



S a b a | Capital

Saba Capital Income & Opportunities Fund II



ANNUAL REPORT | October 31, 2024

This report is submitted for general information to shareholders. It is not authorized for distribution to prospective shareholders unless accompanied or preceded by a prospectus which includes details regarding the Fund's investment objectives, risks, charges, expenses and other information. This information should be read carefully.

Managed Distribution Policy: The Fund's Board of Trustees (the "Board") has authorized a managed distribution plan (the "Managed Distribution Plan") pursuant to which the Fund will make monthly distributions to shareholders at a fixed amount of \$0.058 per share. This fixed distribution amount excludes any special dividends (which are not paid pursuant to the Managed Distribution Plan).

The Fund will generally distribute amounts necessary to satisfy the Fund's Managed Distribution Plan and the requirements prescribed by excise tax rules and Subchapter M of the Internal Revenue Code. The Managed Distribution Plan is intended to provide shareholders with a constant, but not guaranteed, fixed minimum rate of distribution each month and is intended to narrow the discount between the market price and the net asset value of the Fund's common shares, but there is no assurance that the Managed Distribution Plan will be successful in doing so.

No conclusions should be drawn about the Fund's investment performance from the amount of the Fund's distributions or from the terms of the Fund's Managed Distribution Plan.

Under the Managed Distribution Plan, to the extent that sufficient investment income is not available on a monthly basis, the Fund will distribute capital gains and/or return of capital in order to maintain its managed distribution rate. A return of capital may occur, for example, when some or all of the money that was invested in the Fund is paid back to shareholders. A return of capital distribution does not necessarily reflect the Fund's investment performance and should not be confused with "yield" or "income".

The Managed Distribution Plan provides that the Board may amend the terms of the Managed Distribution Plan or terminate the Managed Distribution Plan at any time without prior notice to Fund shareholders; however, at this time, there are no reasonably foreseeable circumstances that might cause the Fund to terminate the Managed Distribution Plan. An amendment or termination of the Managed Distribution Plan could have an adverse effect on the market price of the Fund's common shares. The Managed Distribution Plan will be subject to the periodic review by the Board, including a yearly review of the annual minimum fixed rate to determine if an adjustment should be made.

Table of Contents

Shareholder Letter	1
Performance Update	3
Material Risk Factors.	5
Report of Independent Registered Public Accounting Firm	24
Consolidated Schedule of Investments	25
Consolidated Statement of Assets and Liabilities	37
Consolidated Statement of Operations.	38
Consolidated Statements of Changes in Net Assets	39
Financial Highlights	40
Notes to Consolidated Financial Statements.	42
Additional Information	58
Trustees and Officers	59

Dear Shareholders,

Thank you for your continued interest in the Saba Capital Income & Opportunities Fund II (the “Fund”). We are pleased to provide you with a review of the Fund’s performance for the period, as well as financial markets review since Saba Capital Management, L.P. (“Saba”) took over management of the Fund on January 1, 2024.

Performance Summary¹

For the reporting period, the Fund outperformed the iShares iBoxx High Yield Corporate Bond ETF (the Fund’s primary benchmark), as can be seen in the table below.

Reporting Period:

November 1, 2023 – October 31, 2024

Total Return²

Annualized Volatility³

Saba Capital Income & Opportunities Fund II	19.79%	11.49%
iBoxx USD Liquid High Yield Index ^{4,5}	15.85%	5.10%

Since Saba took over management of the Fund, it has generated a 21.13% total return as it ramped up exposure throughout the year. The primary contributors to the Fund’s returns⁶ from January 1, 2024 were closed-end funds and tactical cross-asset relative value positions. The credit index hedges, which mostly neutralized the beta exposure in the Fund, detracted modestly from the returns. The performance was also aided by the Fund discount tightening over the year from -12.06% to -9.25% on the back of the share-buyback program that the board of directors approved in April 2024.

Markets Review

Heading into 2024, market participants were worried about persistent inflation, central bank responses, escalation in ongoing geopolitical conflicts, ballooning fiscal deficit levels, and global elections. Markets experienced brief periods of increased volatility. However, economic data quickly confirmed the strength of the U.S. economy, and recessionary concerns quickly subsided. Markets promptly recovered. Even as interest rates moved higher in October 2024 with indications from the Fed that it may cut rates at a slower pace than the market expected, credit spreads continued to grind tighter.

While higher rates have not cracked global economies, they have created pockets of stress as borrowing is expensive for both companies and consumers. As we transition into 2025, although business cycle dynamics will remain crucial to the outlook, we expect there to be a heightened focus on policy changes in the U.S. across trade, immigration, fiscal, and regulatory policies with the incoming new administration. We also expect that technological innovation, and the broadening of the AI cycle will remain an important driver across markets, with monetization becoming a greater focus in the coming quarters.

Investment Objective

The Fund’s investment objective is to seek to provide shareholders with high current income, with a secondary goal of capital appreciation. The Fund invests globally in debt and equity securities of public and private companies, which includes, among other things, investments in closed-end funds, special purpose acquisition companies (“SPAC”), reinsurance and public and private debt instruments. The Fund also may utilize derivatives, including but not limited to, total return swaps, credit default swaps (“CDS”), options and futures, in seeking to enhance returns and/or to reduce portfolio risk. The Fund may also invest up to 15% of its total assets in private funds on a discretionary basis.

Current Portfolio and Strategy

Risk assets have generally rallied over the last year, but we also saw how quickly that can change on a sign of softness in U.S. economic data in early August. While markets quickly bounced back, plenty of uncertainty remains in financial markets today with uneven policy rate normalization and changes in trade, fiscal, and energy policies.

As such, the Fund maintained a defensive posture from a net exposure perspective until July and then opportunistically increased the net exposure to be close to its stated benchmark during a volatile August. Year-to-date, about a third of the NAV returns can be attributed to beta, and the remaining can be attributed to alpha returns from closed-end fund discount tightening and cross-asset relative value positions. Looking forward, we

October 31, 2024

expect to employ a flexible investing approach with a measured stance in terms of net exposure. More importantly, the Fund will continue to invest in asymmetric opportunities that we believe to be mispriced on a relative basis, such as MBS spreads relative to IG spreads, closed-end funds relative to their net asset value ("NAV"), and reinsurance.

Below is an overview of the Fund's portfolio performance for the period:

Closed-End Funds/Investment Trusts – Closed-end funds were a meaningful contributor to the Fund's performance over the year. The Fund primarily benefited from discount tightening as the average portfolio discount ended the period at approximately 10.1% from approximately 14.9% at the end of January. Currently, the Fund holds about 60% long closed-end funds, which are partially hedged.

Cross-Asset Relative Value Strategy – Dynamic positioning in Credit vs Equity indices (SPX/IWM vs HY index) contributed meaningfully in the third quarter with gamma and vega monetization around the volatility.

Long/Short Credit – The Fund's long exposure to bonds and loans, along with tactical hedges through CDX, served as contributors to the Fund's performance during the Reporting Period. The Fund has opportunistically increased its allocation to long fixed income securities through investments in U.S. high-yield and investment-grade bonds and credit derivatives.

