

Invesco Van Kampen High Income Trust II  
Form N-CSR  
March 11, 2011

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT  
INVESTMENT COMPANIES**

**Investment Company Act file number 811-05769**

**Invesco Van Kampen High Income Trust II**

(Exact name of registrant as specified in charter)  
1555 Peachtree Street, N.E., Atlanta, Georgia 30309

(Address of principal executive offices) (Zip code)  
Colin D. Meadows 1555 Peachtree Street, N.E., Atlanta, Georgia 30309

(Name and address of agent for service)

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

Date of fiscal year end: 12/31

Date of reporting period: 12/31/10

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Item 1. Reports to Stockholders.

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**Annual Report to Shareholders**

**December 31, 2010**

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## Management's Discussion of Trust Performance

### Performance summary

As part of Invesco's June 1, 2010, acquisition of Morgan Stanley's retail asset management business, Van Kampen High Income Trust II was renamed Invesco Van Kampen High Income Trust II.

On June 25, 2010, Peter Ehret, head of High Yield and portfolio manager, and his investment team took over management of the Trust. A listing of your Trust's managers appears later in this report.

For the reporting period ended December 31, 2010, Invesco Van Kampen High Income Trust II, at net asset value (NAV), outperformed the Trust's style-specific index, the Barclays Capital U.S. Corporate High Yield 2% Issuer Cap Index, due mainly to the Trust's use of financial leverage in what was generally a rising market.

### Performance

*Total returns, 12/31/09 to 12/31/10*

Trust at NAV	15.55%
Trust at Market Value	21.67
Barclays Capital U.S. Corporate High Yield 2% Issuer Cap Index	14.94
Market Price Discount to NAV as of 12/31/10	-0.87%

Lipper Inc.

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

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

### How we invest

We invest primarily in debt securities that are determined to be below investment grade quality. These bonds, commonly known as "junk bonds", are typically

### Portfolio Composition

*By credit quality rating*

A	1.0%
BBB	4.0
BB	40.6

B	43.4
CCC	7.5
Non-Rated	2.6
Cash	0.9

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

corporate bonds of U.S.-based companies, many of which are moderately sized firms. We principally invest in junk bonds rated B or above, although we regularly own bonds of lesser quality as well. We

#### Top 10 Fixed Income Issuers\*

1.	Ally Financial, Inc.	2.5%
2.	HCA, Inc.	2.4
3.	International Lease Finance Corp.	2.1
4.	MGM Resorts International	2.0
5.	Nielsen Finance LLC/Nielsen Finance Co.	1.9
6.	Harrah's Operating Co., Inc.	1.9
7.	Sprint Capital Corp.	1.8
8.	Ford Motor Credit Co., LLC	1.7
9.	Ply Gem Industries, Inc.	1.7
10.	Freescale Semiconductor, Inc.	1.6

Total Net Assets	\$60.9 million
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Total Number of Holdings\* 282  
The Trust's holdings are subject to change, and there is no assurance that the Trust will continue to hold any particular security.

\*Excluding money market fund holdings.

#### Top Five Industries

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1.	Casinos & Gaming	10.4%
2.	Oil & Gas Exploration & Production	9.1
3.	Wireless Telecommunication Services	7.3
4.	Building Products	7.2
5.	Health Care Facilities	5.3

may invest in convertible bonds, preferred stock, derivatives and bank loans, but we currently do not expect these instruments to be a substantial part of our portfolio.

The primary driver of our security selection is fundamental bottom-up credit analysis conducted by a team of analysts who specialize by industry. This approach is augmented with an on-going review of the relative value of securities and a top-down process that includes sector, economic and quantitative analysis. Changes in a security's risk/return profile or relative value and top-down factors generally determine buy and sell decisions.

Portfolio construction begins with a well-defined Trust design that emphasizes diversification and establishes the target investment vehicles for generating the desired alpha (the return expected from an investment) as well as the risk parameters appropriate for the current positioning in the credit cycle. Investments are evaluated for liquidity and risk versus relative value. Working closely with other investment specialists and traders, we determine the timing and amount of each alpha decision to use in the portfolio at any time, taking into account security selection skill and market opportunities.

Sell decisions are based on:

- n Low equity value to debt, high subordination and negative free cash flow coupled with negative news, declining expectations, or an increasing risk profile.
- n Very low yields.
- n Presentation of a better relative value opportunity.

### **Market conditions and your Trust**

In the U.S. and most of the developed world, a gradual and somewhat lackluster recovery continued, with central banks keeping interest rates at low levels and with few of them withdrawing their quantitative easing measures. This helped private sector companies improve their balance sheets and earnings following the global financial crisis that began to dissipate in early 2009. However, investor skepticism of global governments' abilities to retire huge amounts of debt without affecting economic growth rates caused sovereign debt distress (especially for eurozone countries) and became a focal point of investor concern.

In the U.S., economic recovery was present, although the pace of recovery remained modest as stubbornly high unemployment and export weakness

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continued to weigh on the economy. Real gross domestic product, the broadest measure of overall U.S. economic activity, increased at an annual rate of 3.7%, 1.7%, and 2.6% for the first, second and third quarters of 2010, respectively.<sup>1</sup> The U.S. Federal Reserve (the Fed) maintained a very accommodative monetary policy throughout the period, with the federal funds target rate unchanged in a range of zero to 0.25%.<sup>2</sup> The Fed recently described its view of the U.S. economy by stating: The Committee anticipates a gradual return to higher levels of resource utilization in a context of price stability, although the pace of economic recovery is likely to be more modest in the near term than had been anticipated.<sup>2</sup> Consequently, it was widely expected that the Fed would continue to keep interest rates low for an extended period.

Defaults in the high yield bond market reached extreme lows in 2010 and were below those recorded during the previous year.

The broad U.S. high yield bond market, as measured by the Barclays Capital U.S. Corporate High Yield 2% Issuer Cap Index, generated strong positive total return for the 12 months ended December 31, 2010. Slow but steady economic growth, the avoidance of a double-dip recession, a recovery in corporate financial health, strong inflows into the high yield asset class, low overall interest rates and a decline in defaults boosted the performance of high yield bonds. In May and November of 2010, debt concerns in Europe caused investors to scale back their risk profile and embrace the safe haven of U.S. government-related securities. Late in the year, U.S. Treasury yields began to rise. Nonetheless, the impact was insufficient to erase gains realized by non-government bonds over the Trust's fiscal year.

On an absolute basis, the Trust generated positive returns for the 12-month period. The prior Trust managers maintained a defensive posture and were underweight in lower quality CCC rated issues for the first half of the reporting period. This was the main detractor from performance as lower credit quality issues experienced the most significant positive returns in the high yield market.<sup>3</sup> The previous managers also favored higher quality, more liquid bonds with an emphasis on issuers with solid asset coverage. The Trust's overweight in the oil field services industry and the telecommunications wirelines industry detracted from performance as these asset classes underperformed for the first half of the reporting period.<sup>3</sup> The Trust's underweight in the financials sector, particularly in the banking and finance company industries, was a significant detractor as these assets outperformed during the period.<sup>3</sup>

Since taking over management of the Trust on June 25, 2010, we have worked on aligning the Trust to the Invesco research team's outlook. We have gradually built up our investment weights in financials companies, particularly in banking and insurance companies; however, we remained cautious about the lower quality bonds. The largest detractors for the second half of the reporting period stemmed from security selection in the consumer cyclical services and media non-cable industries and in the information technology sector. The Trust's main sources of outperformance were in the automotive, electric and pipelines industries.

During the 12-month period, the Trust employed a leverage strategy which involved borrowing money at short-term rates and reinvesting the proceeds in longer term securities, taking advantage of the difference between short and longer term rates and the additional yield received on underlying investments. The low level of short-term interest rates during the reporting period made the Trust's borrowing activity relatively inexpensive. At the same time, the price of longer term securities generally rose. As a result, the Trust's significant volume of leverage enhanced overall returns and was a meaningful contributor for the period.

The Trust trades at a market price and also has an NAV. The Trust traded at a premium to NAV from March through early December, but ended the year at a slight discount. The discount was highest at the beginning of the reporting period while the premium peaked in July.

We remain generally positive in our assessment of high yield securities; however, macroeconomic risks, slow economic growth and the potential for a double-dip recession and current valuations make us cautious about owning riskier assets. We believe the risk of holding those highest risk securities outweighs potential benefits for the Trust at this time.

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

<sup>1</sup> Bureau of Economic Analysis

<sup>2</sup> U.S. Federal Reserve

### 3 Barclays Capital

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

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

#### **Peter Ehret**

Chartered Financial Analyst, portfolio manager, is manager of Invesco Van Kampen High Income Trust II. Mr. Ehret began managing the Trust in 2010. He has been associated with the Trust's investment adviser or its investment advisory affiliates since 2001. He graduated cum laude with a B.S. in economics from the University of Minnesota. He also earned an M.S. in real estate appraisal and investment analysis from the University of Wisconsin-Madison.

#### **Darren Hughes**

Chartered Financial Analyst, portfolio manager, is manager of Invesco Van Kampen High Income Trust II. Mr. Hughes began managing the Trust in 2010. He has been associated with the Trust's investment adviser or its investment advisory affiliates since 1992. Mr. Hughes earned a B.B.A. in finance and economics from Baylor University.

#### **Scott Roberts**

Chartered Financial Analyst, portfolio manager, is manager of Invesco Van Kampen High Income Trust II. Mr. Roberts began managing the Trust in 2010. He has been associated with the Trust's investment adviser or its investment advisory affiliates since 2000. Mr. Roberts earned a B.B.A. in finance from the University of Houston.

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

n Unless otherwise stated, information presented in this report is as of December 31, 2010, and is based on total net assets.

n Unless otherwise noted, all data provided by Invesco.

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

### **Principal risks of investing in the Trust**

n The prices of securities held by the Trust may decline in response to market risks.

n Other risks are described and defined later in this report.

### **About indexes used in this report**

n The **Barclays Capital U.S. Corporate High Yield 2% Issuer Cap Index** is an unmanaged index that covers U.S. corporate, fixed-rate, non-investment grade debt with at least one year to maturity and at least \$150 million in par outstanding. Index weights for each issuer are capped at 2%.

n The Trust is not managed to track the performance of any particular index, including the index(es) defined here, and consequently, the performance of the Trust may deviate significantly from the performance of the index(es).

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

### **Other information**

n The Chartered Financial Analyst® (CFA®) designation is globally recognized and attests to a charterholder's success in a rigorous and comprehensive study program in the field of investment management and research analysis.

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

n Industry classifications used in this report are generally according to the Global Industry Classification Standard, which was developed by and is the exclusive property and a service mark of MSCI Inc. and Standard & Poor's.

**Trust NYSE Symbol**

**VLT**

**NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE**

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### **Dividend Reinvestment Plan**

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

#### **Plan benefits**

**n Add to your account**

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

**n Low transaction costs**

Transaction costs are low because the new shares are bought in blocks and the brokerage commission is shared among all participants.

**n Convenience**

You will receive a detailed account statement from Computershare Trust Company, N.A. (the Agent) which administers the Plan. The statement shows your total Distributions, date of investment, shares acquired, and price per share, as well as the total number of shares in your reinvestment account. You can also access your account via the Internet. To do this, please go to [invesco.com/us](http://invesco.com/us).

**n Safekeeping**

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

### **How to participate in the Plan**

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

### **How to enroll**

To enroll in the Plan, please read the Terms and Conditions in the Plan Brochure. You can enroll in the Plan by visiting [invesco.com/us](http://invesco.com/us), calling toll-free 800 341 2929 or notifying us in writing at Invesco Van Kampen Closed-End Funds, Computershare Trust Company, N.A. P.O. Box 43078, Providence, RI 02940-3078. Please include your fund name and account number and ensure that all shareholders listed on the account sign these written instructions. Your participation in the Plan will begin with the next Distribution payable after the Agent receives your authorization, as long as they receive it before the record date, which is generally 10 business days before such Distribution is paid. If your authorization arrives after such record date, your participation in the Plan will begin with the following Distributions.

### **How the Plan Works**

If you choose to participate in the Plan, whenever your Trust declares such Distributions, it will be invested in additional shares of your Trust that are purchased on the open market.

### **Costs of the Plan**

There is no direct charge to you for reinvesting Distributions because the Plan's fees are paid by your Trust. However, you will pay your portion of any per share fees incurred when the new shares are purchased on the open market. These fees are typically less than the standard brokerage charges for individual transactions, because shares are purchased for all Participants in blocks, resulting in lower fees for each individual Participant. Any per share or service fees are added to the purchase price. Per share fees include any applicable brokerage commissions the Agent is required to pay.

### **Tax implications**

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

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

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

You may withdraw from the plan at any time by calling 800 341 2929, visiting [invesco.com/us](http://invesco.com/us) or by writing to Invesco Van Kampen Closed-End Funds, Computershare Trust Company, N.A., P.O. Box 43078, Providence, RI 02940-3078. Simply indicate that you would like to withdraw from the Plan, and be sure to include your fund name and account number. Also, ensure that all shareholders listed on the account have signed these written instructions. If you withdraw, you have three options with regard to the shares held in the Plan:

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

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

**Schedule of Investments***December 31, 2010*

	<b>Coupon</b>	<b>Maturity</b>	<b>Par Amount (000)</b>	<b>Value</b>
<b>Corporate Bonds 138.6%</b>				
Advertising 0.3%				
Lamar Media Corp.	7.875%	04/15/18	\$ 185	\$ 196,794
Aerospace & Defense 2.4%				
Alliant Techsystems, Inc.	6.875%	09/15/20	35	36,137
BE Aerospace, Inc.	6.875%	10/01/20	220	227,700
Bombardier, Inc. (Canada) <sup>(a)</sup>	7.750%	03/15/20	295	321,550
Hexcel Corp.	6.750%	02/01/15	395	404,875
Triumph Group, Inc.	8.000%	11/15/17	440	465,300
				1,455,562
Airlines 3.9%				
American Airlines, Inc.	10.180%	01/02/13	418	423,808
Continental Airlines, Inc., Ser B	9.250%	05/10/17	114	123,672
Continental Airlines, Inc., Ser C	7.339%	04/19/14	829	837,482
Delta Air Lines, Inc. <sup>(a)</sup>	9.500%	09/15/14	485	529,863
Inaer Aviation Finance Ltd. (Spain) <sup>(a)</sup>	9.500%	08/01/17	50	64,142
UAL 2007-1 Pass Through Trust	6.636%	07/02/22	104	106,282
UAL 2009-2B Pass Through Trust <sup>(a)</sup>	12.000%	01/15/16	238	267,231

2,352,480

## Alternative Carriers 0.7%

Hughes Network Systems LLC / HNS Finance Corp.	9.500%	04/15/14	205	212,431
Inmarsat Finance PLC (United Kingdom) <sup>(a)</sup>	7.375%	12/01/17	235	248,513
				460,944

## Aluminum 0.4%

Century Aluminum Co.	8.000%	05/15/14	210	222,206
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## Apparel, Accessories &amp; Luxury Goods 2.7%

Boardriders SA (Luxembourg) <sup>(a)</sup>	8.875%	12/15/17	100	140,311
Hanesbrands, Inc. <sup>(a)</sup>	6.375%	12/15/20	220	212,300
Oxford Industries, Inc.	11.375%	07/15/15	600	676,500
Phillips-Van Heusen Corp.	7.375%	05/15/20	140	148,750
Quiksilver, Inc.	6.875%	04/15/15	460	451,950
				1,629,811

## Asset Management &amp; Custody Banks 0.6%

Accellent, Inc. <sup>(a)</sup>	10.000%	11/01/17	35	33,075
Travelport LLC / Travelport, Inc.	9.000%	03/01/16	330	320,925
				354,000

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

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	<b>Coupon</b>	<b>Maturity</b>	<b>Par Amount (000)</b>	<b>Value</b>
<b>Auto Parts &amp; Equipment 0.5%</b>				
Allison Transmission, Inc. <sup>(a)</sup>	11.000%	11/01/15	\$ 95	\$ 103,787
Tenneco, Inc. <sup>(a)</sup>	6.875%	12/15/20	65	66,300
Tenneco, Inc. <sup>(a)</sup>	7.750%	08/15/18	110	117,150
				287,237
<b>Automobile Manufacturers 0.9%</b>				
Case New Holland, Inc. <sup>(a)</sup>	7.875%	12/01/17	255	281,775
Motors Liquidation Co. <sup>(b)</sup>	8.375%	07/15/33	680	247,350
				529,125
<b>Broadcasting 3.9%</b>				
Allbritton Communications Co.	8.000%	05/15/18	240	243,600
CET 21 Spol Sro (Czech Republic) <sup>(a)</sup>	9.000%	11/01/17	100	138,307
EN Germany Holdings BV (Netherlands)	10.750%	11/15/15	200	275,020
ITV PLC (United Kingdom)	5.375%	10/19/15	50	76,006
ITV PLC (United Kingdom)	7.375%	01/05/17	70	111,866
Nielsen Finance LLC / Nielsen Finance Co.	11.625%	02/01/14	1,000	1,162,500
Polish Telev Holding	11.250%	05/15/17	95	131,398
TVN Finance Corp. II AB (Sweden) <sup>(a)</sup>	10.750%	11/15/17	140	206,726
				2,345,423
<b>Building Materials 0.3%</b>				

