funds Privacy and Security Notice (cont'd)

Except as otherwise permitted by applicable law, companies acting on the Funds' behalf, including those outside the United States, are contractually obligated to keep nonpublic personal information the Funds provide to them confidential and to use the information the Funds share only to provide the services the Funds ask them to perform.

The Funds may disclose nonpublic personal information about you when necessary to enforce their rights or protect against fraud, or as permitted or required by applicable law, such as in connection with a law enforcement or regulatory request, subpoena, or similar legal process. In the event of a corporate action or in the event a Fund service provider changes, the Funds may be required to disclose your nonpublic personal information to third parties. While it is the Funds' practice to obtain protections for disclosed information in these types of transactions, the Funds cannot guarantee their privacy policy will remain unchanged.

Keeping You Informed of the Funds' Privacy and Security Practices

The Funds will notify you annually of their privacy policy as required by federal law. While the Funds reserve the right to modify this policy at any time, they will notify you promptly if this privacy policy changes.

The Funds' Security Practices

The Funds maintain appropriate physical, electronic and procedural safeguards designed to guard your nonpublic personal information. The Funds' internal data security policies restrict access to your nonpublic personal information to authorized employees, who may use your nonpublic personal information for Fund business purposes only.

Although the Funds strive to protect your nonpublic personal information, they cannot ensure or warrant the security of any information you provide or transmit to them, and you do so at your own risk. In the event of a breach of the confidentiality or security of your nonpublic personal information, the Funds will attempt to notify you as necessary so you can take appropriate protective steps. If you have consented to the Funds using electronic communications or electronic delivery of statements, they may notify you under such circumstances using the most current email address you have on record with them.

In order for the Funds to provide effective service to you, keeping your account information accurate is very important. If you believe that your account information is incomplete, not accurate or not current, if you have questions about the Funds' privacy practices, or our use of your nonpublic personal information, write the Funds using the contact information on your account statements, email the Funds by clicking on the Contact Us section of the Funds' website at www.franklintempleton.com, or contact the Funds at 1-877-721-1926 for the Western Asset Money Market Funds or 1-888-777-0102 for the Legg Mason-sponsored closed-end funds. For additional information related to certain state privacy rights, please visit <https://www.franklintempleton.com/help/privacy-policy>.

Revised December 2023.

Western Asset High Income Fund II Inc.

Western Asset High Income Fund II Inc.
620 Eighth Avenue
47th Floor
New York, NY 10018

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that from time to time the Fund may purchase, at market prices, shares of its stock.

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT. The Fund's Forms N-PORT are available on the SEC's website at www.sec.gov. To obtain information on Form N-PORT, shareholders can call the Fund at 1-888-777-0102.

Information on how the Fund voted proxies relating to portfolio securities during the prior 12-month period ended June 30th of each year and a description of the policies and procedures that the Fund uses to determine how to vote proxies related to portfolio transactions are available (1) without charge, upon request, by calling 1-888-777-0102, (2) at www.franklintempleton.com and (3) on the SEC's website at www.sec.gov.

Quarterly performance, semi-annual and annual reports, current net asset value and other information regarding the Fund may be found on Franklin Templeton's website, which can be accessed at www.franklintempleton.com. Any reference to Franklin Templeton's website in this report is intended to allow investors public access to information regarding the Fund and does not, and is not intended to, incorporate Franklin Templeton's website in this report.

This report is transmitted to the shareholders of Western Asset High Income Fund II Inc. for their information. This is not a prospectus, circular or representation intended for use in the purchase of shares of the Fund or any securities mentioned in this report.

Computershare Inc.
P.O. Box 43006
Providence, RI 02940-3078