Reinsurance – The catastrophe reinsurance market became dislocated at the end of 2022 (with premiums increasing, on average, between 20% and 50%+ YoY). The premium increase from 2022 has persisted, and the Fund has increased the exposure to about 13%.

Agency Mortgages – During the depths of the regional banking crisis in Q1 2023, the interest rate volatility was significantly elevated and was "dislocated" compared to both equity volatility and credit volatility. Since then, there has also been a dislocation compared to investment grade corporate bond spreads. Although the dislocation has persisted thus far and led to moderate gains, we believe that this dislocation will likely dissipate.

Equities – The Fund's public equity investments benefited from the market rally and produced moderate gains. They were partially offset by equity hedges in the portfolio in place to neutralize the beta exposure in the Fund.

Conclusion

We will continue to search for investment opportunities with the goal of creating long-term value for shareholders.

If you have any questions about the Fund, please visit www.sabacef.com. We are grateful for your trust and support.

Boaz R. Weinstein
Founder and Chief Investment Officer
Saba Capital Management, L.P.

The foregoing reflects the views, analysis, and opinions of Saba as of 20 December, 2024.

¹ Past performance is no guarantee of future results and shares of the Fund, when sold, may be worth less than their original cost.

² "Total Return" is calculated assuming a purchase of the referenced security/index at the opening on November 1, 2023 and a sale at October 31, 2024 and includes an assumption that dividends/distributions, if any, are reinvested. Additional returns of the Fund on a NAV basis and market value basis for the reporting period can be found on page 3.

³ Annualized Volatility is the standard deviation of daily returns (trading days) for any reporting period times sqrt (252), where 252 is the expected number of trading days in an annual period.

⁴ iShares iBoxx High Yield Corporate Bond ETF seeks to track the investment results of an index composed of U.S. dollar-denominated, high yield corporate bonds.

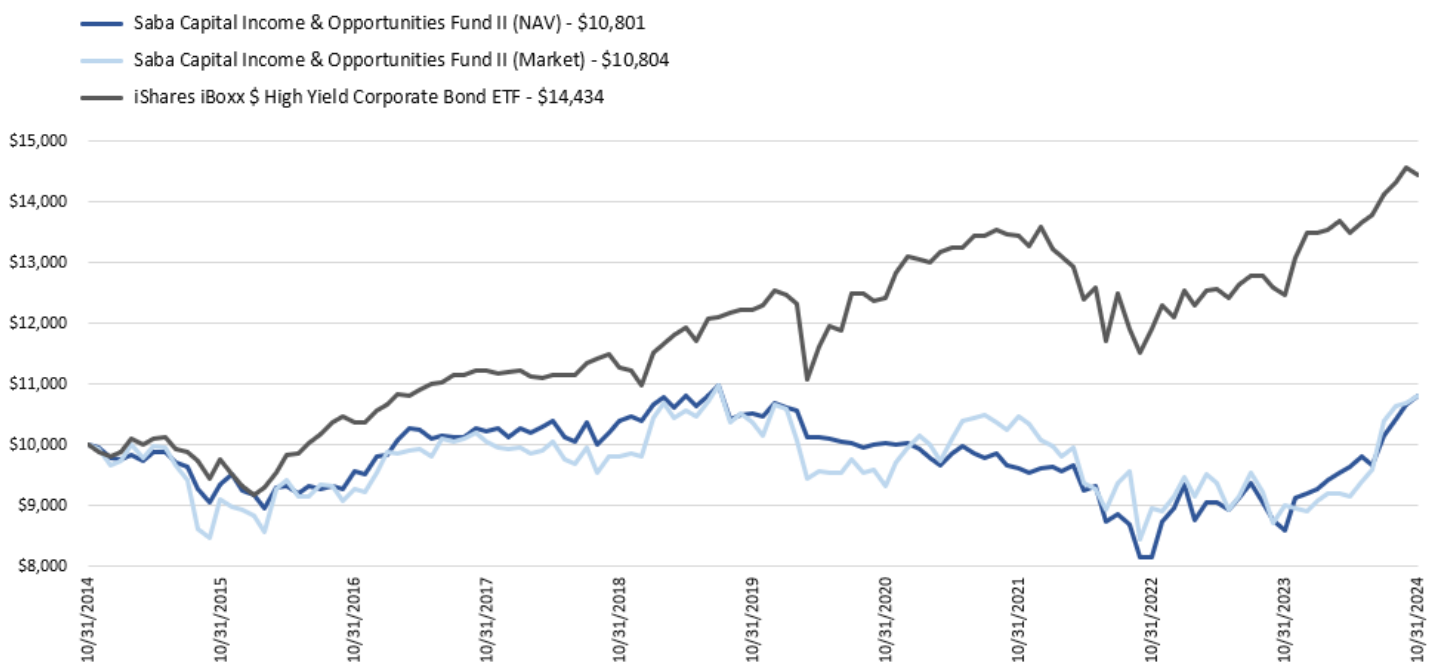
⁵ Indices and other financial benchmarks are provided for illustrative purposes only and do not imply that the Fund will achieve similar performance, returns or volatility or invest in any specific investments that compromise any such index. Comparisons to indices have limitations and material characteristics that may differ from the Fund. Any index information contained herein is included merely to show general trends in the markets in the periods indicated, is not meant to imply that these indices are the only relevant indices or the Fund's portfolio was similar to the index either in composition or element of risk. Indices referenced in the foregoing letter were selected by us in good faith, but there is no guarantee that such indices are appropriate or suitable for comparison with the Fund's performance. No assurance is made as to the accuracy of such indices and all information above is subject to revision. In addition, the composition of each of these indices is not under our control and may change over time in the discretion of the respective provider of such index, which may affect the results of the performance comparisons.

⁶ The returns discussed in this paragraph represent the gains and losses that the Fund's portfolio investments generated during the reporting period and are therefore calculated using a different methodology than the "Total Return" presented in the table to this "Performance Summary" section.

Average Annual Total Returns (as of October 31, 2024)

	1 Year	3 Year	5 Year	10 Year
Returns at NAV	26.05%	4.10%	0.60%	0.82%
Returns at Market Value	19.79%	1.09%	0.82%	0.78%
iShares iBoxx \$ High Yield Corporate Bond ETF (HYG) ¹	15.85%	2.42%	3.37%	3.74%

Average annual returns for the period since Saba Capital Management began managing the Fund on January 1, 2024, are at NAV 21.67% and at market value 25.88%².

Comparison of the Change in Value of a \$10,000 Investment

The performance data quoted above represents past performance. Past performance is not a guarantee of future results. Investment return and value of the Fund shares will fluctuate so that a shareholder's shares, when sold, may be worth more or less than their original cost. Performance may be lower or higher than performance data quoted. Fund performance current to the most recent month-end is available by visiting www.sabacef.com.

¹ iBoxx USD Liquid High Yield Index consists of liquid USD high yield bonds, selected to provide a balanced representation of the USD high yield corporate bond universe. The index is market-value weighted with an issuer cap of 3%.

² Total investment return is calculated assuming a purchase at the opening on January 1, 2024 and a sale at October 31, 2024 and includes an assumption that dividends/distributions are reinvested.