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Pipe Holdings PLC (United Kingdom)	9.500%	11/01/15	100	159,418
Building Products 7.2%				
Associated Materials LLC <sup>(a)</sup>	9.125%	11/01/17	315	332,325
Building Materials Corp. <sup>(a)</sup>	6.875%	08/15/18	180	179,100
Building Materials Corp. <sup>(a)</sup>	7.500%	03/15/20	170	174,675
Calicipar SA	2.213%	07/01/14	235	284,198
Gibraltar Industries, Inc., Ser B	8.000%	12/01/15	270	273,712
Nortek, Inc. <sup>(a)</sup>	10.000%	12/01/18	195	204,262
Nortek, Inc.	11.000%	12/01/13	585	625,950
Ply Gem Industries, Inc.	11.750%	06/15/13	805	863,363
Ply Gem Industries, Inc.	13.125%	07/15/14	145	154,425
Roofing Supply Group LLC / Roofing Supply Finance, Inc. <sup>(a)</sup>	8.625%	12/01/17	510	531,675
USG Corp. <sup>(a)</sup>	8.375%	10/15/18	30	29,550
USG Corp. <sup>(a)</sup>	9.750%	08/01/14	670	711,875
				4,365,110
Cable & Satellite 2.2%				
CSC Holdings LLC	8.625%	02/15/19	355	406,475
XM Satellite Radio, Inc. <sup>(a)</sup>	7.625%	11/01/18	335	347,562
Ziggo Bond Co. (Netherlands) <sup>(a)</sup>	8.000%	05/15/18	420	580,890
				1,334,927
Casinos & Gaming 10.4%				
Ameristar Casinos, Inc.	9.250%	06/01/14	545	585,875
Boyd Gaming Corp. <sup>(a)</sup>	9.125%	12/01/18	35	35,000



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

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	<b>Coupon</b>	<b>Maturity</b>	<b>Par Amount (000)</b>	<b>Value</b>
Casinos & Gaming (continued)				
Codere Finance SA (Luxembourg) <sup>(a)</sup>	8.250%	06/15/15	\$ 200	\$ 267,260
Gateway Casinos & Entertainment, Ltd. (Canada) <sup>(a)</sup>	8.875%	11/15/17	150	155,951
Great Canadian Gaming Co. (Canada) <sup>(a)</sup>	7.250%	02/15/15	245	252,350
Harrah s Operating Co., Inc.	5.625%	06/01/15	295	245,587
Harrah s Operating Co., Inc.	11.250%	06/01/17	795	898,350
Las Vegas Sands Corp.	6.375%	02/15/15	510	521,475
Mandalay Resort Group	7.625%	07/15/13	105	99,750
MGM Mirage, Inc.	13.000%	11/15/13	245	290,325
MGM Resorts International	10.375%	05/15/14	1,060	1,195,150
Pinnacle Entertainment, Inc.	8.625%	08/01/17	250	273,125
Scientific Games Corp. <sup>(a)</sup>	8.125%	09/15/18	35	35,438
Scientific Games International, Inc.	9.250%	06/15/19	350	363,125
Seneca Gaming Corp. <sup>(a)</sup>	8.250%	12/01/18	90	90,450
Snoqualmie Entertainment Authority <sup>(a)(c)</sup>	4.428%	02/01/14	150	130,500
Snoqualmie Entertainment Authority <sup>(a)</sup>	9.125%	02/01/15	305	283,650
Wynn Las Vegas LLC / Wynn Las Vegas Capital Corp.	7.750%	08/15/20	405	441,450
Wynn Las Vegas LLC / Wynn Las Vegas Capital Corp.	7.875%	05/01/20	190	205,438
				6,370,249
Coal & Consumable Fuels 0.2%				
Consol Energy, Inc. <sup>(a)</sup>	8.250%	04/01/20	90	97,650

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Commodity Chemicals 0.8%

Westlake Chemical Corp.	6.625%	01/15/16	465	482,438
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Communications Equipment 0.4%

Hughes Network Systems LLC / HNS Finance Corp.	9.500%	04/15/14	215	222,794
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Computer & Electronics Retail 0.1%

Rent-A-Center, Inc. <sup>(a)</sup>	6.625%	11/15/20	50	50,125
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Computer Hardware 0.2%

SunGard Data Systems, Inc. <sup>(a)</sup>	7.375%	11/15/18	70	70,700
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SunGard Data Systems, Inc. <sup>(a)</sup>	7.625%	11/15/20	70	71,225
				141,925

Computer Storage & Peripherals 0.4%

Segagate HDD Cayman (Cayman Islands) <sup>(a)</sup>	7.750%	12/15/18	235	239,994
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Construction & Engineering 2.6%

American Residential Services LLC <sup>(a)</sup>	12.000%	04/15/15	90	94,725
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Dycom Investments, Inc.	8.125%	10/15/15	525	536,812
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MasTec, Inc.	7.625%	02/01/17	295	300,163
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Tutor Perini Corp. <sup>(a)</sup>	7.625%	11/01/18	660	668,250
				1,599,950

Construction & Farm Machinery & Heavy Trucks 1.9%

CNH America LLC	7.250%	01/15/16	150	162,750
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Manitowoc Co., Inc.	8.500%	11/01/20	145	155,331
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See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**8 Invesco Van Kampen High Income Trust II**

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	<b>Coupon</b>	<b>Maturity</b>	<b>Par Amount (000)</b>	<b>Value</b>
Construction & Farm Machinery & Heavy Trucks (continued)				
Navistar International Corp.	8.250%	11/01/21	\$ 490	\$ 530,425
Oshkosh Corp.	8.500%	03/01/20	205	226,013
Titan International, Inc. <sup>(a)</sup>	7.875%	10/01/17	100	106,250
				1,180,769
Construction Materials 1.7%				
Cemex Finance LLC <sup>(a)</sup>	9.500%	12/14/16	410	424,559
Texas Industries, Inc. <sup>(a)</sup>	9.250%	08/15/20	585	624,487
				1,049,046
Consumer Discretionary 0.1%				
Visant Corp. <sup>(a)</sup>	10.000%	10/01/17	35	37,275
Consumer Finance 2.4%				
Capital One Capital VI	8.875%	05/15/40	170	177,437
Ford Motor Credit Co., LLC	8.000%	12/15/16	601	673,120
Ford Motor Credit Co., LLC	8.125%	01/15/20	315	366,975
National Money Mart Co. (Canada)	10.375%	12/15/16	250	272,500
				1,490,032
Department Stores 0.7%				
Sears Holdings Corp. <sup>(a)</sup>	6.625%	10/15/18	425	401,625

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Distillers & Vintners 0.8%

Constellation Brands, Inc.	7.250%	05/15/17	465	492,900
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Diversified Banks 2.7%

Ally Financial, Inc. <sup>(a)</sup>	7.500%	09/15/20	1,105	1,176,825
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Ally Financial, Inc.	8.000%	03/15/20	60	66,000
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TMD Friction Finance SA (Luxembourg) <sup>(a)</sup>	10.750%	05/15/17	310	424,568
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1,667,393

Diversified Chemicals 0.4%

Kerling PLC (United Kingdom) <sup>(a)</sup>	10.625%	02/01/17	180	260,979
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Diversified Support Services 0.1%

Mobile Mini, Inc. <sup>(a)</sup>	7.875%	12/01/20	35	36,488
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Drug Retail 0.4%

General Nutrition Centers, Inc. <sup>(d)</sup>	5.750%	03/15/14	230	227,700
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Electrical Components & Equipment 0.1%

Polypore International, Inc. <sup>(a)</sup>	7.500%	11/15/17	65	66,950
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Environmental & Facilities Services 0.2%

EnergySolutions, Inc. / EnergySolutions LLC <sup>(a)</sup>	10.750%	08/15/18	130	142,675
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Fertilizers & Agricultural Chemicals 0.3%

CF Industries, Inc.	7.125%	05/01/20	175	192,062
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See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**9 Invesco Van Kampen High Income Trust II**

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	<b>Coupon</b>	<b>Maturity</b>	<b>Par Amount (000)</b>	<b>Value</b>
Food Retail 1.0%				
R&R Ice Cream Ltd. (United Kingdom) <sup>(a)</sup>	8.375%	11/15/17	\$ 275	\$ 385,866
Simmons Foods, Inc. <sup>(a)</sup>	10.500%	11/01/17	200	214,500
				600,366
Forest Products 0.0%				
Sino-Forest Corp. (Canada) <sup>(a)</sup>	6.250%	10/21/17	30	30,124
Gas Utilities 1.2%				
Bord Gais Eireann (Ireland)	5.750%	06/16/14	250	316,682
Ferrellgas, LP / Ferrellgas Finance Corp. <sup>(a)</sup>	6.500%	05/01/21	230	224,825
Suburban Propane Partners LLC / Suburban Energy Finance Corp.	7.375%	03/15/20	190	203,775
				745,282
Health Care Equipment 0.5%				
DJO Finance LLC / DJO Finance Corp.	10.875%	11/15/14	255	279,225
Health Care Facilities 5.3%				
Community Health Systems, Inc.	8.875%	07/15/15	675	712,125
Hanger Orthopedic Group, Inc.	7.125%	11/15/18	65	65,162
HCA, Inc.	7.875%	02/15/20	1,345	1,445,875
Health Management Associates, Inc.	6.125%	04/15/16	425	430,313
Healthsouth Corp.	7.250%	10/01/18	25	25,562



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Healthsouth Corp.	7.750%	09/15/22	65	67,275
Healthsouth Corp.	8.125%	02/15/20	70	75,600
Tenet Healthcare Corp.	10.000%	05/01/18	350	411,250
				3,233,162
Health Care Services 0.2%				
DaVita, Inc.	6.375%	11/01/18	65	64,837
Universal Hospital Services, Inc. <sup>(d)</sup>	8.500%	06/01/15	65	67,113
				131,950
Health Care Technology 0.5%				
MedAssets, Inc. <sup>(a)</sup>	8.000%	11/15/18	335	338,350
Homebuilding 1.1%				
K. Hovnanian Enterprises, Inc.	10.625%	10/15/16	460	476,100
M/I Homes, Inc. <sup>(a)</sup>	8.625%	11/15/18	95	95,713
Standard Pacific Corp. <sup>(a)</sup>	8.375%	05/15/18	85	85,425
				657,238
Hotels, Resorts & Cruise Lines 1.4%				
Carlson Wagonlit BV (Netherlands) <sup>(a)(c)</sup>	6.795%	05/01/15	190	245,011
Royal Caribbean Cruises Ltd. (Liberia)	6.875%	12/01/13	195	208,650
Travelport LLC	9.875%	09/01/14	53	51,940
Travelport LLC	11.875%	09/01/16	360	355,500
				861,101
Household Products 0.3%				
Central Garden and Pet Co.	8.250%	03/01/18	180	184,950

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

**10 Invesco Van Kampen High Income Trust II**

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	<b>Coupon</b>	<b>Maturity</b>	<b>Par Amount (000)</b>	<b>Value</b>
Housewares & Specialties 0.0%				
Jarden Corp.	6.125%	11/15/22	\$ 20	\$ 19,175
Independent Power Producers & Energy Traders 2.7%				
AES Corp.	7.750%	03/01/14	775	831,187
NRG Energy, Inc.	7.375%	02/01/16	260	266,500
NRG Energy, Inc.	7.375%	01/15/17	520	533,000
				1,630,687
Industrial Conglomerates 1.1%				
RBS Global, Inc. & Rexnord Corp.	8.500%	05/01/18	625	664,063
Industrial Gases 1.1%				
Airgas, Inc.	7.125%	10/01/18	605	670,037
Industrial Machinery 0.6%				
Mueller Water Products, Inc.	8.750%	09/01/20	35	39,025
SPX Corp. <sup>(a)</sup>	6.875%	09/01/17	290	309,575
				348,600
Integrated Telecommunication Services 2.5%				
Intelsat Jackson Holdings SA (Luxembourg) <sup>(a)</sup>	7.250%	10/15/20	880	893,200
Qwest Communications International, Inc. <sup>(a)</sup>	7.125%	04/01/18	315	326,025
Wind Acquisition Finance SA (Luxembourg) <sup>(a)</sup>	7.250%	02/15/18	200	204,000

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Wind Acquisition Finance SA (Luxembourg) <sup>(a)</sup>	7.375%	02/15/18	100	134,632
				1,557,857
Investment Banking & Brokerage 0.5%				
E*Trade Financial Corp.	7.875%	12/01/15	290	289,275
IT Consulting & Other Services 1.3%				
Unisys Corp. <sup>(a)</sup>	14.250%	09/15/15	640	771,200
Leisure Facilities 0.7%				
Universal City Development Partners Ltd. / UCDP Finance, Inc.	8.875%	11/15/15	410	438,700
Leisure Products 0.1%				
Toys R US Delaware, Inc. <sup>(a)</sup>	7.375%	09/01/16	35	36,488
Life Sciences Tools & Services 0.3%				
Patheon, Inc. (Canada) <sup>(a)</sup>	8.625%	04/15/17	175	175,438
Marine 0.4%				
Hapag-Lloyd AG (Germany) <sup>(a)</sup>	9.000%	10/15/15	100	143,318
Stena AB (Sweden)	7.000%	12/01/16	105	105,131
				248,449
Medical Equipment Manufacturer 0.4%				
ConvaTec Healthcare SA (Luxembourg) <sup>(a)</sup>	7.375%	12/15/17	100	135,969
ConvaTec Healthcare SA (Luxembourg)	10.875%	12/15/18	100	134,465
				270,434

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

**11 Invesco Van Kampen High Income Trust II**

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	Coupon	Maturity	Par Amount (000)	Value
Metal & Glass Containers 0.8%				
Ardagh Packaging Finance PLC (Ireland) <sup>(a)</sup>	9.250%	10/15/20	\$ 305	\$ 419,799
Ball Corp.	5.750%	05/15/21	100	97,500
				517,299
Movies & Entertainment 2.6%				
AMC Entertainment Holdings, Inc. <sup>(a)</sup>	9.750%	12/01/20	105	109,331
AMC Entertainment, Inc.	8.000%	03/01/14	250	253,750
AMC Entertainment, Inc.	8.750%	06/01/19	515	551,050
Cinemark USA, Inc.	8.625%	06/15/19	165	179,438
NAI Entertainment Holdings LLC <sup>(a)</sup>	8.250%	12/15/17	445	469,475
				1,563,044
Multi-Line Insurance 4.4%				
American International Group, Inc.	6.400%	12/15/20	320	334,000
American International Group, Inc. <sup>(c)</sup>	8.175%	05/15/58	75	79,687
Crum & Forster Holdings Corp.	7.750%	05/01/17	890	934,500
Hartford Financial Services Group, Inc. <sup>(c)</sup>	8.125%	06/15/38	215	230,718
Liberty Mutual Group, Inc., Ser A <sup>(a)</sup>	7.800%	03/15/37	599	594,508
Nationwide Mutual Insurance Co. <sup>(a)</sup>	9.375%	08/15/39	435	509,292
				2,682,705
Multi-Sector Holdings 0.3%				

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Reynolds Group Issuer, Inc. / Reynolds Group Issuer LLC / Reynolds Group Issuer Lu <sup>(a)</sup>	7.125%	04/15/19	200	206,500
Office Services & Supplies 0.3%				
IKON Office Solutions, Inc.	6.750%	12/01/25	105	101,325
Interface, Inc. <sup>(a)</sup>	7.625%	12/01/18	55	56,925
				158,250
Oil & Gas Drilling 0.4%				
Precision Drilling Corp. (Canada) <sup>(a)</sup>	6.625%	11/15/20	145	148,262
Trinidad Drilling Ltd. (Canada) <sup>(a)</sup>	7.875%	01/15/19	75	77,290
				225,552
Oil & Gas Equipment & Services 1.9%				
Bristow Group, Inc.	7.500%	09/15/17	160	168,000
Calfrac Holdings LP <sup>(a)</sup>	7.500%	12/01/20	75	75,515
Compagnie Generale de Geophysique SA (France)	7.500%	05/15/15	95	97,494
Complete Production Services, Inc.	8.000%	12/15/16	175	182,000
Key Energy Services, Inc.	8.375%	12/01/14	575	609,500
				1,132,509
Oil & Gas Exploration & Production 9.1%				
Berry Petroleum Co.	6.750%	11/01/20	95	95,950
Chaparral Energy, Inc.	8.500%	12/01/15	650	664,625
Chesapeake Energy Corp.	9.500%	02/15/15	365	412,450
Cimarex Energy Co.	7.125%	05/01/17	280	291,550
Concho Resources, Inc.	7.000%	01/15/21	65	66,950
Continental Resources, Inc. <sup>(a)</sup>	7.125%	04/01/21	80	84,400

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

**12 Invesco Van Kampen High Income Trust II**

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	<b>Coupon</b>	<b>Maturity</b>	<b>Par Amount (000)</b>	<b>Value</b>
Oil & Gas Exploration & Production (continued)				
Continental Resources, Inc.	7.375%	10/01/20	\$ 180	\$ 190,350
Continental Resources, Inc.	8.250%	10/01/19	130	142,675
Encore Acquisition Co.	9.500%	05/01/16	230	256,162
EXCO Resources, Inc.	7.500%	09/15/18	325	318,500
Forest Oil Corp.	7.250%	06/15/19	290	295,075
Harvest Operations Corp. (Canada) <sup>(a)</sup>	6.875%	10/01/17	200	206,500
McMoRan Exploration Co.	11.875%	11/15/14	430	476,762
Newfield Exploration Co.	7.125%	05/15/18	195	206,213
Petrohawk Energy Corp.	7.250%	08/15/18	180	182,475
Petrohawk Energy Corp.	7.875%	06/01/15	450	469,688
Pioneer Natural Resources Co.	6.650%	03/15/17	160	170,854
Plains Exploration & Production Co.	7.625%	06/01/18	210	222,075
Plains Exploration & Production Co.	7.750%	06/15/15	370	387,575
Range Resources Corp.	7.500%	05/15/16	235	244,400
Whiting Petroleum Corp.	6.500%	10/01/18	140	142,100
				5,527,329
Oil & Gas Refining & Marketing 1.6%				
Petroplus Finance Ltd. (Bermuda) <sup>(a)</sup>	6.750%	05/01/14	95	87,875
Tesoro Corp.	6.500%	06/01/17	440	442,750
United Refining Co.	10.500%	08/15/12	450	442,688

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				973,313
Oil & Gas Storage & Transportation 4.4%				
Copano Energy LLC / Copano Energy Finance Corp.	8.125%	03/01/16	445	462,800
Genesis Energy LP / Genesis Energy Finance Corp. <sup>(a)</sup>	7.875%	12/15/18	105	104,475
Inergy LP	8.250%	03/01/16	830	869,425
MarkWest Energy Partners LP / MarkWest Energy Finance Corp.	6.750%	11/01/20	95	94,881
MarkWest Energy Partners LP / MarkWest Energy Finance Corp.	8.500%	07/15/16	310	327,437
MarkWest Energy Partners LP / Markwest Energy Finance Corp.	8.750%	04/15/18	435	472,519
Overseas Shipholding Group, Inc.	8.125%	03/30/18	135	136,012
Regency Energy Partners LP / Regency Energy Finance Corp.	6.875%	12/01/18	205	208,588
				2,676,137
Other Diversified Financial Services 2.6%				
Cantor Fitzgerald LP <sup>(a)</sup>	7.875%	10/15/19	275	278,020
International Lease Finance Corp. <sup>(a)</sup>	6.750%	09/01/16	175	184,953
International Lease Finance Corp. <sup>(a)</sup>	7.125%	09/01/18	175	186,812
International Lease Finance Corp.	8.250%	12/15/20	115	119,313
International Lease Finance Corp. <sup>(a)</sup>	8.750%	03/15/17	737	794,117
				1,563,215
Packaged Foods & Meats 1.5%				
Chiquita Brands International, Inc.	8.875%	12/01/15	175	179,156
JBS USA LLC Finance, Inc.	11.625%	05/01/14	625	732,813
				911,969

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

**13 Invesco Van Kampen High Income Trust II**

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	<b>Coupon</b>	<b>Maturity</b>	<b>Par Amount (000)</b>	<b>Value</b>
<b>Paper Products 2.3%</b>				
Clearwater Paper Corp. <sup>(a)</sup>	7.125%	11/01/18	\$ 100	\$ 103,750
Mercer International, Inc. <sup>(a)</sup>	9.500%	12/01/17	135	139,725
Neenah Paper, Inc.	7.375%	11/15/14	170	173,400
P.H. Glatfelter Co.	7.125%	05/01/16	320	331,313
Sappi Papier Holding AG (Austria) <sup>(a)</sup>	6.750%	06/15/12	635	635,692
				1,383,880
<b>Personal Products 0.5%</b>				
NBTY, Inc. <sup>(a)</sup>	9.000%	10/01/18	90	96,075
Sabra Health Care LP / Sabra Capital Corp. <sup>(a)</sup>	8.125%	11/01/18	210	217,613
				313,688
<b>Pharmaceuticals 1.6%</b>				
Axcan Intermediate Holdings, Inc.	12.750%	03/01/16	255	263,287
Elan Finance PLC / Elan Finance Corp. (Ireland) <sup>(a)</sup>	8.750%	10/15/16	145	147,537
Endo Pharmaceuticals Holdings, Inc. <sup>(a)</sup>	7.000%	12/15/20	45	46,125
Mylan, Inc. <sup>(a)</sup>	6.000%	11/15/18	435	429,563
Valeant Pharmaceuticals International <sup>(a)</sup>	6.750%	10/01/17	35	34,913
Valeant Pharmaceuticals International <sup>(a)</sup>	7.000%	10/01/20	35	34,650
				956,075
<b>Property &amp; Casualty Insurance 0.3%</b>				

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XL Group PLC (Ireland) <sup>(c)</sup>	6.500%	12/29/49	220	190,300
Publishing 1.0%				
Gannett Co., Inc.	8.750%	11/15/14	50	56,125
Gannett Co., Inc.	9.375%	11/15/17	575	641,125
				697,250
Railroads 0.5%				
Kansas City Southern de Mexico SA de CV (Mexico)	8.000%	02/01/18	286	308,592
Real Estate Services 0.3%				
CB Richard Ellis Services, Inc. <sup>(a)</sup>	6.625%	10/15/20	215	215,806
Regional Banks 4.1%				
CIT Group, Inc.	7.000%	05/01/14	825	833,250
CIT Group, Inc.	7.000%	05/01/17	750	753,750
Regions Financial Corp.	7.375%	12/10/37	390	366,600
Zions Bancorp.	5.500%	11/16/15	535	521,625
				2,475,225
Research & Consulting Services 0.2%				
FTI Consulting, Inc. <sup>(a)</sup>	6.750%	10/01/20	125	124,687
Restaurants 0.1%				
Dunkin Finance Corp. <sup>(a)</sup>	9.625%	12/01/18	35	35,700
Semiconductor Equipment 0.7%				
Amkor Technology, Inc.	7.375%	05/01/18	400	417,000

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

**14 Invesco Van Kampen High Income Trust II**

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	<b>Coupon</b>	<b>Maturity</b>	<b>Par Amount (000)</b>	<b>Value</b>
<b>Semiconductors 2.1%</b>				
Freescale Semiconductor, Inc. <sup>(d)</sup>	9.125%	12/15/14	\$ 490	\$ 513,275
Freescale Semiconductor, Inc. <sup>(a)</sup>	9.250%	04/15/18	361	398,905
Freescale Semiconductor, Inc. <sup>(a)</sup>	10.750%	08/01/20	45	49,388
NXP BV / NXP Funding LLC (Netherlands)	7.875%	10/15/14	325	340,031
				1,301,599
<b>Specialized REIT s 0.6%</b>				
Host Hotels & Resorts, Inc. <sup>(a)</sup>	6.000%	11/01/20	205	201,925
Omega Healthcare Investors, Inc. <sup>(a)</sup>	6.750%	10/15/22	155	153,838
				355,763
<b>Specialty Chemicals 1.6%</b>				
Ferro Corp.	7.875%	08/15/18	270	285,525
Huntsman International LLC	7.375%	01/01/15	277	284,617
Nalco Co. <sup>(a)</sup>	6.625%	01/15/19	70	71,750
PolyOne Corp.	7.375%	09/15/20	340	353,600
				995,492
<b>Specialty Stores 1.5%</b>				
Michaels Stores, Inc. <sup>(a)</sup>	7.750%	11/01/18	70	69,825
Sally Holdings LLC / Sally Capital, Inc.	9.250%	11/15/14	790	833,450
				903,275

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Steel 1.3%

AK Steel Corp.	7.625%	05/15/20	285	287,850
FMG Resources August 2006 Pty Ltd. (Australia) <sup>(a)</sup>	6.375%	02/01/16	180	180,521
Steel Dynamics, Inc.	7.750%	04/15/16	110	116,600
United States Steel Corp.	7.000%	02/01/18	140	141,400
United States Steel Corp.	7.375%	04/01/20	50	51,000
				777,371

Systems Software 2.3%

Allen Systems Group, Inc. <sup>(a)</sup>	10.500%	11/15/16	550	563,750
Vangent, Inc.	9.625%	02/15/15	955	869,050
				1,432,800

Textiles 0.7%

Levi Strauss & Co.	7.625%	05/15/20	420	435,750
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Tires & Rubber 0.7%

Cooper Tire & Rubber Co.	8.000%	12/15/19	425	435,625
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Trading Companies & Distributors 1.4%

Ashtead Capital, Inc. <sup>(a)</sup>	9.000%	08/15/16	320	335,200
H&E Equipment Services, Inc.	8.375%	07/15/16	485	497,125
				832,325

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



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	<b>Coupon</b>	<b>Maturity</b>	<b>Par Amount (000)</b>	<b>Value</b>
<b>Trucking 1.6%</b>				
Avis Budget Car Rental LLC / Avis Budget Finance, Inc. <sup>(a)</sup>	8.250%	01/15/19	\$ 420	\$ 425,250
Hertz Corp. <sup>(a)</sup>	7.375%	01/15/21	340	348,500
Hertz Corp. <sup>(a)</sup>	7.500%	10/15/18	175	183,312
				957,062
<b>Wireless Telecommunication Services 7.3%</b>				
Clewire Communications LLC/Clearwire Finance, Inc. <sup>(a)</sup>	12.000%	12/01/15	590	640,150
Cricket Communications, Inc.	7.750%	05/15/16	305	318,344
Cricket Communications, Inc. <sup>(a)</sup>	7.750%	10/15/20	280	268,800
Digicel Group Ltd. (Bermuda) <sup>(a)</sup>	8.875%	01/15/15	100	101,625
Digicel Ltd. (Bermuda) <sup>(a)</sup>	8.250%	09/01/17	355	370,088
MetroPCS Wireless, Inc.	6.625%	11/15/20	255	243,525
MetroPCS Wireless, Inc.	7.875%	09/01/18	170	176,056
SBA Telecommunications, Inc.	8.250%	08/15/19	450	492,750
Sprint Capital Corp.	6.875%	11/15/28	125	109,531
Sprint Capital Corp.	6.900%	05/01/19	995	993,756
Sprint Nextel Corp.	8.375%	08/15/17	400	427,000
Wind Acquisition Finance SA (Luxembourg) <sup>(a)</sup>	11.750%	07/15/17	250	281,250
				4,422,875
<b>Total Corporate Bonds 138.6%</b>				<b>84,432,169</b>

**Equities 0.9%**

Ally Financial, Inc. (287 Preferred Shares) <sup>(a)</sup>	271,260
Citigroup Capital XIII (9,525 Preferred Shares) <sup>(c)(e)</sup>	255,856
Hosiery Corp. of America, Inc., Class A (1,000 Common Shares) <sup>(e)(f)</sup>	0
Total Equities 0.9%	527,116
Total Long-Term Investments 139.5% (Cost \$80,877,996)	84,959,285

**Money Market Funds 1.0%**

Liquid Assets Portfolio Institutional Class <sup>(g)</sup>	311,411
Premier Portfolio Institutional Class <sup>(g)</sup>	311,411
Total Money Market Funds 1.0% (Cost \$622,822)	622,822
TOTAL INVESTMENTS 140.5% (Cost \$81,500,818)	85,582,107
BORROWINGS (42.7%)	(26,000,000)
OTHER ASSETS IN EXCESS OF LIABILITIES 2.2%	1,334,370
NET ASSETS 100.0%	\$ 60,916,477

Percentages are calculated as a percentage of net assets.

Notes to Schedule of Investments:

- (a) 144A-Private Placement security which is exempt from registration under Rule 144A of the Securities Act of 1933, as amended. This security may only be resold in transactions exempt from registration which are normally those transactions with qualified institutional buyers.
- (b) Defaulted security. Currently, the issuer is partially or fully in default with respect to interest payments. The aggregate value of these securities at December 31, 2010 was \$247,350, which represented 0.41% of the Trust's net assets.
- (c) Interest or dividend rate is predetermined periodically. Rate shown is the rate in effect on December 31, 2010.
- (d) Payment-in-kind security.
- (e) Non-income producing security.
- (f) Security has been deemed illiquid.
- (g) The money market fund and the Trust are affiliated by having the same investment adviser.

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

**Statement of Assets and Liabilities***December 31, 2010***Assets:**

Investments, at value (Cost \$80,877,996)	\$ 84,959,285
Investments in affiliated money market funds, at value and cost	622,822
Receivables:	
Interest	1,535,527
Dividends	105
Investments sold	514,459
Total assets	87,632,198

**Liabilities:**

Foreign currency overdraft (Cost \$12,816)	10,676
Payables:	
Borrowings	26,000,000
Investments purchased	386,094
Affiliates	65,368
Income distributions	22,917
Custodian bank	14,276
Accrued interest expense	90,676
Accrued expenses	125,714
Total liabilities	26,715,721
Net assets applicable to common shares	\$ 60,916,477
Net asset value per common share (\$60,916,477 divided by 3,770,265 shares outstanding)	\$ 16.16

**Net assets consist of:**

Shares of beneficial interest (\$0.01 par value with an unlimited number of shares authorized, 3,770,265 shares issued and outstanding)	\$ 98,144,811
Net unrealized appreciation	4,081,247
Accumulated undistributed net investment (loss)	(93,956)
Accumulated net realized gain (loss)	(41,215,625)
Net assets applicable to common shares	\$ 60,916,477

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

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**Statement of Operations***For the year ended December 31, 2010***Investment income:**

Interest	\$ 7,459,050
Dividends from affiliated money market funds	21,633
Other	105,764
Total income	7,586,447

**Expenses:**

Investment advisory fee	597,234
Interest expense	488,393
Professional fees	205,964
Administrative services fees	50,934
Trustees and officers fees and benefits	42,498
Reports to shareholders	40,406
Listing fees	36,266
Transfer agent fees	32,149
Preferred share maintenance	22,207
Custody	10,663
Other	3,835
Total expenses	1,530,549
Less: Fees waived	21,660
Net expenses	1,508,889
Net investment income	6,077,558

**Realized and unrealized gain (loss):**

Realized gain (loss):	
Investments	2,843,333
Foreign currency transactions	9,027
Net Realized Gain	2,852,360
Unrealized appreciation (depreciation):	
Beginning of the period	4,217,084
End of the period:	
Investments	4,081,289
Foreign currency translation	(42)
	4,081,247
Net unrealized appreciation (depreciation) during the period	(135,837)
Net realized and unrealized gain	2,716,523
Distributions to preferred shareholders	(20,881)
Net increase in net assets applicable to common shares from operations	\$ 8,773,200

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

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**Statements of Changes in Net Assets***For the years ended December 31, 2010 and 2009*

	<b>2010</b>	<b>2009</b>
<b>From investment activities:</b>		
<b>Operations:</b>		
Net investment income	\$ 6,077,558	\$ 6,893,712
Net realized gain (loss)	2,852,360	(6,969,064)
Net unrealized appreciation (depreciation) during the period	(135,837)	25,530,129
<b>Distributions to preferred shareholders:</b>		
Net investment income	(20,881)	(1,574,640)
Change in net assets applicable to common shares from operations	8,773,200	23,880,137
<b>Distributions to common shareholders:</b>		
Net investment income	(5,853,346)	(5,297,230)
Net change in net assets applicable to common shares from investment activities	2,919,854	18,582,907
<b>Net assets applicable to common shares:</b>		
Beginning of the period	57,996,623	39,413,716
End of the period (including accumulated undistributed net investment income (loss) of \$(93,956) and \$(481,092), respectively)	\$ 60,916,477	\$ 57,996,623

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

**Statement of Cash Flows***For the year ended December 31, 2010*

Net increase in net assets applicable to common shares from operations	\$ 8,773,200
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**Adjustments to reconcile the change in net assets applicable to common shares from operations to net cash provided by operating activities:**

Purchases of investments	(112,027,403)
Proceeds from sales of investments	117,927,261
Net sales of short-term investments	1,305,178
Amortization of premium	(62,610)
Accretion of discount	(468,659)
Net realized (gain) loss on investments	(2,852,360)
Net change in unrealized depreciation on investments	135,795
Decrease in interest receivables	267,660
Increase in dividends receivables	(105)
Decrease in other assets	24,052
Increase in foreign currency overdraft	10,676
Decrease in affiliates payable	(20,465)
Increase in accrued interest expense	90,676
Decrease in trustees' deferred compensation and retirement plans	(520,860)
Decrease in accrued expenses	(315,366)
Increase in custodian bank payable	14,276
Net cash provided by operating activities	12,280,946

**Cash flows from financing activities:**



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Repayments of bank borrowings	(2,000,000)
Retirement of preferred shares	(4,400,000)
Dividends paid	(5,881,801)
Net cash used for financing activities	(12,281,801)
Net change in cash	(855)
Cash at the beginning of the period	855
Cash at the end of the period	\$ -0-

**Supplemental disclosures of cash flow information**

Cash paid during the year for interest	\$ 468,636
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See accompanying Notes to Financial Statements which are an integral part of the financial statements.