Top Ten Holdings by Issuer (as a % of Net Assets)^(a)

Stone Ridge Opportunities Fund Feeder LP	10.56%
JPMorgan US Treasury Plus Money Market Fund	5.91%
Level 3 Financing Inc	3.52%
RR Donnelley & Sons Co.	3.13%
Bitwise 10 Crypto Index Fund	2.56%
Platinum Asia Investments Ltd.	2.35%
Revlon Intermediate Holdings IV LLC	2.27%
Cannae Holdings, Inc.	1.99%
J Crew Group LLC	1.68%
Hearts and Minds Investments, Ltd.	1.24%
Top Ten Holdings	35.21%

Portfolio Composition (as a % of Net Assets)^(a)

Closed End Funds	15.54%
Private Funds	11.46%
Corporate Bonds	10.08%
Senior Loans	8.36%
Common Stock	7.81%
Money Market Funds	6.15%
Investment Trusts	2.57%
Unit Trusts	1.41%
Options	0.88%
Simple Agreement For Future Equity Contracts	0.83%
Special Purpose Acquisition Companies	0.35%
Mortgage-Backed Securities	0.47%
Sovereign Debt Obligations	0.39%
Futures Contracts	0.31%
Credit Default Swaptions	0.26%
Preferred Stock	0.19%
Forward Foreign Currency Contracts	0.08%
Total Return Swap Contracts	-0.26%
Credit Default Swap Contracts	-0.92%
To-be-announced Mortgage-Backed Securities Forward Contracts	-0.92%
Corporate Bonds	-0.96%
Exchange traded fund	-1.54%
Common Stock	-2.36%
Sovereign Debt Obligations	-85.83%
Total Investment	-25.65%
Other Assets in Excess of Liabilities	125.65%
Net Assets	100.00%

^(a) Holdings are subject to change and may not reflect the current or future position of the portfolio. Tables present indicative values only.

General Risk Factors

Dependence on Key Individuals. Shareholders have no authority to make decisions on behalf of the Fund. The success of the Fund depends upon the ability of key members of the Investment Adviser's investment team to develop and implement investment strategies that achieve the Fund's investment objectives. If the Fund were to lose the services of these members, the consequence to the Fund could be material and adverse. In addition, subjective decisions made by the individual CEF Managers may cause the Fund to incur losses or to miss profit opportunities on which it may otherwise have capitalized. Although Saba Capital may allocate assets of the Fund to CEF Managers who use different investment strategies, there can be no assurance that market or other events will not have an adverse impact on the strategies employed by multiple CEF Managers.

Dependence on Service Providers. The Fund is also dependent upon their counterparties and the businesses that are not controlled by the Investment Adviser that provide services to the Fund (the "Service Providers"). Examples of Service Providers include the administrator, custodian, legal counsel, auditors, Principal Financial Officer, and Chief Compliance Officer. Errors are inherent in the business and operations of any business, and although the Investment Adviser will adopt measures to prevent and detect errors by, and misconduct of, counterparties and Service Providers, and transact with counterparties and Service Providers it believes to be reliable, such measures may not be effective in all cases. Errors or misconduct could have a material adverse effect on the Fund and the Investor's investments therein.

Indemnification. The Fund will indemnify the Investment Adviser and other Service Providers for liabilities incurred in connection with the affairs of the Fund. Such liabilities may be material and have an adverse effect on the returns to the investors. The indemnification obligations of the Fund would be payable from the assets of the Fund.

Third Party Managers. The Fund has and may in the future invest in public and/private funds managed by third party managers, or may allocate portions of its assets to third party managers to manage on a discretionary basis, if the Investment Adviser determines that such an arrangement represents the best way to access a particular investment opportunity or otherwise expand the investment expertise available to the Fund. The Fund will be subject to various costs relating to such investments, including performance-based and/or fixed asset-based fees or allocations payable to such third party managers. Any such fees and allocations will not reduce the Management Fee.

An investor in an advisory client (any such investor, a "Referring Investor") of the Investment Adviser may refer to the Investment Adviser one or more third party managers that manage funds and/or accounts in which the Fund may invest. The Fund may invest in one or more funds and/or accounts managed by such third party managers directly or indirectly (through a vehicle managed by such Referring Investor). In exchange for any such referral (or access), a Referring Investor may be compensated through payment or allocation of performance-based or fixed asset-based fees or allocations. A Referring Investor may also be granted preferential terms with respect to its investment in any other advisory client of the Investment Adviser in connection with any referral it makes to the Investment Adviser. Additionally, from time to time, the Fund has in the past invested, and may in the future invest, in funds advised by third party managers where the Investment Adviser also provides advisory services to advisory clients advised by such third party managers. These investments may create a potential conflict of interest for the Investment Adviser to make such investments to receive fees from a Referring Investor or the clients advised by the third party managers. When making an investment of the Fund's assets with such third party managers, the Investment Adviser will evaluate the facts and circumstances of the proposed investment to assess the appropriateness of the investment in light of the potential conflict of interest.

Selection of Brokers. The Investment Adviser may be subject to conflicts of interest relating to its selection of brokers on behalf of the Fund. Transactions for the Fund will be allocated to brokers on the basis of, among other things, best execution and in consideration of a broker's ability to effect the transactions, its facilities, reliability and financial responsibility, as well as the provision or payment by the broker of the costs of research and research-related services. In addition, brokers may provide other services that are beneficial to the Investment Adviser, but not necessarily beneficial to the Fund, including, without limitation, capital introduction, marketing assistance, consulting with respect to technology, operations or equipment, and other services or items. Such services and items may influence the Investment Adviser's selection of brokers.

Fees and Expenses Risk. The Fund will pay fees and expenses regardless of whether it records profits for the period and will be required to pay fees and expenses at the level of the CEFs regardless of whether a CEF experiences any profits (including, for the avoidance of doubt, expenses attributable to trading commissions).

Affiliated Service Provider. The Investment Adviser from time to time engages service providers on behalf of the Fund in which certain advisory clients of the Investment Adviser, including but not limited to the Fund, and/or employees, consultants, affiliates and/or other personnel of Saba Capital have a financial interest and which certain employees, consultants, affiliates and/or other personnel of the Investment Adviser participate in the management of (the "Affiliated Service Provider"). When engaging an Affiliated Service Provider, the Fund is expected to bear the Affiliated Service Provider's fees and rates (including with respect to terms and compensation), which are expected to be competitive with compensation

paid to third parties for comparable services that could reasonably be made available to the Fund. No management fee offset is expected to be applied to the Affiliated Service Provider for such services. The Investment Adviser may be viewed as having an incentive to direct the Fund to engage the Affiliated Service Provider because of the financial or other business interests of certain advisory clients of the Investment Adviser, including but not limited to the Fund, and/or employees, consultants, affiliates and/or other personnel of the Investment Adviser. The Investment Adviser seeks to mitigate any such conflict by periodically evaluating the pricing of alternative unaffiliated service providers.