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**Financial Highlights**

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

	<b>Year ended December 31,</b>				
	<b>2010</b>	<b>2009<sup>^</sup></b>	<b>2008<sup>^</sup></b>	<b>2007<sup>^</sup></b>	<b>2006<sup>^</sup></b>
Net asset value, beginning of the period	\$ 15.38	\$ 10.45	\$ 20.40	\$ 21.45	\$ 21.40
Net investment income <sup>(a)</sup>	1.61	1.83	2.45	2.55	2.45
Net realized and unrealized gain (loss)	0.73	4.93	(9.90)	(1.00)	0.25
Distributions paid to preferred shareholders:					
Net investment income	(0.01)	(0.42)	(1.00)	(0.95)	(0.85)
Total from investment operations	2.33	6.34	(8.45)	0.60	1.85
Distributions paid to common shareholders:					
Net investment income	(1.55)	(1.41)	(1.50)	(1.65)	(1.80)
Net asset value, end of the period	\$ 16.16	\$ 15.38	\$ 10.45	\$ 20.40	\$ 21.45
Common share market price at end of the period	\$ 16.02	\$ 14.48	\$ 8.90	\$ 18.15	\$ 20.10
Total return at net asset value <sup>*(b)</sup>	15.55%				
Total return at market value <sup>*(c)</sup>	21.67%	83.40%	(45.03)%	(1.71)%	6.02%
Net assets applicable to common shares at end of the period (In millions)	\$ 60.9	\$ 58.0	\$ 39.4	\$ 77.0	\$ 81.1
Ratio of expenses to average net assets applicable to common shares <sup>*(d)</sup>	2.57% <sup>(e)</sup>	2.31%	1.94%	1.84%	2.00%
Ratio of net investment income to average net assets applicable to common shares <sup>*(d)</sup>	10.34% <sup>(e)</sup>	14.13%	14.65%	12.06%	11.69%

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Portfolio turnover <sup>(f)</sup>	135%	58%	46%	37%	48%
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\* If certain expenses had not been assumed by the adviser, total returns would have been lower and the ratios would have been as follows:

Ratio of expenses to average net assets applicable to common shares <sup>(d)</sup>	2.61% <sup>(e)</sup>	2.40%	2.04%	1.93%	2.05%
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Ratio of net investment income to average net assets applicable to common shares <sup>(d)</sup>	10.31% <sup>(e)</sup>	14.04%	14.55%	11.97%	11.64%
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Supplemental ratios:

Ratio of expenses (excluding interest expense) to average net assets applicable to common shares <sup>(d)</sup>	1.74% <sup>(e)</sup>
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Ratio of net investment income to average net assets applicable to common shares <sup>(g)</sup>	10.31% <sup>(e)</sup>	10.90%	8.56%	7.61%	7.70%
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Senior Indebtedness:

Total preferred shares outstanding	-0-	176	1,296	2,616	2,616
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Asset coverage per preferred share <sup>(h)</sup>	N/A	\$ 354,600	\$ 55,444	\$ 54,487	\$ 56,040
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Liquidating preference per preferred share	N/A	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
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Total borrowing outstanding (In thousands)	\$ 26,000	\$ 28,000	N/A	N/A	N/A
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(a) Based on average shares outstanding.

(b) Includes adjustments in accordance with accounting principles generally accepted in the United States of America and as such, the net asset value for financial reporting purposes and the return based upon those net asset values differ from the net asset value and returns for shareholders transactions.

(c) Total return assumes an investment at the common share market price at the beginning of the period indicated, reinvestment of all distributions for the period in accordance with the Trust's dividend reinvestment plan, and sale of all shares at the closing common share market price at the end of the period indicated.

(d) Ratios do not reflect the effect of dividend payments to preferred shareholders.

(e) Ratios are based on average daily net assets applicable to common shares (000's omitted) of \$58,753.

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

(g) Ratios reflect the effect of dividend payments to preferred shareholders.

(h) Calculated by subtracting the Trust's total liabilities (not including the preferred shares) from the Trust's total assets and dividing this by the number of preferred shares outstanding.

N/A=Not Applicable

^ Share amounts, net asset values and common share market prices have been adjusted as a result of the 1-for-5 reverse common share split on May 22, 2009.

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

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## Notes to Financial Statements

December 31, 2010

### NOTE 1 Significant Accounting Policies

Invesco Van Kampen High Income Trust II (the Trust) is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as a diversified, closed-end management investment company. Effective June 1, 2010, the Trust name changed from Van Kampen High Income Trust II to Invesco Van Kampen High Income Trust II.

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

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

**A. Security Valuations** Securities, including restricted securities, are valued according to the following policy.

A security listed or traded on an exchange (except convertible bonds) is valued at its last sales price or official closing price as of the close of the customary trading session on the exchange where the security is principally traded, or lacking any sales or official closing price on a particular day, the security may be valued at the closing bid price on that day. Securities traded in the over-the-counter market are valued based on prices furnished by independent pricing services or market makers. When such securities are valued by an independent pricing service they may be considered fair valued. Futures contracts are valued at the final settlement price set by an exchange on which they are principally traded. Listed options are valued at the mean between the last bid and ask prices from the exchange on which they are principally traded. Options not listed on an exchange are valued by an independent source at the mean between the last bid and ask prices. For purposes of determining net asset value per share, futures and option contracts generally are valued 15 minutes after the close of the customary trading session of the New York Stock Exchange ( NYSE ).

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

Debt obligations (including convertible bonds) and unlisted equities are fair valued using an evaluated quote provided by an independent pricing service. Evaluated quotes provided by the pricing service may be determined without exclusive reliance on quoted prices, and may reflect appropriate factors such as institution-size trading in similar groups of securities, developments related to specific securities, dividend rate, yield, quality, type of issue, coupon rate, maturity, individual trading characteristics and other market data. Short-term obligations, including commercial paper, having 60 days or less to maturity are recorded at amortized cost which approximates value. Debt securities are subject to interest rate and credit risks. In addition, all debt securities involve some risk of default with respect to interest and/or principal payments.

Foreign securities (including foreign exchange contracts) are converted into U.S. dollar amounts using the applicable exchange rates as of the close of the NYSE. If market quotations are available and reliable for foreign exchange traded equity securities, the securities will be valued at the market quotations. Because trading hours for certain foreign securities end before the close of the NYSE, closing market quotations may become unreliable. If between the time trading ends on a particular security and the close of the customary trading session on the NYSE, events occur that are significant and make the closing price unreliable, the Fund may fair value the security. If the event is likely to have affected the closing price of the security, the security will be valued at fair value in good faith using procedures approved by the Board of Trustees. Adjustments to closing prices to reflect fair value may also be based on a screening process of an independent pricing service to indicate the degree of certainty, based on historical data, that the closing price in the principal market where a foreign security trades is not the current value as of the close of the NYSE. Foreign securities meeting the approved degree of certainty that

the price is not reflective of current value will be priced at the indication of fair value from the independent pricing service. Multiple factors may be considered by the independent pricing service in determining adjustments to reflect fair value and may include information relating to sector indices, American Depositary Receipts and domestic and foreign index futures. Foreign securities may have additional risks including exchange rate changes, potential for sharply devalued currencies and high inflation, political and economical upheaval, the relative lack of issuer information, relatively low market liquidity and the potential lack of strict financial and accounting controls and standards.

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

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

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

- B. Securities Transactions and Investment Income** Securities transactions are accounted for on a trade date basis. Realized gains or losses on sales are computed on the basis of specific identification of the securities sold. Interest income is recorded on the accrual basis from settlement date. Dividend income (net of withholding tax, if any) is recorded on the ex-dividend date. Bond premiums and discounts are amortized and/or accreted for financial reporting purposes.

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

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

- C. Country Determination** For the purposes of making investment selection decisions and presentation in the Schedule of Investments, the investment adviser may determine the country in which an issuer is located and/or credit risk exposure based on various factors. These factors include the laws of the country under which the issuer is organized, where the issuer maintains a principal office, the country in which the issuer derives 50% or more of its total revenues and the country that has the primary market for the issuer's securities, as well as other criteria. Among the other criteria that may be evaluated for making this determination are the country in which the issuer maintains 50% or more of its assets, the type of security, financial guarantees and enhancements, the nature of the collateral and the sponsor organization. Country of issuer and/or credit risk exposure has been determined to be the United States of America, unless otherwise noted.
- D. Distributions** The Trust declares and pays monthly dividends from net investment income to common shareholders. Distributions from net realized capital gain, if any, are generally paid annually and are distributed on a pro rata basis to common and preferred shareholders. The Trust may elect to treat a portion of the proceeds from redemptions as distributions for federal income tax purposes.
- E. Federal Income Taxes** The Trust intends to comply with the requirements of Subchapter M of the Internal Revenue Code necessary to qualify as a regulated investment company and to distribute substantially all of the Trust's taxable earnings to shareholders. As such, the Trust will not be subject to federal income taxes on otherwise taxable income (including net realized capital gain) that is distributed to shareholders. Therefore, no provision for federal income taxes is recorded in the financial statements.
- The Trust files tax returns in the U.S. Federal jurisdiction and certain other jurisdictions. Generally the Trust is subject to examinations by such taxing authorities for up to three years after the filing of the return for the tax period.
- F. Accounting Estimates** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ( GAAP ) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period including estimates and assumptions related to taxation. Actual results could differ from those estimates by a significant amount. In addition, the Trust monitors for material events or transactions that may occur or become known after the period-end date and before the date the financial statements are released to print.
- G. Indemnifications** Under the Trust's organizational documents, each Trustee, officer, employee or other agent of the Trust is indemnified against certain liabilities that may arise out of performance of their duties to the Trust. Additionally, in the normal course of business, the Trust enters into contracts, including the Trust's servicing agreements that contain a variety of indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. The risk of material loss as a result of such indemnification claims is considered remote.
- H. Foreign Currency Translations** Foreign currency is valued at the close of the NYSE based on quotations posted by banks and major currency dealers. Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at date of valuation. Purchases and sales of portfolio securities (net of foreign taxes withheld on disposition) and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Fund does not separately

account for the portion of the results of operations resulting from changes in foreign exchange rates on investments and the fluctuations arising from changes in market prices of securities held. The combined results of changes in foreign exchange rates and the fluctuation of market prices on investments (net of estimated foreign tax withholding) are included with the net realized and unrealized gain or loss from investments in the Statement of Operations. Reported net realized foreign currency gains or losses arise from (1) sales of foreign currencies, (2) currency gains or losses realized between the trade and settlement dates on securities transactions, and (3) the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign currency gains and losses arise from changes in the fair values of assets and liabilities, other than investments in securities at fiscal period end, resulting from changes in exchange rates.

The Fund may invest in foreign securities which may be subject to foreign taxes on income, gains on investments or currency repatriation, a portion of which may be recoverable.

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

Effective June 1, 2010, the Trust has entered into a master investment advisory agreement with Invesco Advisers, Inc. (the Adviser or Invesco). Under the terms of the investment advisory agreement, the Trust pays an advisory fee to the Adviser based on the annual rate 0.70% of the Trust's average daily net assets including current preferred shares and bank borrowing entered into to retire previously issued preferred shares of the Trust. For the period January 1, 2010 to May 31, 2010, the Trust paid an advisory fee of \$247,443 to Van Kampen Asset Management (VKAM) based on the annual rate and the Trust's average daily net assets as discussed above. Prior to June 1, 2010, VKAM voluntarily waived \$17,674 of advisory fees of the Trust.

Effective June 1, 2010, under the terms of master intergroup sub-advisory contracts between the Adviser and each of Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Australia Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Trimark Ltd. (collectively, the Affiliated Sub-Advisers) the Adviser, not the Trust, may pay 40% of the fees paid to the Adviser to any such Affiliated Sub-Adviser(s) that provide discretionary investment management services to the Trust based on the percentage of assets allocated to such Sub-Adviser(s).

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Effective June 1, 2010, the Adviser has contractually agreed, through at least June 30, 2012, to waive advisory fees and/or reimburse expenses to the extent necessary to limit the Trust's expenses (excluding certain items discussed below) to 2.02%. In determining the Adviser's obligation to waive advisory fees and/or reimburse expenses, the following expenses are not taken into account, and could cause the Trust's expenses to exceed the limit reflected above: (1) interest; (2) taxes; (3) dividend expense on short sales; (4) extraordinary or non-routine items; and (5) expenses that the Trust has incurred but did not actually pay because of an expense offset arrangement. Unless the Board of Trustees and Invesco mutually agree to amend or continue the fee waiver agreement, it will terminate on June 30, 2012.

Further, the Adviser has contractually agreed, through at least June 30, 2011, to waive the advisory fee payable by the Fund in an amount equal to 100% of the net advisory fees the Adviser receives from the affiliated money market funds on investments by the Fund of uninvested cash in such affiliated money market funds.

For the period June 1, 2010 to December 31, 2010, the Adviser waived advisory fees of \$3,986.

The Trust has entered into a master administrative services agreement with Invesco pursuant to which the Trust has agreed to pay Invesco for certain administrative costs incurred in providing accounting services to the Trust. Prior to June 1, 2010, under separate accounting services and chief compliance officer ( CCO ) employment agreements, Van Kampen Investments Inc. ( VKII ) provided accounting services and the CCO provided compliance services to the Trust. Pursuant to such agreements, the Trust paid \$6,564 to VKII. For the year ended December 31, 2010, expenses incurred under these agreements are shown in the Statement of Operations as administrative services fees. Also, Invesco has entered into service agreements whereby State Street Bank and Trust Company ( SSB ) serves as the custodian and fund accountant and provides certain administrative services to the Trust.

Prior to June 1, 2010, under a legal services agreement, VKII provided legal services to the Trust. Pursuant to such agreement, the Trust paid \$28,797 to VKII.

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

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

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

Level 1 Prices are determined using quoted prices in an active market for identical assets.

Level 2 Prices are determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, yield curves, loss severities, default rates, discount rates, volatilities and others.

Level 3 Prices are determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Trust's own assumptions about the factors market participants would use in determining fair value of the securities or instruments and would be based on the best available information.

The following is a summary of the tiered valuation input levels, as of December 31, 2010. The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

During the year ended December 31, 2010, there were no significant transfers between levels.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Corporate Bonds	\$	\$ 84,432,169	\$	\$ 84,432,169
Equity Securities	622,822	527,116		1,149,938
Total	\$ 622,822	\$ 84,959,285	\$	\$ 85,582,107

#### **NOTE 4 Trustees and Officers Fees and Benefits**

Trustees and Officers Fees and Benefits include amounts accrued by the Trust to pay remuneration to certain Trustees and Officers of the Trust. Trustees have the option to defer compensation payable by the Trust, and Trustees and Officers Fees and Benefits also include amounts accrued by the Trust to fund such deferred compensation amounts. Those Trustees who defer compensation have the option to select various Invesco Funds in which their deferral accounts shall be deemed to be invested. Finally, certain current Trustees are eligible to participate in a retirement plan that provides for benefits to be paid upon retirement to Trustees over a period of time based on the number of years of service. The Trust may have certain former Trustees who also participate in a retirement plan and receive benefits under such plan. Trustees and Officers Fees and Benefits include amounts accrued by the Trust to fund such retirement benefits. Obligations under the deferred compensation and retirement plans represent unsecured claims against the general assets of the Trust. These agreements were terminated during the period.

For the period ended December 31, 2010, the Trust paid legal fees of \$76,866 for services rendered by Skadden, Arps, Slate, Meagher & Flom LLP as counsel to the Independent Trustees. A member of that firm is a Trustee of the Trust.

#### **24 Invesco Van Kampen High Income Trust II**

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**NOTE 5 Cash Balances and Borrowings**

The Trust is permitted to temporarily carry a negative or overdrawn balance in its account with SSB, the custodian bank. To compensate the custodian bank for such overdrafts, the overdrawn Trust may either (1) leave funds as a compensating balance in the account so the custodian bank can be compensated by earning the additional interest; or (2) compensate by paying the custodian bank at a rate agreed upon by the custodian bank and Invesco, not to exceed the contractually agreed upon rate.

The Trust entered into a \$30 million annual revolving credit agreement which will terminate on September 30, 2011. This revolving credit agreement is secured by the assets of the Trust. In connection with this agreement, for the year ended December 31, 2010, the Trust incurred fees of approximately \$488,393, as disclosed on the Statement of Operations. For the year ended December 31, 2010, the average daily balance of borrowings under the credit agreement was \$26,263,014 with a weighted average interest rate of 0.24%.

**NOTE 6 Distributions to Shareholders and Tax Components of Net Assets****Tax Character of Distributions to Shareholders Paid During the Years Ended December 31, 2010 and 2009:**

	<b>2010</b>	<b>2009</b>
Ordinary income	\$ 5,874,227	\$ 6,897,501

**Tax Components of Net Assets at Period-End:**

	<b>2010</b>
Undistributed ordinary income	\$ 11,894
Net unrealized appreciation investments	4,038,216
Net unrealized appreciation (depreciation) other investments	(93,855)
Post-October deferrals	(36,444)
Capital loss carryforward	(41,148,145)
Shares of beneficial interest	98,144,811
Total net assets	\$ 60,916,477

The difference between book-basis and tax-basis unrealized appreciation (depreciation) is due to differences in the timing of recognition of gains and losses on investments for tax and book purposes. The Trust's net unrealized appreciation (depreciation) difference is attributable primarily to wash sales and defaulted bonds.