Risks Relating to Market Conditions Generally

General Economic and Market Conditions. The success of the Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Fund's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of the prices and the liquidity of the Fund's investments. Volatility or illiquidity could impair the Fund's profitability or result in losses. The Fund may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

Market Disruption and Geopolitical. The Fund is subject to the risk that geopolitical events may disrupt securities markets and adversely affect global economies and markets. Due to the increasing interdependence among global economies and markets, conditions in one country, market, or region might adversely impact markets, issuers and/or foreign exchange rates in other countries, including the U.S. War, terrorism, global health crises and pandemics, and other geopolitical events have led, and in the future may lead, to increased market volatility and may have adverse short- or long-term effects on U.S. and world economies and markets generally. Natural and environmental disasters and systemic market dislocations are also highly disruptive to economies and markets. Those events as well as other changes in non-U.S. and domestic economic, social, and political conditions also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment, and other factors affecting the value of the investments of the Fund and the Fund. Any of these occurrences could disrupt the operations of the Fund and of the Service Providers.

Potential Interest Rate Increases. Uncertainty of the U.S. and global economy, and sensitivity of interest rates to changes in U.S. government and other nations' monetary and fiscal policies, including changes in the federal funds rate, create a risk that interest rates will be volatile in the future. Interest rate volatility is difficult to predict, and may cause the value of any assets sensitive to interest rates, including fixed-income instruments, held by the Fund and the CEFs to decrease.

Volatile Markets. The prices of financial instruments in which the Fund may invest can be volatile. Price movements of forward and other derivative contracts in which the Fund's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Fund is subject to the risk of failure of any of the exchanges on which its positions trade or of their clearinghouses.

There can be no assurance that the Fund will not suffer material adverse effects from broad and rapid changes in market conditions. Recent market conditions have shown that markets can quickly change at times or in ways that are difficult for the Investment Adviser to predict, so even a well analyzed investment approach may not protect the Fund from significant losses under certain market conditions.

Global Market Investments. The Fund may invest in the equity, debt or other securities and instruments of issuers located outside the United States. In addition to business uncertainties, such investments may be affected by political, social and economic uncertainty affecting a country or region. Many financial markets are not as developed or as efficient as those in the United States, and as a result, liquidity may be reduced and price volatility may be higher. The legal and regulatory environment may also be different, particularly as to bankruptcy and reorganization. Financial accounting standards and practices may differ, and there may be less publicly available information in respect of such companies.

The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other. Income received by the Fund from sources within some countries may be reduced by withholding and other taxes imposed by such countries.

The Fund may be subject to additional risks which include possible adverse political and economic developments and possible adoption of governmental restrictions which might adversely affect the payment of principal and interest to investors located outside the country of the issuer, whether from currency blockage or otherwise. Furthermore, some of the securities may be subject to brokerage taxes levied by governments, which has the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the

time of sale. While the Investment Adviser will take these factors into consideration in making investment decisions for the Fund, no assurance can be given that the Fund will be able to fully avoid these risks.

In addition, economic problems in a single country are increasingly affecting other markets and economies. A continuation of this trend could adversely affect global economic conditions and world markets and, in turn, could adversely affect the Fund's performance.

Emerging Market Investments. Certain markets in which the Fund may invest may be regarded as emerging or developing markets. In emerging and developing markets, there is often less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties and issuers than in other more established markets. Any regulatory supervision which is in place may be subject to manipulation or control. Some emerging and developing market countries do not have mature legal systems comparable to those of more developed countries. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in financial instruments may not exist or may be subject to inconsistent or arbitrary appreciation or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. The Fund may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-U.S. courts. Due to the foregoing risks and complications, the costs associated with investments in emerging market securities generally are higher than for securities of issuers based in developed countries.

Investment Strategy Risk Factors

An investor should be aware that it may lose money. All investments involve the risk of loss of capital. The Investment Adviser believes that the Fund's investment program and research techniques moderate this risk through a careful selection of investments, the use of short and long positions and other financial instruments. However, no guarantee or representation is made that the Fund's investment program will be successful. The Fund's investment program is expected to utilize leverage and may utilize such investment techniques as option transactions, short sales, limited diversification and forward contracts, which can, in certain circumstances, increase the adverse impact to which the Fund's portfolio may be subject.

Leverage Risks. The use of leverage may take the form of, without limitation, any of the financial instruments described herein, including derivative instruments which are inherently leveraged and trading in products with embedded leverage such as options, short sales, swaps and forwards. The instruments and borrowings utilized by the Fund to leverage investments may be collateralized by the Fund's portfolio, respectively.

The use of leverage will magnify the volatility of changes in the value of the investments of the Fund. Accordingly, any event which adversely affects the value of an investment would be magnified to the extent the investment is leveraged. The cumulative effect of the use of leverage by the Fund in a market that moves adversely to its investments could result in substantial losses to the Fund, which would be greater than if the Fund was not leveraged.

While leverage increases the buying power of the Fund and presents opportunities for increasing total returns, it has the effect of potentially increasing losses as well. For example, funds borrowed for leveraging will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on the Fund's portfolio. Leverage will increase the investment return of the Fund if an investment purchased with or utilizing leverage earns a greater return than the cost to the Fund of such leverage. The use of leverage will decrease the investment return if the Fund fails to recover the cost of such leverage.

Short Selling.

General Risk. The success of the Fund's short selling investment strategy depends upon the Investment Adviser's ability to identify and sell short securities that are overvalued. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Fund of buying those securities to cover the short position.

Borrowing and Counterparty Risk. There can be no assurance that the Fund will be able to maintain the ability to borrow securities sold short. In such cases, the Fund can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Even though the Fund secures a “good borrow” of the security sold short at the time of execution, the lending institution may recall the lent security at any time, thereby forcing the Fund to purchase the security at the then-prevailing market price, which may be higher than the price at which such security was originally sold short by the Fund.

In addition, the Fund may be required to provide additional margin to its counterparties, including its prime brokers, on short notice if the price of a security underlying a short position suddenly rises. If the Fund is unable to deliver the additional margin required, the Fund may need to prematurely close out the short position at unattractive prices, thereby resulting in a substantial loss. Depending on the timing and magnitude of a price increase in respect of an open short position, the Fund may be required to liquidate long positions to meet margin requirements, thereby further increasing the losses (or decreasing the gains) of the Fund.

The Fund may make “short sales against-the-box,” in which it will sell short securities it owns or has the right to obtain without payment of additional consideration. If the Fund makes a short sale against-the-box, it will be required to set aside securities equivalent in kind and amount to the securities sold short (or securities convertible or exchangeable into those securities) and will be required to hold those securities while the short sale is outstanding. The Fund will incur transaction costs, including interest expense, in connection with opening, maintaining and closing short sales against-the-box.

Further, fees charged to the Fund for borrowing securities may be substantial, and will decrease any gains (or increase losses) associated with a short position.

Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the OTC market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and the Fund may be entirely dependent on the willingness of OTC market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis.

Short-Squeeze Risk. A so-called “short squeeze” can occur when the price of securities in which the Fund has an open short position rises sharply in a short time frame. The rapid rise may be a result of (i) multiple short sellers seeking to cover their short positions in the same time frame by purchasing the security, resulting in a rapid price increase; (ii) market participants collectively purchasing a significant amount of shares, thereby causing a substantial increase in the price of such securities; or (iii) one or more lenders of a security that was used to facilitate a short position suddenly demanding the return of the security that has been loaned. A “short squeeze” may result in the Fund having to prematurely close out a short position at relatively unattractive high prices, resulting in a substantial loss. Further, the risk of a “short squeeze” likely will increase if other short sellers, market participants and/or lenders become aware of the Fund’s short positions, including, without limitation, as a result of legally-required reporting with respect to the Fund’s ownership of options to purchase the underlying security being shorted.

Legal Restrictions and Reporting-Related Risk. Certain jurisdictions have enacted restrictions on short selling (including wholesale bans, at times) as well as public disclosure requirements. If additional short selling restrictions and disclosure requirements are enacted, the prices of the instruments in which the Fund invests may be materially affected and the ability of the Investment Adviser to take advantage of opportunities for short selling may be significantly reduced.

Specifically, on October 13, 2023, the SEC adopted new rule 13f-2 (“Rule 13f-2”) of the Exchange Act. Rule 13f-2 requires institutional investment managers to report equity security short positions to the SEC on new Form SHO. While the Form SHO information that the Investment Adviser will file with the SEC (if any) is treated as confidential, the SEC plans to publish aggregated data derived from Form SHO submissions within a month of the end of each reporting period. This information published by the SEC will be the aggregated gross short position for each class of equity security and the aggregate of the net activity reported by all reporting managers for each equity security. In addition, each month the SEC also plans to publish similar aggregated Form SHO data for the prior 12 months that reflect updated information that accounts for any changes that result from amendments and restatements to Form SHO filings. Rule 13f-2 went into effect on January 2, 2024. However, compliance with the Rule 13f-2 reporting requirements will not be required until 12 months later, January 2025, with the SEC commencing the publication of aggregated short position data collected under Rule 13f-2 three months later. In addition, in December 2023, several industry groups sued the SEC to invalidate the rule, although it is not clear whether the case will be resolved before market participants will need to comply with the rule’s requirements.

While the short position information provided by the Investment Adviser to the SEC will be confidential and not available to the public, market participants will now have monthly visibility, albeit on an aggregate basis, into the magnitude of open short positions with respect to a particular issuer. The disclosure that will be provided pursuant to Rule 13f-2 increases the risk that a “short squeeze” could occur in one or more short

positions maintained by the Fund because market participants will now have broad and regularly recurring information regarding the open short positions.

Equity Securities Generally. The Fund expects to buy and sell private and public equity securities. The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, the Fund may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Investment Adviser's expectations or if equity markets generally move in a single direction and the Fund has not hedged against such a general move. The Fund also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Debt Securities Generally. The Fund expects to buy and sell private and government debt securities and instruments. The Fund may buy or sell debt instruments that are unrated, and whether or not rated, the debt instruments may have speculative characteristics. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. Such instruments are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions.

Currency Risks. The Fund's investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Investment Adviser may try to hedge these risks by investing directly in foreign currencies, buying and selling forward foreign currency exchange contracts and buying and selling options on foreign currencies, but there can be no assurance such strategies will be effective.

Sovereign Debt. The Fund may buy and sell sovereign debt. Several factors may affect (i) the ability of a government, its agencies, instrumentalities or its central bank to make payments on the debt it has issued ("Sovereign Debt"), including securities that the Investment Adviser believes are likely to be included in restructurings of the external debt obligations of the issuer in question, (ii) the market value of such debt and (iii) the inclusion of Sovereign Debt in future restructurings, including such issuer's (x) balance of trade and access to international financing, (y) cost of servicing such obligations, which may be affected by changes in international interest rates, and (z) level of international currency reserves, which may affect the amount of non-U.S. exchange available for external debt payments. Significant ongoing uncertainties and exposure to adverse conditions may undermine the issuer's ability to make timely payment of interest and principal, and issuers may default on their Sovereign Debt.

Distressed Securities. The Fund may invest in "below investment grade" securities and obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. It is anticipated that certain debt instruments purchased by the Investment Adviser for the Fund may be non-performing and possibly in default. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to the loans. These securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to the Fund's investment in any instrument, and a significant portion of the obligations and securities in which the Fund invests may be less than investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Investment Adviser will correctly evaluate the value of the assets underlying the Fund's investments or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the Fund invests, the Fund may lose its entire investment, may be required to accept cash or securities with a value less than the Fund's original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Fund's investments may not compensate the investors adequately for the risks assumed.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Fund of the security in respect to which such distribution was made.

In certain transactions, the Fund may not be “hedged” against market fluctuations, or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated.

High-Yield Securities. The Fund expects to invest in bonds or other fixed income securities, including, without limitation, “higher yielding” (including non-investment grade) debt securities, and may take short positions in these securities. Such securities are generally not exchange traded and, as a result, these financial instruments trade in the over-the-counter marketplace, which is less transparent and has wider bid/ask spreads than the exchange-traded marketplace. The Fund may invest in these securities when they offer opportunities for capital appreciation (or capital depreciation in the case of short positions) and may also invest in these securities for temporary defensive purposes and to maintain liquidity. High-yield securities include, among other securities: bonds, notes and debentures issued by U.S. and non-U.S. corporations and U.S. Government securities or debt securities issued or guaranteed by a non-U.S. government. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations.

In addition, the Fund may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer’s inability to meet timely interest and principal payments. High-yield securities are subject to the risk of the issuer’s inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility resulting from, among other things, interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk). High-yield securities may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by substantially all of the issuer’s assets. High-yield securities may also not be protected by financial covenants or limitations on additional indebtedness.

The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could severely disrupt the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.

The Fund may invest in obligations of issuers that are generally trading at significantly higher yields than had been historically typical of the applicable issuer’s obligations. Such investments may include debt obligations that have a heightened probability of being in covenant or payment default in the future or that are currently in default and are generally considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments. Typically such workout or bankruptcy proceedings result only in partial recovery of cash payments or an exchange of the defaulted security for other debt or equity securities of the issuer or its affiliates, which may in turn be illiquid or speculative.

Bank Loans. The Fund’s investment program may include investments in bank loans and participations. These obligations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors’ rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the Fund to directly enforce its rights with respect to participations. In analyzing each bank loan or participation, the Investment Adviser attempts to compare the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by the Fund.

As secondary market trading volumes increase, new loans are frequently adopting standardized documentation to facilitate loan trading, which may improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue. Because of the provision to holders of such loans of confidential information relating to the borrower, the unique and customized nature of the loan agreement, and the private syndication of the loan, loans are not as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been small relative to the high-yield debt market.

Second Lien Loans. The Fund may invest in loans that are secured by a second lien on assets. Second lien loans have been a developed market for a relatively short period of time, and there is limited historical data on the performance of second lien loans in adverse economic circumstances. In addition, second lien loan products are subject to intercreditor arrangements with the holders of first lien indebtedness, pursuant to which the second lien holders have waived many of the rights of a secured creditor, and some rights of unsecured creditors, including rights in bankruptcy which can materially affect recoveries. While there is broad market acceptance of some second lien intercreditor terms, no clear market standard has developed for certain other material intercreditor terms for second lien loan products. This variation in key intercreditor terms may result in dissimilar recoveries across otherwise similarly situated second lien loans in insolvency or distressed situations. While uncertainty of recovery in an insolvency or distressed situation is inherent in all debt instruments, second lien loan products carry more risks than certain other debt products.