Capital loss carryforward is calculated and reported as of a specific date. Results of transactions and other activity after that date may affect the amount of capital loss carryforward actually available for the Trust to utilize. The ability to utilize capital loss carryforward in the future may be limited under the Internal Revenue Code and related

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regulations based on the results of future transactions. Under these limitation rules, the Trust is limited to utilizing \$41,148,145 of capital loss carryforward in the fiscal year ending December 31, 2010.

The Trust utilized \$2,668,556 of capital loss carryforward in the current period to offset net realized capital gain for federal income tax purposes. The Trust has a capital loss carryforward as of December 31, 2010 which expires as follows:

<b>Expiration</b>	<b>Capital Loss Carryforward*</b>
December 31, 2011	\$ 6,782,916
December 31, 2012	875,105
December 31, 2013	565,263
December 31, 2014	4,400,827
December 31, 2015	47,559.
December 31, 2016	9,476,998
December 31, 2017	18,999,477
Total capital loss carryforward	\$ 41,148,145

\* Capital loss carryforward as of the date listed above is reduced for limitations, if any, to the extent required by the Internal Revenue Code.

**NOTE 7 Investment Securities**

The aggregate amount of investment securities (other than short-term securities, U.S. Treasury obligations and money market funds, if any) purchased and sold by the Trust during the year ended December 31, 2010 was \$112,413,497 and \$118,109,849, respectively. Cost of investments on a tax basis includes the adjustments for financial reporting purposes as of the most recently completed Federal income tax reporting period-end.

**Unrealized Appreciation (Depreciation) of Investment Securities on a Tax Basis**

Aggregate unrealized appreciation of investment securities	\$ 4,255,815
Aggregate unrealized (depreciation) of investment securities	(311,411)
Net unrealized appreciation of investment securities	\$ 3,944,404

Cost of investments for tax purposes is \$81,637,703.

**NOTE 8 Reclassification of Permanent Differences**

Primarily as a result of a capital loss carryforward expiring on December 31, 2010, undistributed net investment income (loss) was increased by \$183,805 undistributed net realized gain (loss) was increased by \$14,174,778 and shares of beneficial interest decreased by \$14,358,583. This reclassification had no effect on the net assets of the Trust.

**NOTE 9 Common Shares of Beneficial Interest**

Transactions in common shares of beneficial interest were as follows:

	<b>Year Ended December 31, 2010</b>	<b>Year Ended December 31, 2009</b>
Beginning shares	3,770,265	18,851,327
1-for-5 Reverse Common Share Split	-0-	(15,081,062)
Ending shares	3,770,265	3,770,265

**NOTE 10 Change in Independent Registered Public Accounting Firm (unaudited)**

The Audit Committee of the Board of Trustees of the Trust appointed, and the Board of Trustees ratified thereafter and approved, PricewaterhouseCoopers LLP ( PWC ) as the independent registered public accounting firm of the Trust for the fiscal year following May 31, 2010. Prior to May 31, 2010, the Trust's financial statements were audited by a different independent registered public accounting firm (the Prior Auditor ). The Board of Trustees selected a new independent auditor for the Trust's current fiscal year in connection with the appointment of Invesco Advisers as investment adviser to the Trust ( New Advisory Agreement ).

Effective June 1, 2010, the Prior Auditor resigned as the independent registered public accounting firm of the Trust. The Prior Auditor's report on the financial statements of the Trust for the past two years did not contain an adverse or disclaimer of opinion, and was not qualified or modified as to uncertainty, audit scope or accounting principles. During the period the Prior Auditor was engaged, there were no disagreements with the Prior Auditor on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to the Prior Auditor's satisfaction, would have caused it to make reference to that matter in connection with its report.

**NOTE 11 Preferred Shares**

During the year ended December 31, 2010, the Trust retired all of its outstanding Auction Preferred Shares (APS). Historically, the Trust paid annual fees equivalent to 0.25% of the preferred share liquidation value for the remarketing efforts associated with the preferred auction. Effective March 19, 2009, the Trust had decreased this amount to 0.15% due to auction failures. These fees are included as a component of Preferred Share Maintenance expense on the Statement of Operations.

The APS were redeemable at the option of the Trust in whole or in part at the liquidation value of \$25,000 per share plus accumulated and unpaid dividends.

For the year ended December 31, 2010, transactions in preferred shares were as follows:

	<b>Series A Shares</b>	<b>Liquidation Value</b>	<b>Series B Shares</b>	<b>Liquidation Value</b>
Outstanding at December 31, 2009	75	\$ 1,875,000	101	\$ 2,525,000
Amount retired	(75)	(1,875,000)	(101)	(2,525,000)
Outstanding at December 31, 2010	0	\$ 0	0	\$ 0

**NOTE 12 Legal Matters**

On January 17, 2011, a Consolidated Amended Shareholder Derivative Complaint was filed on behalf of Invesco Van Kampen High Income Trust II, Invesco Van Kampen Advantage Municipal Income Trust II, Invesco Van Kampen Municipal Opportunity Trust, Invesco Van Kampen Municipal Trust and Invesco Van Kampen Senior Income Trust (the Trusts ) against Van Kampen Asset Management, Morgan Stanley and certain current and former executive officers of the Trusts (collectively, the Defendants ) alleging that they breached their fiduciary duties to common shareholders by causing the Trusts to redeem Auction Rate Preferred Securities ( ARPS ) at their liquidation value when the secondary market valued the ARPS at a significant discount from their liquidation values. The Complaint also alleges that the redemption of the ARPS occurred at the expense of the Trusts and their common shareholders. This Complaint amends and consolidates two separate complaints that were filed by Clifford T. Rotz, Jr., Robert Fast and Gene Turban on July 22, 2010, and by Harry Suleski, Leon McDermott, Marilyn Morrison and John Johnson on August 3, 2010. Each of the Trusts initially received a demand letter from the plaintiffs on April 8, 2010. Plaintiffs seek judgment that: 1) orders Defendants to refrain from redeeming any ARPS at their liquidation value using Trusts assets; 2) awards monetary damages against all Defendants, individually, jointly or severally, in favor of the Trusts, for all losses and damages allegedly suffered as a result of the redemptions of ARPS at their liquidation value; 3) grants appropriate equitable relief to remedy the Defendants' breaches of fiduciary duties; and 4) awards to Plaintiffs the costs and disbursements of the action. The Board has formed a committee to investigate these claims and make a recommendation to the Board regarding whether maintenance of these claims is in the best interests of the Trusts, and the parties to the litigation have agreed to a temporary stay of the litigation pending the Board's determination.

Management of Invesco and the Trusts believe that the outcome of the proceedings described above will have no material adverse effect on the Trusts or on the ability of Invesco to provide ongoing services to the Trusts.

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**Report of Independent Registered Public Accounting Firm**

To the Board of Trustees and Shareholders of Invesco Van Kampen High Income Trust II:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations, of changes in net assets and of cash flows and the financial highlights present fairly, in all material respects, the financial position of Invesco Van Kampen High Income Trust II (formerly known as Van Kampen High Income Trust II hereafter referred to as the Trust ) at December 31, 2010, the results of its operations, the changes in its net assets and its cash flows and the financial highlights for the year then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as financial statements ) are the responsibility of the Trust s management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit, which included confirmation of securities at December 31, 2010 by correspondence with the custodian and brokers, provides a reasonable basis for our opinion. The statement of changes in net assets and the financial highlights of the Trust for the periods ended December 31, 2009 and prior were audited by other independent auditors whose report dated February 19, 2010 expressed an unqualified opinion on those financial statements.

PRICEWATERHOUSECOOPERS LLP

February 22, 2011  
Houston, Texas

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## Tax Information

Form 1099-DIV, Form 1042-S and other year-end tax information provide shareholders with actual calendar year amounts that should be included in their tax returns. Shareholders should consult their tax advisors.

The following distribution information is being provided as required by the Internal Revenue Code or to meet a specific state's requirement.

The Trust designates the following amounts or, if subsequently determined to be different, the maximum amount allowable for its fiscal year ended December 31, 2010:

### Federal and State Income Tax

Qualified Dividend Income*	0.0%
Corporate Dividends Received Deduction*	0.0%

\* The above percentages are based on ordinary income dividends paid to shareholders during the Trust's fiscal year.

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**Proxy Results**

An Annual Meeting ( Meeting ) of Shareholders of Invesco Van Kampen High Income Trust II was held on Friday, July 16, 2010. The Meeting was held for the following purpose:

- (1) Elect four Class III Trustees, each by the holders of Common Shares, each of whom will serve for a three year term or until a successor has been duly elected and qualified.

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

<b>Matter</b>	<b>Votes For</b>	<b>Votes Withheld</b>
(1) R. Craig Kennedy	3,118,747	183,418
Jack E. Nelson	3,109,399	192,766
Colin D. Meadows	3,122,016	180,149
Hugo F. Sonnenschein	3,114,706	187,459

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**Trustees and Officers**

The address of each trustee and officer is 1555 Peachtree, N.E., Atlanta, Georgia 30309. The trustees serve for the life of the Fund, subject to their earlier death, incapacitation, resignation, retirement or removal as more specifically provided in the Fund's organizational documents. Each officer serves for a one year term or until their successors are elected and qualified. Column two below includes length of time served with predecessor entities, if any.

Name, Year of Birth and	Trustee and/or Officer Since	Principal Occupation(s) During Past 5 Years	Number of Funds in Fund Complex Overseen by	Other Directorship(s)
Position(s) Held with the Trust			Trustee Held by Trustee	
<b>Interested Persons</b>				
Colin Meadows 1971 Trustee, President and Principal Executive Officer	2010	Chief Administrative Officer, Invesco Advisers, Inc., since 2006; Prior to 2006, Senior Vice President of business development and mergers and acquisitions at GE Consumer Finance; Prior to 2005, Senior Vice President of strategic planning and technology at Wells Fargo Bank; From 1996 to 2003, associate principal with McKinsey & Company, focusing on the financial services and venture capital industries, with emphasis in banking and asset management sectors.	18	None
<b>Independent Trustees</b>				
Wayne M. Whalen <sup>1</sup> 1939 Trustee and Chair	1989	Of Counsel, and prior to 2010, partner in the law firm of Skadden, Arps, Slate, Meagher & Flom LLP, legal counsel to funds in the Fund Complex	227	Director of the Abraham Lincoln Presidential Library Foundation
David C. Arch 1945 Trustee	1989	Chairman and Chief Executive Officer of Blistex Inc., a consumer health care products	227	Member of the Heartland Alliance Advisory Board, a nonprofit organization

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		manufacturer.		<p>18</p> <p>serving human needs based in Chicago. Board member of the Illinois Manufacturers Association. Member of the Board of Visitors, Institute for the Humanities, University of Michigan</p>
Jerry D. Choate Trustee	1938	2003	<p>From 1995 to 1999, Chairman and Chief Executive Officer of the Allstate Corporation ("Allstate ") and Allstate Insurance Company. From 1994 to 1995, President and Chief Executive Officer of Allstate. Prior to 1994, various management positions at Allstate.</p>	<p>18</p> <p>Trustee/Director/Managing General Partner of funds in the Fund Complex. Director since 1998 and member of the governance and nominating committee, executive committee, compensation and management development committee and equity award committee, of Amgen Inc., a biotechnological company. Director since 1999 and member of the nominating and governance committee and compensation and executive committee, of Valero Energy Corporation, a crude oil refining and marketing company. Previously, from 2006 to 2007, Director and member of the compensation committee and audit committee, of H&amp;R Block, a tax preparation services company.</p>
Rodney Dammeyer Trustee	1940	1989	<p>President of CAC, LLC, a private company offering capital investment and management advisory services.</p> <p>Formerly: Prior to January 2004, Director of TeleTech Holdings Inc.; Prior to 2002, Director of Arris Group, Inc.; Prior to 2001, Managing Partner at Equity</p>	<p>227</p> <p>Director of Quidel Corporation and Stericycle, Inc. Prior to May 2008, Trustee of The Scripps Research Institute. Prior to February 2008, Director of Ventana Medical Systems, Inc. Prior to April 2007, Director of GATX</p>

Group Corporate Investments. Prior to 1995, Vice Chairman of Anixter International. Prior to 1985, experience includes Senior Vice President and Chief Financial Officer of Household International, Inc, Executive Vice President and Chief Financial Officer of Northwest Industries, Inc. and Partner of Arthur Andersen & Co.

Corporation. Prior to April 2004, Director of TheraSense, Inc.

<sup>1</sup> Mr. Whalen is considered an interested person (within the meaning of Section 2(a)(19) of the 1940 Act) of certain Funds in the Fund Complex by reason of he and his firm currently providing legal services as legal counsel to such Funds in the Fund Complex.

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**Trustees and Officers** (continued)

<b>Name, Year of Birth and Position(s) Held with the Trust</b>	<b>Trustee and/ or Officer Since</b>	<b>Principal Occupation(s) During Past 5 Years</b>	<b>Number of Funds in Fund Complex Overseen by</b>	<b>Other Directorship(s) Held by Trustee</b>
<b>Independent Trustees</b>				
Linda Hutton Heagy 1948 Trustee	2003	Prior to June 2008, Managing Partner of Heidrick & Struggles, the second largest global executive search firm, and from 2001-2004, Regional Managing Director of U.S. operations at Heidrick & Struggles. Prior to 1997, Managing Partner of Ray & Berndtson, Inc., an executive recruiting firm. Prior to 1995, Executive Vice President of ABN AMRO, N.A., a bank holding company, with oversight for treasury management operations including all non-credit product pricing. Prior to 1990, experience includes Executive Vice President of The Exchange National Bank with oversight of treasury management including capital markets operations, Vice President of Northern Trust Company and an Associate at Price Waterhouse.	18	Trustee/Director/Managing General Partner of funds in the Fund Complex. Prior to 2010, Trustee on the University of Chicago Medical Center Board, Vice Chair of the Board of the YMCA of Metropolitan Chicago and a member of the Women's Board of the University of Chicago.
R. Craig Kennedy 1952 Trustee	2003	Director and President of the German Marshall Fund of the United States, an independent U.S. foundation created to deepen understanding, promote collaboration and stimulate exchanges of practical experience between Americans and Europeans. Formerly, advisor to	18	Trustee/Director/Managing General Partner of funds in the Fund Complex. Director of First Solar, Inc.

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			the Dennis Trading Group Inc., a managed futures and option company that invests money for individuals and institutions. Prior to 1992, President and Chief Executive Officer, Director and member of the Investment Committee of the Joyce Foundation, a private foundation.		
Howard J Kerr Trustee	1935	1992	Retired. Previous member of the City Council and Mayor of Lake Forest, Illinois from 1988 through 2002. Previous business experience from 1981 through 1996 includes President and Chief Executive Officer of Pocklington Corporation, Inc., an investment holding company, President and Chief Executive Officer of Grabill Aerospace, and President of Custom Technologies Corporation. United States Naval Officer from 1960 through 1981, with responsibilities including Commanding Officer of United States Navy destroyers and Commander of United States Navy Destroyer Squadron Thirty-Three, White House experience in 1973 through 1975 as military aide to Vice Presidents Agnew and Ford and Naval Aid to President Ford, and Military Fellow on the Council of Foreign Relations in 1978-through 1979.	18	Trustee/Director/Managing General Partner of funds in the Fund Complex. Director of the Lake Forest Bank & Trust. Director of the Marrow Foundation.
Jack E. Nelson Trustee	1936	2003	President of Nelson Investment Planning Services, Inc., a financial planning company and registered investment adviser in the State of Florida. President of Nelson Invest Brokerage Services Inc., a member of the Financial Industry Regulatory Authority ( FINRA ), Securities Investors Protection Corp. and the Municipal Securities Rulemaking Board. President of Nelson Sales and Services Corporation, a marketing and services company to support	18	Trustee/Director/Managing General Partner of funds in the Fund Complex.

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			affiliated companies.	
Hugo F. Sonnenschein Trustee	1940	1994	President Emeritus and Honorary Trustee of the University of Chicago and the Adam Smith Distinguished Service Professor in the Department of Economics at the University of Chicago. Prior to July 2000, President of the University of Chicago.	227
Suzanne H. Woolsey, Ph.D. Trustee	1941	2003	Chief Communications Officer of the National Academy of Sciences and Engineering and Institute of Medicine/National Research Council, an independent, federally chartered policy institution, from 2001 to November 2003 and Chief Operating Officer from 1993 to 2001. Executive Director of the Commission on Behavioral and Social Sciences and Education at the National Academy of Sciences/National Research Council from 1989 to 1993. Prior to 1980, experience includes Partner of Coopers & Lybrand (from 1980 to 1989), Associate Director of the US Office of Management and Budget (from 1977 to 1980) and Program Director of the Urban Institute (from 1975 to 1977).	18
				Trustee of the University of Rochester and a member of its investment committee. Member of the National Academy of Sciences, the American Philosophical Society and a fellow of the American Academy of Arts and Sciences
				Trustee/Director/Managing General Partner of funds in the Fund Complex. Independent Director and audit committee chairperson of Changing World Technologies, Inc., an energy manufacturing company, since July 2008. Independent Director and member of audit and governance committees of Fluor Corp., a global engineering, construction and management company, since January 2004. Director of Intelligent Medical Devices, Inc., a private company which develops symptom-based diagnostic tools for viral respiratory infections. Advisory Board member of ExactCost LLC, a private company providing activity-based costing for hospitals, laboratories, clinics, and physicians, since 2008.