Non-Investment Grade and Unrated Instruments. A portion of the Fund's assets may be invested in instruments that are unrated or have a credit quality rating below investment grade by internationally recognized credit rating organizations, such as Moody's Investors Service Inc. and S&P Global Ratings. The market prices of those securities may fluctuate more than higher-rated securities, and may decline significantly in periods of general economic difficulty. Those securities generally are considered to have extremely poor prospects of ever attaining any real investment grade standing and to have a current identifiable vulnerability to default. The issuers or guarantors of those securities are considered to be less likely to have the capacity to pay interest and repay principal when due in the event of adverse business, financial or economic conditions. Alternatively, such issuers may be in default or not current in the payment of interest or principal. Adverse changes in economic conditions or developments regarding the individual issuer are more likely to cause price volatility and weaken the capacity of the issuers of non-investment grade debt securities to make principal and interest payments than issuers of higher grade debt securities. An economic downturn affecting an issuer of non-investment grade debt securities may result in an increased incidence of default. In addition, the market for lower grade debt securities may be less liquid and less active than for higher grade debt securities.

Inflation Risks. The value of assets or income from investments may be less in the future as inflation decreases the value of money. As inflation increases, the value of the Fund's assets can decline as can the value of the Fund's distributions. This risk is significantly greater if the Fund invests a significant portion of its assets in fixed-income securities with longer maturities.

Credit Risk. An issuer or guarantor of a fixed-income security, or the counterparty to a derivatives or other contract, may be unable or unwilling to make timely payments of interest or principal, or to otherwise honor its obligations. The issuer or guarantor may default causing a loss of the full principal amount of a security. The degree of risk for a particular security may be reflected in its credit rating. There is the possibility that the credit rating of a fixed-income security may be downgraded after purchase, which may adversely affect the value of the security.

Interest Rate Risk. Changes in interest rates will affect the value of the Fund's investments in fixed-income securities. When interest rates rise, the value of investments in fixed-income securities tends to fall and this decrease in value may not be offset by higher income from new investments. Interest rate risk is generally greater for fixed-income securities with longer maturities or durations.

Credit Default Swaps. The Fund expects to invest in credit default swaps. A credit default swap is a contract between two parties which transfers the risk of loss if a company fails to pay principal or interest on time or files for bankruptcy. In essence, an institution which owns corporate debt instruments can purchase a limited form of default protection by entering into a credit default swap with another bank, broker-dealer or financial intermediary. Upon an event of default, the swap may be terminated in one of two ways: (i) by the purchaser of credit protection delivering the referenced instrument to the swap counterparty and receiving a payment of par value, or (ii) by the parties pairing off payments, with the purchaser of the protection receiving a payment equal to the par value of the reference security less the price at which the reference security trades subsequent to default. The first way is the more common form of credit default swap termination.

In the manner described above, credit default swaps can be used to hedge a portion of the default risk on a single corporate bond or a portfolio of bonds. Credit default swaps can be used to implement the Investment Adviser's view that a particular credit, or group of credits, will experience credit improvement. In the case of expected credit improvement, the Fund may sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of the Fund to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. The Fund may also "purchase" credit default protection even in the case in which it does not own the referenced instrument if, in the judgment of the Investment Adviser, there is a high likelihood of credit deterioration. In such instance, the Fund will pay a premium regardless of whether there is a credit event.

The credit default swap market in high-yield securities is comparatively new and rapidly evolving compared to the credit default swap market for more seasoned and liquid investment grade securities, creating the risk that the newer markets will be less liquid, and making it potentially more difficult to exit or enter into a particular transaction. Swap transactions dependent upon credit events are priced incorporating many variables including the pricing and volatility of the common stock, potential loss upon default and the shape of the U.S. Treasury Yield curve, among other

factors. As such, there are many factors upon which market participants may have divergent views. The Investment Adviser may also enter into credit default swap transactions, even if the credit outlook is positive, if it believes that participants in the marketplace have incorrectly valued the components which determine the value of a swap.

Widening and Narrowing Credit Spreads. The Fund will be impacted by the widening or narrowing of credit spreads. If credit spreads were to narrow, it may result in an increase in the cost to the Fund of buying securities to cover the short position or resulting in the inability of the Fund to cover the short position.

Index or Index Options. The Fund may also purchase and sell indices as well as call and put options on indices, whether or not stock indices are listed on securities exchanges or traded in the over-the-counter market. An index or index option fluctuates with changes in the market values of the securities included in the index. Specifically, investments in the ABX, CMBX, CDX and iBoxx indices will fluctuate based upon the value of the subprime mortgage bonds, commercial mortgage-backed securities (“CMBS”) and credit default swaps that are part of such index, respectively. The value of subprime mortgage bonds bear various risks, including credit, market, interest rate, structural and legal risks that can each affect the repayment rate of the underlying subprime mortgages; the value of CMBS will be influenced by factors affecting the value of the underlying real estate portfolio, and by the terms and payment histories of such CMBS; and, the value of credit default swaps are subject to the risks described in “Credit Default Swaps” above. In addition, because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular asset, whether the Fund will realize gains or losses from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the assets generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular assets.

Trading of Swaps. The Fund expects to enter into swap transactions. A swap transaction is an individually negotiated, non-standardized derivative agreement between two parties to exchange cash flows (and sometimes principal amounts) measured by different interest rates, currency exchange rates, securities, commodities or other items, indices, or prices, with payments generally calculated by reference to a principal (“notional”) amount or quantity. Swap contracts are not traded on exchanges and are not otherwise regulated, and as a consequence investors in such contracts do not benefit from regulatory protections. Swap trading is similar to the spot and forward markets in that banks, broker-dealers or their affiliates generally act as principals in the swap markets, and the Fund is subject to risks similar to those described in the discussion of the spot and forward markets.

Futures. The Fund may engage in futures transactions. Futures contracts are usually made on a futures exchange which call for the future delivery of a specified “commodity” at a specified time and place. These contractual obligations, depending on whether one is a buyer or a seller, may be satisfied by making an offsetting sale or purchase of an equivalent futures contract on the same exchange prior to the end of trading in the contract month. Futures prices are highly volatile. Financial instrument and foreign currency futures prices are influenced by, among other things, interest rates, changes in balances of payments and trade, domestic and international rates of inflation, international trade restrictions and currency devaluations and revaluations. The Fund’s profitability may depend on its ability to analyze price movements in those markets. Because low margin deposits are normally required, an extremely high degree of leverage is obtainable in futures trading. A relatively small price movement in a futures contract, consequently, may result in large losses. Thus, like other highly leveraged investments, any purchase or sale of a futures contract may result in losses which exceed the amount invested.