**Trustees and Officers** (continued)

Name, Year of Birth and Position(s) Held with the Trust	Trustee and/ or Officer Since	Principal Occupation(s) During Past 5 Years	Number of Funds in Fund Complex	
			Overseen by Trustee	Other Directorship(s) Held by Trustee
<b>Independent Trustees</b>				
				Chairperson of the Board of Trustees of the Institute for Defense Analyses, a federally funded research and development center, since 2000. Trustee from 1992 to 2000 and 2002 to present, current chairperson of the finance committee, current member of the audit committee, strategic growth committee and executive committee, and former Chairperson of the Board of Trustees (from 1997 to 1999), of the German Marshall Fund of the United States, a public foundation. Lead Independent Trustee of the Rocky Mountain Institute, a non-profit energy and environmental institute; Trustee since 2004. Chairperson of the Board of Trustees of the Colorado College; Trustee since

				1995. Trustee of California Institute of Technology. Previously, Independent Director and member of audit committee and governance committee of Neurogen Corporation from 1998 to 2006; and Independent Director of Arbros Communications from 2000 to 2002
<b>Other Officers</b>				
John M. Zerr 1962 Senior Vice President, Chief Legal Officer and Secretary	2010	Director, Senior Vice President, Secretary and General Counsel, Invesco Management Group, Inc. (formerly known as Invesco Aim Management Group, Inc.), Van Kampen Investments Inc. and Van Kampen Exchange Corp., Senior Vice President, Invesco Advisers, Inc. formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser); Senior Vice President and Secretary, Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.); Director, Vice President and Secretary, Invesco Investment Services, Inc. (formerly known as Invesco Aim Investment Services, Inc.) and IVZ Distributors, Inc. (formerly known as INVESCO Distributors, Inc.); Director and Vice President, INVESCO Funds Group, Inc.; Senior Vice President, Chief Legal Officer and Secretary, The Invesco Funds; Manager, Invesco PowerShares Capital Management LLC; Director, Secretary and General Counsel, Van Kampen Asset Management; Director and Secretary, Van Kampen Advisors	N/A	N/A

Inc.; Secretary and General Counsel, Van Kampen Funds Inc.; and Director, Vice President, Secretary and General Counsel, Van Kampen Investor Services Inc.; and Chief Legal Officer, PowerShares Exchange-Traded Fund Trust, PowerShares Exchange-Traded Fund Trust II, PowerShares India Exchange-Traded Fund Trust and PowerShares Actively Managed Exchange-Traded Fund Trust

Formerly: Director, Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.); Director, Senior Vice President, General Counsel and Secretary, Invesco Advisers, Inc.; Director, Vice President and Secretary, Fund Management Company; Director, Senior Vice President, Secretary, General Counsel and Vice President, Invesco Aim Capital Management, Inc.; Chief Operating Officer and General Counsel, Liberty Ridge Capital, Inc. (an investment adviser); Vice President and Secretary, PBHG Funds (an investment company) and PBHG Insurance Series Fund (an investment company); Chief Operating Officer, General Counsel and Secretary, Old Mutual Investment Partners (a broker-dealer); General Counsel and Secretary, Old Mutual Fund Services (an administrator) and Old Mutual Shareholder Services (a shareholder servicing center); Executive Vice President, General Counsel and Secretary, Old Mutual Capital, Inc. (an investment adviser); and Vice President and Secretary, Old Mutual Advisors Funds (an investment company)

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Lisa O. Brinkley Vice President	1959	2010	<p>Global Compliance Director, Invesco Ltd.; Chief Compliance Officer, Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.), Invesco Investment Services, Inc.(formerly known as Invesco Aim Investment Services, Inc.) and Van Kampen Investor Services Inc.; and Vice President, The Invesco Funds</p> <p>Formerly: Senior Vice President, Invesco Management Group, Inc.; Senior Vice President and Chief Compliance Officer, Invesco Advisers, Inc. and The Invesco Funds; Vice President and Chief Compliance Officer, Invesco Aim Capital Management, Inc. and Invesco Distributors, Inc.; Vice President, Invesco Investment Services, Inc. and Fund Management Company</p>	N/A	N/A
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**Trustees and Officers** (continued)

Name, Year of Birth and Position(s) Held with the Trust	Trustee and/ or Officer Since	Principal Occupation(s) During Past 5 Years	Number of Funds in Fund Complex	
			Overseen by Trustee	Other Directorship(s) Held by Trustee
<b>Other Officers</b>				
Karen Dunn Kelley 1960 Vice President	2010	Head of Invesco's World Wide Fixed Income and Cash Management Group; Senior Vice President, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser) and Van Kampen Investments Inc.; Executive Vice President, Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.); Senior Vice President, Invesco Management Group, Inc. (formerly known as Invesco Aim Management Group, Inc.); and Director, Invesco Mortgage Capital Inc.; Vice President, The Invesco Funds (other than AIM Treasurer's Series Trust (Invesco Treasurer's Series Trust) and Short-Term Investments Trust); President and Principal Executive Officer, The Invesco Funds (AIM Treasurer's Series Trust (Invesco Treasurer's Series Trust) and Short-Term Investments Trust only).  Formerly: Vice President, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.); Director of Cash Management and Senior Vice President, Invesco Advisers, Inc.	N/A	N/A

		and Invesco Aim Capital Management, Inc.; President and Principal Executive Officer, Tax-Free Investments Trust; Director and President, Fund Management Company; Chief Cash Management Officer, Director of Cash Management, Senior Vice President, and Managing Director, Invesco Aim Capital Management, Inc.; Director of Cash Management, Senior Vice President, and Vice President, Invesco Advisers, Inc. and The Invesco Funds (AIM Treasurer s Series Trust (Invesco Treasurer s Series Trust), Short-Term Investments Trust and Tax-Free Investments Trust only)		
Sheri Morris 1964 Vice President, Principal Financial Officer and Treasurer	2010	Vice President, Treasurer and Principal Financial Officer, The Invesco Funds; and Vice President, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser)  Formerly: Vice President, Invesco Advisers, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.; Assistant Vice President and Assistant Treasurer, The Invesco Funds and Assistant Vice President, Invesco Advisers, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.	N/A	N/A
Lance A. Rejsek 1967 Anti-Money Laundering Compliance Officer	2010	Anti-Money Laundering Compliance Officer, Invesco Advisers, Inc. (formerly known as Invesco Institutional (N.A.), Inc.) (registered investment adviser); Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.), Invesco Investment Services, Inc.	N/A	N/A

	<p>(formerly known as Invesco Aim Investment Services, Inc.), The Invesco Funds, PowerShares Exchange-Traded Fund Trust, PowerShares Exchange-Traded Trust II, PowerShares India Exchange-Traded Fund Trust, PowerShares Actively Managed Exchange-Traded Fund Trust, Van Kampen Asset Management, Van Kampen Investor Services Inc., and Van Kampen Funds Inc.</p> <p>Formerly: Anti-Money Laundering Compliance Officer, Fund Management Company, Invesco Advisers, Inc., Invesco Aim Capital Management, Inc. and Invesco Aim Private Asset Management, Inc.</p>		
<p>Todd L. Spillane 1958 Chief Compliance Officer</p>	<p>2010 Senior Vice President, Invesco Management Group, Inc. (formerly known as Invesco Aim Management Group, Inc.), Van Kampen Investments Inc. and Van Kampen Exchange Corp.; Senior Vice President and Chief Compliance Officer, Invesco Advisers, Inc. (registered investment adviser) (formerly known as Invesco Institutional (N.A.), Inc.); Chief Compliance Officer, The Invesco Funds, PowerShares Exchange-Traded Fund Trust, PowerShares Exchange-Traded Trust II, PowerShares India Exchange-Traded Fund Trust, PowerShares Actively Managed Exchange-Traded Fund Trust, INVESCO Private Capital Investments, Inc. (holding company) and Invesco Private Capital, Inc. (registered investment adviser); Vice President, Invesco Distributors, Inc. (formerly known as Invesco Aim Distributors, Inc.), Invesco Investment Services, Inc.</p>	<p>N/A</p>	<p>N/A</p>

(formerly known as Invesco Aim Investment Services, Inc.) and Van Kampen Investor Services Inc.

Formerly: Senior Vice President and Chief Compliance Officer, Invesco Advisers, Inc. and Invesco Aim Capital Management, Inc.; Chief Compliance Officer, Invesco Global Asset Management (N.A.), Inc. and Invesco Senior Secured Management, Inc. (registered investment adviser); Vice President, Invesco Aim Capital Management, Inc. and Fund Management Company

**Office of the Fund**

1555 Peachtree Street, N.E.

Atlanta, GA 30309

**Investment Adviser**

Invesco Advisers, Inc.

1555 Peachtree Street, N.E.  
Atlanta, GA 30309

**Auditors**

PricewaterhouseCoopers LLP

1201 Louisiana Street, Suite 2900  
Houston, TX 77002-5678

**Custodian**

State Street Bank and Trust Company  
225 Franklin

Boston, MA  
02110-2801

**Counsel to the Fund**

Skadden, Arps, Slate, Meagher & Flom, LLP

155 West Wacker Drive  
Chicago, IL 60606

**Transfer Agent**

Invesco Investment Services, Inc.

P.O. Box 4739  
Houston, TX  
77210-4739

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### **Invesco privacy policy**

You share personal and financial information with us that is necessary for your transactions and your account records. We take very seriously the obligation to keep that information confidential and private.

Invesco collects nonpublic personal information about you from account applications or other forms you complete and from your transactions with us or our affiliates. We do not disclose information about you or our former customers to service providers or other third parties except to the extent necessary to service your account and in other limited circumstances as permitted by law. For example, we use this information to facilitate the delivery of transaction confirmations, financial reports, prospectuses and tax forms.

Even within Invesco, only people involved in the servicing of your accounts and compliance monitoring have access to your information. To ensure the highest level of confidentiality and security, Invesco maintains physical, electronic and procedural safeguards that meet or exceed federal standards. Special measures, such as data encryption and authentication, apply to your communications with us on our website. More detail is available to you at [invesco.com/privacy](http://invesco.com/privacy).

### **Fund holdings and proxy voting information**

The Fund provides a complete list of its holdings four times in each fiscal year, at the quarter-ends. For the second and fourth quarters, the lists appear in the Fund's semiannual and annual reports to shareholders. For the first and third quarters, the Fund files the lists with the Securities and Exchange Commission (SEC) on Form N-Q. Shareholders can also look up the Fund's Forms N-Q on the SEC website at [sec.gov](http://sec.gov). Copies of the Fund's Forms N-Q may be reviewed and copied at the SEC Public Reference Room in Washington, D.C. You can obtain information on the operation of the Public Reference Room, including information about duplicating fee charges, by calling 202 551 8090 or 800 732 0330, or by electronic request at the following email address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov). The SEC file number for the Fund is 811-05769.

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

Information regarding how the Fund voted proxies related to its portfolio securities during the 12 months ended June 30, 2010, is available at [invesco.com/proxysearch](http://invesco.com/proxysearch). In addition, this information is available on the SEC website at [sec.gov](http://sec.gov).

Invesco Advisers, Inc. is an investment adviser; it provides investment advisory services to individual and institutional clients and does not sell securities. Invesco Distributors, Inc. is the U.S. distributor for Invesco Ltd.'s retail mutual funds, exchange-traded funds and institutional money market funds. Both are wholly owned, indirect subsidiaries of Invesco Ltd.

VK-CE-HINC2-AR-1

Invesco Distributors, Inc.

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## ITEM 2. CODE OF ETHICS.

As of the end of the period covered by this report, the Registrant had adopted a code of ethics (the Code) that applies to the Registrant's principal executive officer (PEO) and principal financial officer (PFO). The Code was amended in June, 2010, to (i) add an individual to Exhibit A and (ii) update the names of certain legal entities. The Registrant did not grant any waivers, including implicit waivers, from any provisions of the Code to the PEO or PFO during the period covered by this report.

## ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The Board of Trustees has determined that the Registrant has at least one audit committee financial expert serving on its Audit Committee. The Audit Committee financial experts are Jerry D. Choate, Linda Hutton Heagy and R. Craig Kennedy. Jerry D. Choate, Linda Hutton Heagy and R. Craig Kennedy are independent within the meaning of that term as used in Form N-CSR.

## ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

**Fees Billed by Principal Accountant Related to the Registrant**

The information set forth below for the 2010 fiscal year relates to fees billed by the Fund's Prior and Current Auditors:

	Fees Billed for Services Rendered to the Registrant for fiscal year end 12/31/2010	Percentage of Fees Billed Applicable to Non-Audit Services Provided for fiscal year end 12/31/2010 Pursuant to Waiver of Pre-Approval Requirement <sup>(1)</sup>	Fees Billed for Services Rendered to the Registrant for fiscal year end 12/31/2009	Percentage of Fees Billed Applicable to Non-Audit Services Provided for fiscal year end 12/31/2009 Pursuant to Waiver of Pre-Approval Requirement <sup>(1)</sup>
Audit Fees	\$ 35,000	N/A	\$ 51,745	N/A
Audit-Related Fees <sup>(2)</sup>	\$ 0	0%	\$ 830	0%
Tax Fees <sup>(3)</sup>	\$ 6,000	0%	\$ 2,750	0%
All Other Fees <sup>(4)</sup>	\$ 1,667	0%	\$ 0	0%
<b>Total Fees</b>	<b>\$ 42,667</b>	<b>0%</b>	<b>\$ 55,325</b>	<b>0%</b>

PWC billed the Registrant aggregate non-audit fees of \$7,667 for the fiscal year ended December 31, 2010. D&T billed the Registrant aggregate non-audit fees of \$3,580 for the fiscal year ended December 31, 2009.

- (1) With respect to the provision of non-audit services, the pre-approval requirement is waived pursuant to a de minimis exception if (i) such services were not recognized as non-audit services by the Registrant at the time of engagement, (ii) the aggregate amount of all such services provided is no more than 5% of the aggregate audit and non-audit fees paid by the Registrant to PWC during a fiscal year; and (iii) such services are promptly brought to the attention of the Registrant's Audit Committee and approved by the Registrant's Audit Committee prior to the completion of the audit.
- (2) Audit-Related fees for the fiscal year end December 31, 2009 includes fees billed for agreed upon procedures provided that are reasonably related to the performance of the audit of the financial statements.

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- (3) Tax fees for the fiscal year end December 31, 2010 includes fees billed for reviewing tax returns. Tax fees for the fiscal year end December 31, 2009 includes fees billed for reviewing tax returns.
  - (4) All Other fees for the fiscal year end December 31, 2010 includes fees billed for completing professional services related to benchmark analysis.
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**Fees Billed by PWC Related to Invesco and Invesco Affiliates**

PWC billed Invesco Advisers, Inc. ( Invesco ), the Registrant s adviser, and any entity controlling, controlled by or under common control with Invesco that provides ongoing services to the Registrant ( Invesco Affiliates ) aggregate fees for pre-approved non-audit services rendered to Invesco and Invesco Affiliates for the last two fiscal years as follows:

	Fees Billed for Non- Audit Services Rendered to Invesco and Invesco Affiliates for fiscal year end 12/31/2010 That Were Required to be Pre-Approved by the Registrant s Audit Committee	Percentage of Fees Billed Applicable to Non-Audit Services Provided for fiscal year end 12/31/2010 Pursuant to Waiver of Pre-Approval Requirement <sup>(1)</sup>	Fees Billed for Non- Audit Services Rendered to Invesco and Invesco Affiliates for fiscal year end 12/31/2009 That Were Required to be Pre-Approved by the Registrant s Audit Committee	Percentage of Fees Billed Applicable to Non-Audit Services Provided for fiscal year end 12/31/2009 Pursuant to Waiver of Pre-Approval Requirement <sup>(1)</sup>
Audit-Related Fees	\$ 0	0%	\$ 0	0%
Tax Fees	\$ 0	0%	\$ 0	0%
All Other Fees	\$ 0	0%	\$ 0	0%
Total Fees <sup>(2)</sup>	\$ 0	0%	\$ 0	0%

- (1) With respect to the provision of non-audit services, the pre-approval requirement is waived pursuant to a de minimis exception if (i) such services were not recognized as non-audit services by the Registrant at the time of engagement, (ii) the aggregate amount of all such services provided is no more than 5% of the aggregate audit and non-audit fees paid by the Registrant, Invesco and Invesco Affiliates to PWC during a fiscal year; and (iii) such services are promptly brought to the attention of the Registrant s Audit Committee and approved by the Registrant s Audit Committee prior to the completion of the audit.
- (2) Including the fees for services not required to be pre-approved by the registrant s audit committee, PWC billed Invesco and Invesco Affiliates aggregate non-audit fees of \$0 for the fiscal year ended December 31, 2010, and \$0 for the fiscal year ended December 31, 2009, for non-audit services rendered to Invesco and Invesco Affiliates.

The Audit Committee also has considered whether the provision of non-audit services that were rendered to Invesco and Invesco Affiliates that were not required to be pre-approved pursuant to SEC regulations, if any, is compatible with maintaining PWC s independence. To the extent that such services were provided, the Audit Committee determined that the provision of such services is compatible with PWC maintaining independence with respect to the Registrant.



**PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES  
POLICIES AND PROCEDURES**

As adopted by the Audit Committees of  
the Invesco Funds (the Funds )  
Last Amended May 4, 2010

**Statement of Principles**

Under the Sarbanes-Oxley Act of 2002 and rules adopted by the Securities and Exchange Commission ( SEC ) ( Rules ), the Audit Committees of the Funds (the Audit Committees ) Board of Trustees (the Board ) are responsible for the appointment, compensation and oversight of the work of independent accountants (an Auditor ). As part of this responsibility and to assure that the Auditor 's independence is not impaired, the Audit Committees pre-approve the audit and non-audit services provided to the Funds by each Auditor, as well as all non-audit services provided by the Auditor to the Funds investment adviser and to affiliates of the adviser that provide ongoing services to the Funds ( Service Affiliates ) if the services directly impact the Funds operations or financial reporting. The SEC Rules also specify the types of services that an Auditor may not provide to its audit client. The following policies and procedures comply with the requirements for pre-approval and provide a mechanism by which management of the Funds may request and secure pre-approval of audit and non-audit services in an orderly manner with minimal disruption to normal business operations.

Proposed services either may be pre-approved without consideration of specific case-by-case services by the Audit Committees ( general pre-approval ) or require the specific pre-approval of the Audit Committees ( specific pre-approval ). As set forth in these policies and procedures, unless a type of service has received general pre-approval, it will require specific pre-approval by the Audit Committees. Additionally, any fees exceeding 110% of estimated pre-approved fee levels provided at the time the service was pre-approved will also require specific approval by the Audit Committees before payment is made. The Audit Committees will also consider the impact of additional fees on the Auditor 's independence when determining whether to approve any additional fees for previously pre-approved services.

The Audit Committees will annually review and generally pre-approve the services that may be provided by each Auditor without obtaining specific pre-approval from the Audit Committee generally on an annual basis. The term of any general pre-approval runs from the date of such pre-approval through September 30<sup>th</sup> of the following year, unless the Audit Committees consider a different period and state otherwise. The Audit Committees will add to or subtract from the list of general pre-approved services from time to time, based on subsequent determinations.

The purpose of these policies and procedures is to set forth the guidelines to assist the Audit Committees in fulfilling their responsibilities.

**Delegation**

The Audit Committees may from time to time delegate pre-approval authority to one or more of its members who are Independent Trustees. All decisions to pre-approve a service by a delegated member shall be reported to the Audit Committees at the next quarterly meeting.

**Audit Services**

The annual audit services engagement terms will be subject to specific pre-approval of the Audit Committees. Audit services include the annual financial statement audit and other procedures such as tax provision work that is required to be performed by the independent auditor to be able to form an opinion on the Funds financial statements. The Audit Committees will obtain, review and consider sufficient information concerning the proposed Auditor to make a reasonable evaluation of the Auditor 's qualifications and independence.

In addition to the annual Audit services engagement, the Audit Committees may grant either general or specific pre-approval of other audit services, which are those services that only the independent auditor reasonably can provide. Other Audit services may include services such as issuing consents for the

inclusion of audited financial statements with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings.

#### **Non-Audit Services**

The Audit Committees may provide either general or specific pre-approval of any non-audit services to the Funds and its Service Affiliates if the Audit Committees believe that the provision of the service will not impair the independence of the Auditor, is consistent with the SEC's Rules on auditor independence, and otherwise conforms to the Audit Committees' general principles and policies as set forth herein.

#### **Audit-Related Services**

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Fund's financial statements or that are traditionally performed by the independent auditor. Audit-related services include, among others, accounting consultations related to accounting, financial reporting or disclosure matters not classified as Audit services; assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities; and agreed-upon procedures related to mergers, compliance with ratings agency requirements and interfund lending activities.

#### **Tax Services**

Tax services include, but are not limited to, the review and signing of the Funds' federal tax returns, the review of required distributions by the Funds and consultations regarding tax matters such as the tax treatment of new investments or the impact of new regulations. The Audit Committees will scrutinize carefully the retention of the Auditor in connection with a transaction initially recommended by the Auditor, the major business purpose of which may be tax avoidance or the tax treatment of which may not be supported in the Internal Revenue Code and related regulations. The Audit Committees will consult with the Funds' Treasurer (or his or her designee) and may consult with outside counsel or advisors as necessary to ensure the consistency of Tax services rendered by the Auditor with the foregoing policy.

No Auditor shall represent any Fund or any Service Affiliate before a tax court, district court or federal court of claims.

Under rules adopted by the Public Company Accounting Oversight Board and approved by the SEC, in connection with seeking Audit Committees' pre-approval of permissible Tax services, the Auditor shall:

1. Describe in writing to the Audit Committees, which writing may be in the form of the proposed engagement letter:
  - a. The scope of the service, the fee structure for the engagement, and any side letter or amendment to the engagement letter, or any other agreement between the Auditor and the Fund, relating to the service; and
  - b. Any compensation arrangement or other agreement, such as a referral agreement, a referral fee or fee-sharing arrangement, between the Auditor and any person (other than the Fund) with respect to the promoting, marketing, or recommending of a transaction covered by the service;
2. Discuss with the Audit Committees the potential effects of the services on the independence of the Auditor; and
3. Document the substance of its discussion with the Audit Committees.

#### **All Other Auditor Services**

The Audit Committees may pre-approve non-audit services classified as All other services that are not categorically prohibited by the SEC, as listed in Exhibit 1 to this policy.

### **Pre-Approval Fee Levels or Established Amounts**

Pre-approval of estimated fees or established amounts for services to be provided by the Auditor under general or specific pre-approval policies will be set periodically by the Audit Committees. Any proposed fees exceeding 110% of the maximum estimated pre-approved fees or established amounts for pre-approved audit and non-audit services will be reported to the Audit Committees at the quarterly Audit Committees meeting and will require specific approval by the Audit Committees before payment is made. The Audit Committees will always factor in the overall relationship of fees for audit and non-audit services in determining whether to pre-approve any such services and in determining whether to approve any additional fees exceeding 110% of the maximum pre-approved fees or established amounts for previously pre-approved services.

### **Procedures**

Generally on an annual basis, Invesco Advisers, Inc. ( Invesco ) will submit to the Audit Committees for general pre-approval, a list of non-audit services that the Funds or Service Affiliates of the Funds may request from the Auditor. The list will describe the non-audit services in reasonable detail and will include an estimated range of fees and such other information as the Audit Committee may request.

Each request for services to be provided by the Auditor under the general pre-approval of the Audit Committees will be submitted to the Funds' Treasurer (or his or her designee) and must include a detailed description of the services to be rendered. The Treasurer or his or her designee will ensure that such services are included within the list of services that have received the general pre-approval of the Audit Committees. The Audit Committees will be informed at the next quarterly scheduled Audit Committees meeting of any such services for which the Auditor rendered an invoice and whether such services and fees had been pre-approved and if so, by what means.

Each request to provide services that require specific approval by the Audit Committees shall be submitted to the Audit Committees jointly by the Funds' Treasurer or his or her designee and the Auditor, and must include a joint statement that, in their view, such request is consistent with the policies and procedures and the SEC Rules.

Each request to provide tax services under either the general or specific pre-approval of the Audit Committees will describe in writing: (i) the scope of the service, the fee structure for the engagement, and any side letter or amendment to the engagement letter, or any other agreement between the Auditor and the audit client, relating to the service; and (ii) any compensation arrangement or other agreement between the Auditor and any person (other than the audit client) with respect to the promoting, marketing, or recommending of a transaction covered by the service. The Auditor will discuss with the Audit Committees the potential effects of the services on the Auditor's independence and will document the substance of the discussion.

Non-audit services pursuant to the *de minimis* exception provided by the SEC Rules will be promptly brought to the attention of the Audit Committees for approval, including documentation that each of the conditions for this exception, as set forth in the SEC Rules, has been satisfied.

On at least an annual basis, the Auditor will prepare a summary of all the services provided to any entity in the investment company complex as defined in section 2-01(f)(14) of Regulation S-X in sufficient detail as to the nature of the engagement and the fees associated with those services.

The Audit Committees have designated the Funds' Treasurer to monitor the performance of all services provided by the Auditor and to ensure such services are in compliance with these policies and procedures. The Funds' Treasurer will report to the Audit Committees on a periodic basis as to the results of such monitoring. Both the Funds' Treasurer and management of Invesco will immediately report to the chairman of the Audit Committees any breach of these policies and procedures that comes to the attention of the Funds' Treasurer or senior management of Invesco.

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**Exhibit 1 to Pre-Approval of Audit and Non-Audit Services Policies and Procedures**

**Conditionally Prohibited Non-Audit Services (not prohibited if the Fund can reasonably conclude that the results of the service would not be subject to audit procedures in connection with the audit of the Fund's financial statements)**

**Bookkeeping or other services related to the accounting records or financial statements of the audit client**

**Financial information systems design and implementation**

**Appraisal or valuation services, fairness opinions, or contribution-in-kind reports**

**Actuarial services**

**Internal audit outsourcing services**

**Categorically Prohibited Non-Audit Services**

**Management functions**

**Human resources**

**Broker-dealer, investment adviser, or investment banking services**

**Legal services**

**Expert services unrelated to the audit**

**Any service or product provided for a contingent fee or a commission**

**Services related to marketing, planning, or opining in favor of the tax treatment of confidential transactions or aggressive tax position transactions, a significant purpose of which is tax avoidance**

**Tax services for persons in financial reporting oversight roles at the Fund**

**Any other service that the Public Company Oversight Board determines by regulation is impermissible.**

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

(a) The registrant has a separately-designed standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. Members of the audit committee are: Jerry D. Choate, Linda Hutton Heagy and R. Craig Kennedy.

(a) Not applicable.

**ITEM 6. SCHEDULE OF INVESTMENTS.**

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

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

**I.2. PROXY POLICIES AND PROCEDURES RETAIL**

<b>Applicable to</b>	Retail Accounts
<b>Risk Addressed by Policy</b>	breach of fiduciary duty to client under Investment Advisers Act of 1940 by placing Invesco personal interests ahead of client best economic interests in voting proxies
<b>Relevant Law and Other Sources</b>	Investment Advisers Act of 1940
<b>Last Tested Date</b>	
<b>Policy/Procedure Owner</b>	Advisory Compliance
<b>Policy Approver</b>	Fund Board
<b>Approved/Adopted Date</b>	January 1, 2010

The following policies and procedures apply to certain funds and other accounts managed by Invesco Advisers, Inc. ( Invesco ).

**A. POLICY STATEMENT**

**Introduction**

**Our Belief**

The Invesco Funds Boards of Trustees and Invesco’s investment professionals expect a high standard of corporate governance from the companies in our portfolios so that Invesco may fulfill its fiduciary obligation to our fund shareholders and other account holders. Well governed companies are characterized by a primary focus on the interests of shareholders, accountable boards of directors, ample transparency in financial disclosure, performance-driven cultures and appropriate consideration of all stakeholders. Invesco believes well governed companies create greater shareholder wealth over the long term than poorly governed companies, so we endeavor to vote in a manner that increases the value of our investments and fosters good governance within our portfolio companies.

In determining how to vote proxy issues, Invesco considers the probable business consequences of each issue and votes in a manner designed to protect and enhance fund shareholders’ and other account holders’ interests. Our voting decisions are intended to enhance each company’s total shareholder value over Invesco’s typical investment horizon. Proxy voting is an integral part of Invesco’s investment process. We believe that the right to vote proxies should be managed with the same care as all other elements of the investment process. The objective of Invesco’s proxy-voting activity is to promote good governance and advance the economic interests of our clients. At no time will Invesco exercise its voting power to advance its own

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commercial interests, to pursue a social or political cause that is unrelated to our clients' economic interests, or to favor a particular client or business relationship to the detriment of others.

## **B. OPERATING PROCEDURES AND RESPONSIBLE PARTIES**

### **Proxy administration**

The Invesco Retail Proxy Committee (the "Proxy Committee") consists of members representing Invesco's Investments, Legal and Compliance departments. Invesco's Proxy Voting Guidelines (the "Guidelines") are revised annually by the Proxy Committee, and are approved by the Invesco Funds Boards of Trustees. The Proxy Committee implements the Guidelines and oversees proxy voting.

The Proxy Committee has retained outside experts to assist with the analysis and voting of proxy issues. In addition to the advice offered by these experts, Invesco uses information gathered from our own research, company managements, Invesco's portfolio managers and outside shareholder groups to reach our voting decisions.

Generally speaking, Invesco's investment-research process leads us to invest in companies led by management teams we believe have the ability to conceive and execute strategies to outperform their competitors. We select companies for investment based in large part on our assessment of their management teams' ability to create shareholder wealth. Therefore, in formulating our proxy-voting decisions, Invesco gives proper consideration to the recommendations of a company's Board of Directors.

### **Important principles underlying the Invesco Proxy Voting Guidelines**

#### **I. Accountability**

Management teams of companies are accountable to their boards of directors, and directors of publicly held companies are accountable to their shareholders. Invesco endeavors to vote the proxies of its portfolio companies in a manner that will reinforce the notion of a board's accountability to its shareholders. Consequently, Invesco votes against any actions that would impair the rights of shareholders or would reduce shareholders' influence over the board or over management.

The following are specific voting issues that illustrate how Invesco applies this principle of accountability.

*Elections of directors.* In uncontested director elections for companies that do not have a controlling shareholder, Invesco votes in favor of slates if they are comprised of at least a majority of independent directors and if the board's key committees are fully independent. Key committees include the Audit, Compensation and Governance or Nominating Committees. Invesco's standard of independence excludes directors who, in addition to the directorship, have any material business or family relationships with the companies they serve.

Contested director elections are evaluated on a case-by-case basis and are decided within the context of Invesco's investment thesis on a company.

*Director performance.* Invesco withholds votes from directors who exhibit a lack of accountability to shareholders, either through their level of attendance at meetings or by enacting egregious corporate-governance or other policies. In cases of material financial restatements, accounting fraud, habitually late filings, adopting shareholder rights plan ( "poison pills" ) without shareholder approval, or other areas of poor performance, Invesco may withhold votes from some or all of a company's directors. In situations where directors' performance is a concern, Invesco may also support shareholder proposals to take corrective actions such as so-called "clawback" provisions.

*Auditors and Audit Committee members.* Invesco believes a company's Audit Committee has a high degree of responsibility to shareholders in matters of financial disclosure, integrity of the financial statements and effectiveness of a company's internal controls. Independence, experience and financial expertise are critical elements of a well-functioning Audit Committee. When electing directors who are members of a company's Audit Committee, or when ratifying a company's auditors, Invesco considers the past performance of the Committee and holds its members accountable for the quality of the company's financial statements and reports.

*Majority standard in director elections.* The right to elect directors is the single most important mechanism shareholders have to promote accountability. Invesco supports the nascent effort to reform the U.S. convention of electing directors, and votes in favor of proposals to elect directors by a majority vote.

*Classified boards.* Invesco supports proposals to elect directors annually instead of electing them to staggered multi-year terms because annual elections increase a board's level of accountability to its shareholders.

*Supermajority voting requirements.* Unless proscribed by law in the state of incorporation, Invesco votes against actions that would impose any supermajority voting requirement, and supports actions to dismantle existing supermajority requirements.

*Responsiveness.* Invesco withholds votes from directors who do not adequately respond to shareholder proposals that were approved by a majority of votes cast the prior year.

*Cumulative voting.* The practice of cumulative voting can enable minority shareholders to have representation on a company's board. Invesco supports proposals to institute the practice of cumulative voting at companies whose overall corporate-governance standards indicate a particular need to protect the interests of minority shareholders.

*Shareholder access.* On business matters with potential financial consequences, Invesco votes in favor of proposals that would increase shareholders' opportunities to express their views to boards of directors, proposals that would lower barriers to shareholder action and proposals to promote the adoption of generally accepted best practices in corporate governance.

## **II. Incentives**

Invesco believes properly constructed compensation plans that include equity ownership are effective in creating incentives that induce managements and employees of our portfolio companies to create greater shareholder wealth. Invesco supports equity compensation plans that promote the proper alignment of incentives, and votes against plans that are overly dilutive to existing shareholders, plans that contain objectionable structural features, and plans that appear likely to reduce the value of an account's investment.

Following are specific voting issues that illustrate how Invesco evaluates incentive plans.

*Executive compensation.* Invesco evaluates compensation plans for executives within the context of the company's performance under the executives' tenure. Invesco believes independent compensation committees are best positioned to craft executive-compensation plans that are suitable for their company-specific circumstances. We view the election of those independent compensation committee members as the appropriate mechanism for shareholders to express their approval or disapproval of a company's compensation practices. Therefore, Invesco generally does not support shareholder proposals to limit or eliminate certain forms of executive compensation. In the interest of reinforcing the notion of a compensation committee's accountability to shareholders, Invesco supports proposals requesting that companies subject each year's compensation record to an advisory shareholder vote, or so-called "say on pay" proposals.

*Equity-based compensation plans.* When voting to approve or reject equity-based compensation plans, Invesco compares the total estimated cost of the plans, including stock options and restricted stock, against a carefully selected peer group and uses multiple performance metrics that help us determine whether the incentive structures in place are creating genuine shareholder wealth. Regardless of a plan's estimated cost relative to its peer group, Invesco votes against plans that contain structural features that would impair the alignment of incentives between shareholders and management. Such features include the ability to reprice or reload options without shareholder approval, the ability to issue options below the stock's current market price, or the ability to automatically replenish shares without shareholder approval.