Most U.S. futures exchanges limit fluctuations during a single day in futures contract prices by regulations referred to as “daily price fluctuation limits” or “daily limits.” During a single trading day, no trade may be executed at prices beyond the daily limits, and positions in a particular contract can neither be taken nor liquidated at a price beyond the applicable limit. Futures prices in various commodities have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Fund from promptly liquidating unfavorable positions and subject the Fund to substantial losses, which could exceed the margin initially committed to such trades. In addition, even if futures prices have not moved the daily limit, the Fund may not be able to execute futures trades at favorable prices if little trading in the contracts the Fund wishes to trade is taking place. It is also possible that an exchange or regulatory authority may suspend trading in a particular contract or order that trading in a contract be conducted for liquidation of open positions only.

Securities Futures Products. The Fund may enter into transactions involving securities futures products for investment, hedging and risk management. Although securities futures contracts share some characteristics with options on securities (options contracts), these products are also different in a number of material ways.

If the Fund purchases an options contract, it has the right, but not the obligation, to buy or sell a security prior to the expiration date. By contrast, if it takes a position in a security futures contract (either long or short), it has both the right and the obligation to buy or sell a security at a future

date. The only way the Fund can avoid the obligation incurred by the securities futures contract is to liquidate the position with an offsetting contract.

The purchaser and seller of a security futures contract each enter into an agreement to buy or sell a specific quantity of shares in the underlying security. Based on the movement in prices of the underlying security, a person who holds a position in a security futures contract can gain or lose many times his or her initial margin deposit. In this respect, the benefits of a security futures contract are similar to the benefits of purchasing an option, while the risks of entering into a security futures contract are similar to the risks of selling an option.

Both the purchaser and seller of a security futures contract have daily margin obligations. At least once each day, security futures contracts are marked-to-market and the increase or decrease in the value of the contract is credited or debited to the buyer and seller. As a result, any time the Fund has an open position in a futures contract including security futures products, it may be called upon to meet additional margin requirements. As a consequence of the mark-to-market feature, investors generally feel the effects of gains and losses from such investments immediately.

In addition, the Fund may not be able to execute futures contract trades at favorable prices if trading volume is low. It is also possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract or order trading in a particular contract be conducted for liquidation only.

There are other risks of trading security futures products that differ from the risks of investing in securities. Some, but not all, are:

1. Under certain market conditions it may be difficult or impossible to liquidate a position. If the Fund cannot liquidate a position, it may be impossible to realize a gain from its position or prevent losses from mounting. This could occur, for example, in the event of a trading halt in the underlying security.
2. Under certain market conditions, the prices of futures interests and security futures products may not maintain their customary or anticipated relationship to the price of the underlying security. This could occur, for example, when the market for the primary security is closed, reporting is delayed or the primary market is illiquid.
3. The brokerage firm that holds the Fund's futures interests may be required to deliver the Fund's funds into the accounts of a foreign broker, exchange or clearing organization to satisfy the margin and mark-to-market requirements (if any) of futures contracts traded on foreign exchanges. In the event of the bankruptcy of a counter party, the Fund's funds may not receive the same protections as they would have in the hands of a domestic broker, exchange or clearing organization.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated. There is no limitation on daily price movements and speculative position limits are not applicable. The primary risks associated with entering into such transactions include the risk that there will not be a market for such instruments; that trading will be disrupted because of unusually high trading volume, government intervention or other factors; that there is counterparty credit risk; and that the counterparty may not be able to perform on its obligation under the contract. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. The imposition of controls by governmental authorities might also limit such forward trading to less than that which the Investment Adviser would otherwise recommend, to the possible detriment of the Fund. Market illiquidity, trading disruption, or failure of the counterparty to perform could result in major losses to the Fund. To the extent possible, the Investment Adviser endeavors to deal only with counterparties that are creditworthy and reputable institutions, but such counterparties need not be rated investment grade.

Convertible Securities. Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles its holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

The value of a convertible security is a function of its “investment value” (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its “conversion value” (the security’s worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security’s investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security’s governing instrument. If a convertible security held by the Fund is called for redemption, the Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third-party. Any of these actions could have an adverse effect on the Fund’s ability to achieve their investment objective.

Catastrophe Bonds. The Fund may invest in catastrophe bonds. Event-linked or catastrophe bonds carry material uncertainties and risk exposures to adverse conditions. If a trigger event, as defined within the terms of the bond, involves losses or other metrics exceeding a specific magnitude in the geographic region and time period specified therein, the Fund may lose a portion or all of its investment in such security, including accrued interest and/or principal invested in such security. Because catastrophe bonds cover “catastrophic” events that, if they occur, will result in significant losses, catastrophe bonds carry a high degree of risk of loss and are considered “high yield” or “junk bonds”. The rating, if any, primarily reflects the rating agency’s calculated probability that a predefined trigger event will occur. Thus, lower-rated bonds have a greater likelihood of a triggering event occurring and loss to the Fund.

Catastrophe bonds are also subject to extension risk. The sponsor of such an investment might have the right to extend the maturity of the bond or note to verify that the trigger event did occur or to process and audit insurance claims. The typical duration of mandatory and optional extensions of maturity for reinsurance-related securities currently is between three months to two years. In certain circumstances, the extension may exceed two years. An extension to verify the potential occurrence of a trigger event will reduce the value of the bond or note due to the uncertainty of the occurrence of the trigger event and will hinder the Fund’s ability to sell the bond or note. Even if it is determined that the trigger event did not occur, such an extension will delay the Fund’s receipt of the bond’s or note’s principal and prevent the reinvestment of such proceeds in other, potentially higher yielding securities.

Quota Share Notes, Excess of Loss Notes and ILW Notes. The Fund may invest, directly or indirectly, in reinsurance contracts through shares or notes issued in connection with quota shares and/or may gain exposure to reinsurance contracts through excess of loss notes and/or industry loss warranties (collectively, “Reinsurance Notes”). As Reinsurance Notes represent an interest, either proportional or non-proportional, in one or more underlying reinsurance contracts, the Fund has limited transparency into the individual underlying contract(s) and, therefore, must rely upon the risk assessment and sound underwriting practices of the sponsor. Accordingly, it may be more difficult to fully evaluate the underlying risk profile of Reinsurance Notes, which may place the Fund’s assets at greater risk of loss than if the Investment Adviser had more complete information. The lack of transparency may also make the valuation of such investments more difficult and potentially result in mispricing that could result in losses to the Fund. In Reinsurance Notes, the Fund cannot lose more than the amount invested.

Reinsurance Industry Risk. The performance of reinsurance-related securities and the reinsurance industry itself are tied to the occurrence of various triggering events, including weather, natural disasters (hurricanes, earthquakes, etc.), non-natural large catastrophes and other specified events causing physical and/or economic loss. If the likelihood and severity of natural and other large disasters increase, the risk of significant losses to reinsurers may also increase. Typically, one significant triggering event (even in a major metropolitan area) will not result in financial failure to a reinsurer. However, a series of major triggering events could cause the failure of a reinsurer. Similarly, to the extent the Fund invests in reinsurance-related securities for which a triggering event occurs, losses associated with such event could result in losses to the Fund’s investment, and a series of major triggering events affecting a large portion of the reinsurance-related securities held by the Fund could result in substantial losses to the Fund’s investment. In addition, unexpected events such as natural disasters or terrorist attacks could lead to government intervention. Political, judicial and legal developments affecting the reinsurance industry could also create new and expanded theories of liability or regulatory or other requirements; such changes could have a material adverse effect on the Fund’s investment.