*Employee stock-purchase plans.* Invesco supports employee stock-purchase plans that are reasonably designed to provide proper incentives to a broad base of employees, provided that the price at which employees may acquire stock is at most a 15 percent discount from the market price.

*Severance agreements.* Invesco generally votes in favor of proposals requiring advisory shareholder ratification of executives' severance agreements. However, we oppose proposals requiring such agreements to be ratified by shareholders in advance of their adoption.

### **III. Capitalization**

Examples of management proposals related to a company's capital structure include authorizing or issuing additional equity capital, repurchasing outstanding stock, or enacting a stock split or reverse stock split. On requests for additional capital stock, Invesco analyzes the company's stated reasons for the request. Except where the request could adversely affect the fund's ownership stake or voting rights, Invesco generally supports a board's decisions on its needs for additional capital stock. Some capitalization proposals require a case-by-case analysis within the context of Invesco's investment thesis on a company. Examples of such proposals include authorizing common or preferred stock with special voting rights, or issuing additional stock in connection with an acquisition.

### **IV. Mergers, Acquisitions and Other Corporate Actions**

Issuers occasionally require shareholder approval to engage in certain corporate actions such as mergers, acquisitions, name changes, dissolutions, reorganizations, divestitures and reincorporations. Invesco analyzes these proposals within the context of our investment thesis on the company, and determines its vote on a case-by-case basis.

### **V. Anti-Takeover Measures**

Practices designed to protect a company from unsolicited bids can adversely affect shareholder value and voting rights, and they create conflicts of interests among directors, management and shareholders. Except under special issuer-specific circumstances, Invesco votes to reduce or eliminate such measures. These measures include adopting or renewing poison pills, requiring supermajority voting on certain corporate actions, classifying the election of directors instead of electing each director to an annual term, or creating separate classes of common or preferred stock with special voting rights. Invesco generally votes against management proposals to impose these types of measures, and generally votes for shareholder proposals designed to reduce such measures. Invesco supports shareholder proposals directing companies to subject their anti-takeover provisions to a shareholder vote.

### **VI. Shareholder Proposals on Corporate Governance**

Invesco generally votes for shareholder proposals that are designed to protect shareholder rights if a company's corporate-governance standards indicate that such additional protections are warranted.

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## **VII. Shareholder Proposals on Social Responsibility**

The potential costs and economic benefits of shareholder proposals seeking to amend a company's practices for social reasons are difficult to assess. Analyzing the costs and economic benefits of these proposals is highly subjective and does not fit readily within our framework of voting to create greater shareholder wealth over Invesco's typical investment horizon. Therefore, Invesco abstains from voting on shareholder proposals deemed to be of a purely social, political or moral nature.

## **VIII. Routine Business Matters**

Routine business matters rarely have a potentially material effect on the economic prospects of fund holdings, so we generally support the board's discretion on these items. However, Invesco votes against proposals where there is insufficient information to make a decision about the nature of the proposal. Similarly, Invesco votes against proposals to conduct other unidentified business at shareholder meetings.

### **Summary**

These Guidelines provide an important framework for making proxy-voting decisions, and should give fund shareholders and other account holders insight into the factors driving Invesco's decisions. The Guidelines cannot address all potential proxy issues, however. Decisions on specific issues must be made within the context of these Guidelines and within the context of the investment thesis of the funds and other accounts that own the company's stock. Where a different investment thesis is held by portfolio managers who may hold stocks in common, Invesco may vote the shares held on a fund-by-fund or account-by-account basis.

### **Exceptions**

In certain circumstances, Invesco may refrain from voting where the economic cost of voting a company's proxy exceeds any anticipated benefits of that proxy proposal.

### **Share-lending programs**

One reason that some portion of Invesco's position in a particular security might not be voted is the securities lending program. When securities are out on loan and earning fees for the lending fund, they are transferred into the borrower's name. Any proxies during the period of the loan are voted by the borrower. The lending fund would have to terminate the loan to vote the company's proxy, an action that is not generally in the best economic interest of fund shareholders. However, whenever Invesco determines that the benefit to shareholders or other account holders of voting a particular proxy outweighs the revenue lost by terminating the loan, we recall the securities for the purpose of voting the fund's full position.

### **Share-blocking**

Another example of a situation where Invesco may be unable to vote is in countries where the exercise of voting rights requires the fund to submit to short-term trading restrictions, a practice known as share-blocking. Invesco generally

refrains from voting proxies in share-blocking countries unless the portfolio manager determines that the benefit to fund shareholders and other account holders of voting a specific proxy outweighs the fund's or other account's temporary inability to sell the security.

**International constraints**

An additional concern that sometimes precludes our voting non-U.S. proxies is our inability to receive proxy materials with enough time and enough information to make a voting decision. In the great majority of instances, however, we are able to vote non-U.S. proxies successfully. It is important to note that Invesco makes voting decisions for non-U.S. issuers using these Guidelines as our framework, but also takes into account the corporate-governance standards, regulatory environment and generally accepted best practices of the local market.

**Exceptions to these Guidelines**

Invesco retains the flexibility to accommodate company-specific situations where strictly adhering to the Guidelines would lead to a vote that the Proxy Committee deems not to be in the best interest of the fund's shareholders and other account holders. In these situations, the Proxy Committee will vote the proxy in the manner deemed to be in the best interest of the fund's shareholders and other account holders, and will promptly inform the fund's Boards of Trustees of such vote and the circumstances surrounding it.

**Resolving potential conflicts of interest**

A potential conflict of interest arises when Invesco votes a proxy for an issuer with which it also maintains a material business relationship. Examples could include issuers that are distributors of Invesco's products, or issuers that employ Invesco to manage portions of their retirement plans or treasury accounts. Invesco reviews each proxy proposal to assess the extent, if any, to which there may be a material conflict between the interests of the fund shareholders or other account holders and Invesco.

Invesco takes reasonable measures to determine whether a potential conflict may exist. A potential conflict is deemed to exist only if one or more of the Proxy Committee members actually knew or should have known of the potential conflict.

If a material potential conflict is deemed to exist, Invesco may resolve the potential conflict in one of the following ways: (1) if the proposal that gives rise to the potential conflict is specifically addressed by the Guidelines, Invesco may vote the proxy in accordance with the predetermined Guidelines; (2) Invesco may engage an independent third party to determine how the proxy should be voted; or (3) Invesco may establish an ethical wall or other informational barrier between the persons involved in the potential conflict and the persons making the proxy-voting decision in order to insulate the potential conflict from the decision makers.

Because the Guidelines are pre-determined and crafted to be in the best economic interest of shareholders and other account holders, applying the Guidelines to vote client proxies should, in most instances, adequately resolve any potential conflict of



interest. As an additional safeguard against potential conflicts, persons from Invesco's marketing, distribution and other customer-facing functions are precluded from becoming members of the Proxy Committee.

On a quarterly basis, the Invesco Funds Boards of Trustees review a report from Invesco's Internal Compliance Controls Committee. The report contains a list of all known material business relationships that Invesco maintains with publicly traded issuers. That list is cross-referenced with the list of proxies voted over the period. If there are any instances where Invesco's voting pattern on the proxies of its material business partners is inconsistent with its voting pattern on all other issuers, they are brought before the Trustees and explained by the Chairman of the Proxy Committee.

*Personal conflicts of interest.* If any member of the Proxy Committee has a personal conflict of interest with respect to a company or an issue presented for voting, that Proxy Committee member will inform the Proxy Committee of such conflict and will abstain from voting on that company or issue.

*Funds of funds.* Some Invesco Funds offering diversified asset allocation within one investment vehicle own shares in other Invesco Funds. A potential conflict of interest could arise if an underlying Invesco Fund has a shareholder meeting with any proxy issues to be voted on, because Invesco's asset-allocation funds or target-maturity funds may be large shareholders of the underlying fund. In order to avoid any potential for a conflict, the asset-allocation funds and target maturity funds vote their shares in the same proportion as the votes of the external shareholders of the underlying fund.

### **C. RECORDKEEPING**

Records are maintained in accordance with Invesco's Recordkeeping Policy.

#### **Policies and Vote Disclosure**

A copy of these Guidelines and the voting record of each Invesco Fund are available on our web site, [www.invesco.com](http://www.invesco.com). In accordance with Securities and Exchange Commission regulations, all funds file a record of all proxy-voting activity for the prior 12 months ending June 30th. That filing is made on or before August 31st of each year.

January 2010

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specifically, portfolio managers who manage multiple Funds and/or other accounts may be presented with one or more of the following potential conflicts:

- Ø The management of multiple Funds and/or other accounts may result in a portfolio manager devoting unequal time and attention to the management of each Fund and/or other account. The Adviser and each Sub-Adviser seek to manage such competing interests for the time and attention of portfolio managers by having portfolio managers focus on a particular investment discipline. Most other accounts managed by a portfolio manager are managed using the same investment models that are used in connection with the management of the Funds.
- Ø If a portfolio manager identifies a limited investment opportunity which may be suitable for more than one Fund or other account, a Fund may not be able to take full advantage of that opportunity due to an allocation of filled purchase or sale orders across all eligible Funds and other accounts. To deal with these situations, the Adviser, each Sub-Adviser and the Funds have adopted procedures for allocating portfolio transactions across multiple accounts.
- Ø The Adviser and each Sub-Adviser determine which broker to use to execute each order for securities transactions for the Funds, consistent with its duty to seek best execution of the transaction. However, for certain other accounts (such as mutual funds for which Invesco or an affiliate acts as sub-adviser, other pooled investment vehicles that are not registered mutual funds, and other accounts managed for organizations and individuals), the Adviser and each Sub-Adviser may be limited by the client with respect to the selection of brokers or may be instructed to direct trades through a particular broker. In these cases, trades for a Fund in a particular security may be placed separately from, rather than aggregated with, such other accounts. Having separate transactions with respect to a security may temporarily affect the market price of the security or the execution of the transaction, or both, to the possible detriment of the Fund or other account(s) involved.
- Ø Finally, the appearance of a conflict of interest may arise where the Adviser or Sub-Adviser has an incentive, such as a performance-based management fee, which relates to the management of one Fund or account but not all Funds and accounts for which a portfolio manager has day-to-day management responsibilities.

The Adviser, each Sub-Adviser, and the Funds have adopted certain compliance procedures which are designed to address these types of conflicts. However, there is no guarantee that such procedures will detect each and every situation in which a conflict arises.

#### ***Description of Compensation Structure***

##### ***For the Adviser and each affiliated Sub-Adviser***

The Adviser and each Sub-Adviser seek to maintain a compensation program that is competitively positioned to attract and retain high-caliber investment professionals. Portfolio managers receive a base salary, an incentive bonus opportunity and an equity compensation opportunity. Portfolio manager compensation is reviewed and may be modified each year as appropriate to reflect changes in the market, as well as to adjust the factors used to determine bonuses to promote competitive Fund performance. The Adviser and each Sub-Adviser evaluate competitive market compensation by reviewing compensation survey results conducted by an independent third party of investment industry compensation. Each portfolio manager's compensation consists of the following three elements:

***Base Salary.*** Each portfolio manager is paid a base salary. In setting the base salary, the Adviser and each Sub-Adviser's intention is to be competitive in light of the particular portfolio manager's experience and responsibilities.

***Annual Bonus.*** The portfolio managers are eligible, along with other employees of the Adviser and each Sub-Adviser, to participate in a discretionary year-end bonus pool. The Compensation Committee of Invesco Ltd. reviews and approves the amount of the bonus pool

available for the Adviser and each of the Sub-Adviser's investment centers. The Compensation Committee considers investment performance and financial results in its review. In addition, while having no direct impact on individual bonuses, assets under management are considered when determining the starting bonus funding levels. Each portfolio manager is eligible to receive an annual cash bonus which is based on quantitative (i.e. investment performance) and non-quantitative factors (which may include, but are not limited to, individual performance, risk management and teamwork).

Each portfolio manager's compensation is linked to the pre-tax investment performance of the Funds/accounts managed by the portfolio manager as described in Table 1 below.

Table 1

<b>Sub-Adviser</b>	<b>Performance time period<sup>2</sup></b>
Invesco <sup>3,4,5</sup> Invesco Australia Invesco Deutschland	One-, Three- and Five-year performance against Fund peer group.
Invesco Senior Secured	N/A
Invesco Trimark <sup>3</sup>	One-year performance against Fund peer group.  Three- and Five-year performance against entire universe of Canadian funds.
Invesco Hong Kong <sup>3</sup> Invesco Asset Management	One-, Three- and Five-year performance against Fund peer group.
Invesco Japan <sup>6</sup>	One-, Three- and Five-year performance against the appropriate Micropol benchmark.

Invesco Senior Secured's bonus is based on annual measures of equity return and standard tests of collateralization performance.

High investment performance (against applicable peer group and/or benchmarks) would deliver compensation generally associated with top pay in the industry (determined by reference to the third-party provided compensation survey information) and poor investment performance (versus applicable peer group) would result in low bonus compared to the applicable peer group

<sup>2</sup> Rolling time periods based on calendar year-end.

<sup>3</sup> Portfolio Managers may be granted a short-term award that vests on a pro-rata basis over a four year period and final payments are based on the performance of eligible Funds selected by the portfolio manager at the time the award is granted.

<sup>4</sup> Portfolio Managers for Invesco Global Real Estate Fund, Invesco Real Estate Fund, Invesco Select Real Estate Income Fund and Invesco V.I. Global Real Estate Fund base their bonus on new operating profits of the U.S. Real Estate Division of Invesco.

<sup>5</sup> Portfolio Managers for Invesco Balanced Fund, Invesco Basic Balanced Fund, Invesco Basic Value Fund, Invesco Fundamental Value Fund, Invesco Large Cap Basic Value Fund, Invesco Large Cap Relative Value Fund, Invesco Mid Cap Basic Value Fund, Invesco Mid-Cap Value Fund, Invesco U.S. Mid Cap Value Fund, Invesco Value Fund, Invesco Value II Fund, Invesco V.I. Basic Balanced Fund, Invesco V.I. Basic Value Fund, Invesco V.I. Select Dimensions Balanced Fund, Invesco V.I. Income Builder Fund, Invesco Van Kampen

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American Value Fund, Invesco Van Kampen Comstock Fund, Invesco Van Kampen Equity and Income Fund, Invesco Van Kampen Growth and Income Fund, Invesco Van Kampen Value Opportunities Fund, Invesco Van Kampen V.I. Comstock Fund, Invesco Van Kampen V.I. Growth and Income Fund, Invesco Van Kampen V.I. Equity and Income Fund, Invesco Van Kampen V.I. Mid Cap Value Fund and Invesco Van Kampen V.I. Value Fund's compensation is based on the one-, three- and five-year performance against the Fund's peer group. Furthermore, for the portfolio manager(s) formerly managing the predecessor funds to the Funds in this footnote 5, they also have a ten-year performance measure.

- <sup>6</sup> Portfolio Managers for Invesco Pacific Growth Fund's compensation is based on the one-, three- and five-year performance against the appropriate Micropol benchmark. Furthermore, for the portfolio manager(s) formerly managing the predecessor fund to Invesco Pacific Growth Fund, they also have a ten-year performance measure.
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or no bonus at all. These decisions are reviewed and approved collectively by senior leadership which has responsibility for executing the compensation approach across the organization.

*Equity-Based Compensation.* Portfolio managers may be granted an award that allows them to select receipt of shares of certain Invesco Funds with a vesting period as well as common shares and/or restricted shares of Invesco Ltd. stock from pools determined from time to time by the Compensation Committee of Invesco Ltd.'s Board of Directors. Awards of equity-based compensation typically vest over time, so as to create incentives to retain key talent.

Portfolio managers also participate in benefit plans and programs available generally to all employees.

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

Not applicable.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None

ITEM 11. CONTROLS AND PROCEDURES.

- (a) As of December 14, 2010, an evaluation was performed under the supervision and with the participation of the officers of the Registrant, including the PEO and PFO, to assess the effectiveness of the Registrant's disclosure controls and procedures, as that term is defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the Act), as amended. Based on that evaluation, the Registrant's officers, including the PEO and PFO, concluded that, as of December 14, 2010, the Registrant's disclosure controls and procedures were reasonably designed to ensure: (1) that information required to be disclosed by the Registrant on Form N-CSR is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Securities and Exchange Commission; and (2) that material information relating to the Registrant is made known to the PEO and PFO as appropriate to allow timely decisions regarding required disclosure.
- (b) There have been no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

12(a) (1) Code of Ethics.

12(a) (2) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(a) under the Investment Company Act of 1940.

12(a) (3) Not applicable.

12(b) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(b) under the Investment Company Act of 1940.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.  
Registrant: Invesco Van Kampen High Income Trust II

By: /s/ Colin Meadows  
Colin Meadows  
Principal Executive Officer

Date: March 11, 2011

Pursuant to the requirements of the Securities and Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/ Colin Meadows  
Colin Meadows  
Principal Executive Officer

Date: March 11, 2011

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

Date: March 11, 2011

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EXHIBIT INDEX

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