Duration of Reinsurance-Related Securities. The determination of the level of losses under a reinsurance-related security may be a protracted process and the realizable value of these reinsurance-related securities, particularly those with respect to which a loss event has occurred, will be delayed until the related collateral, if any, is released to the Fund and any remaining associated liabilities are finally determined.

Modeling Risk. The Investment Adviser, in selecting certain investments for the Fund, may consider risk models created in-house or by third parties that are based, in part, on prior transactions, quantitative analysis and industry knowledge. Risk models are designed to assist investors, governments and businesses to understand the potential impact of a wide variety of events and allow such parties to analyze the probability of loss. Risk models are created using historical, scientific and other related data and may incorporate quantitative methods. Because such risk models are based in part upon historical data and averages, there is no guarantee that such information will accurately predict the future occurrence or severity of any particular event and thus may fail to accurately calculate the probability of an event and may underestimate the likelihood of an event. Securities or other investments selected using such methods may perform differently from the market as a whole or from their expected performance for many reasons, including factors used in building the analytical framework, the weights placed on each factor, and changing sources of market returns, among others. In addition, any errors or imperfections in a risk model (quantitative or otherwise), analyses, the data on which they are based or any technical issues with the construction of the models (including, for example, data problems and/or software or other implementation issues) could adversely affect the ability of the Investment Adviser to use such analyses or models effectively, which in turn could adversely affect the Fund's performance. Risk models are used by the Investment Adviser as one input in its risk analysis process for Fund investments. There can be no assurance that these methodologies will help the Fund to achieve its investment objective.

When-Issued and Forward Commitment Securities. The purchase of securities on a "when-issued" basis involves a commitment by the Fund to purchase or sell securities at a future date (typically one or two months later). No income accrues on securities that have been purchased on a when-issued basis prior to delivery to the Fund. When-issued securities may be sold prior to the settlement date. If the Fund disposes of the right to acquire a when-issued security prior to its acquisition, it may generate a gain or loss. In addition, there is a risk that securities purchased on a when-issued basis may not be delivered to the Fund. In such cases, the Fund may incur a loss. One type of security which the Fund is permitted to acquire on a "when-issued" basis is a forward-settling agency MBS where the pool is "to-be-announced", known as a "TBA". Pursuant to these TBAs, the Fund will agree to purchase, for future delivery, agency MBS with certain principal and interest terms and certain types of underlying collateral, but where the specific agency MBS to be delivered will not be identified until shortly before the TBA settlement date. In the case of TBAs there is an additional risk that, when the actual terms of the underlying mortgage pool become known, the Fund may be exposed to greater risk than anticipated.

Illiquid Investments. The Fund may invest in securities, bank debt, private funds and companies, other assets and/or third-party managers and other claims, which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and the Fund may not be able to execute a buy or sell order on exchanges at the desired price or to liquidate an open position due to market conditions, including the operation of daily price fluctuation limits. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. The Fund may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. If trading on an exchange is suspended or restricted, the Fund may not be able to execute trades or close out positions on terms that the Investment Adviser believes are desirable. Realization of value from such investments may be difficult in the short-term, or may have to be made at a substantial discount compared to other freely tradable investments. An investment in the Fund is suitable only for certain sophisticated investors who do not require immediate liquidity for their investments.

Private Company Risks. The Fund may invest in securities issued by private companies or other private issuers. Investments in private issuers involve a number of significant risks. Generally, little public information exists about these issuers, and the Investment Adviser is required to rely on the ability of its investment professionals to obtain adequate information to evaluate the potential returns from investing in these issuers. If the Investment Adviser is unable to uncover all material information about these issuers, the Investment Adviser may not make a fully informed investment decision, and the Fund may lose money on its investments. Private issuers may have limited financial resources and may be unable to meet their obligations under their debt securities that the Fund holds, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of the Fund realizing any guarantees it may have obtained in connection with its investment. In addition, private issuers typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns. Additionally, private issuers are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on the private issuer and, in turn, on the Fund. Private issuers also generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses

with products subject to a substantial risk of obsolescence and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. In addition, the Investment Adviser's and the Fund's executive officers and directors may, in the ordinary course of business, be named as defendants in litigation arising from the Fund's investments in these types of issuers. Private issuers are also typically subject to heightened valuation risk. See "Valuation" risk below.

Valuation. Securities which the Investment Adviser believes are fundamentally undervalued or overvalued may not ultimately be valued in the capital markets at prices and/or within the time frame the Investment Adviser anticipates. In particular, purchasing securities at prices which the Investment Adviser believes to be distressed or below fair value is no guarantee that the price of such securities will not decline even further.

Under the 1940 Act, we are required to carry our investments at market value or, if there is no readily available market value, at fair value as determined pursuant to our valuation procedures. There may not be a public market for certain of the investments that we make (for example, investments in privately issued securities). Elements of judgment may play a greater role in valuation in such cases than for investments with a more active secondary market because there is less observable market data available. An instrument that is fair valued may be valued at a price higher or lower than the value determined by other funds using their own fair valuation procedures. We will value these securities at fair value as determined in good faith pursuant to our valuation procedures.

Certain inputs used in the determination of the fair value of our investments may be unaudited or may be subject to little verification or other due diligence. In addition, such factors may be estimated by our Adviser on the basis of information available at the time. Because such valuations, and particularly valuations of private securities, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these non-traded securities existed or if we tried to sell our investments. Due to this uncertainty, our fair value determinations may cause our NAV on a given date to understate or overstate the value that we may ultimately realize upon the sale of one or more of our investments. This may adversely affect our return.

Derivative Investments. The prices of derivative instruments, including futures and options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the commodities underlying them. In addition, the Fund's assets are subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearinghouses or counterparties.

The Fund may buy or sell (write) both call options and put options, and when it writes options, it may do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the same class and amount as those to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. The Fund's option transactions may be part of a hedging strategy (i.e., offsetting the risk involved in another securities position) or a form of leverage, in which the Fund has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be substantial, depending on the circumstances.

In general, without taking into account other positions or transactions the Fund may enter into, the principal risks involved in options trading can be described as follows: When the Fund buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying security in the case of a put, could result in a total loss of the Fund's investment in the option (including commissions). The Fund could mitigate those losses by selling short, or buying puts on, the securities for which it holds call options, or by taking a long position (e.g., by buying the securities or buying calls on them) in securities for which it holds put options.

When the Fund sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is "covered". If it is covered, the Fund would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Fund might suffer as a result of owning the security.

Swaps and certain options and other customized instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty, market risk, liquidity risk and operations risk.

Hedging Transactions. The Fund may utilize financial instruments, both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of the Fund's investment portfolio resulting from fluctuations in the securities markets and

changes in interest rates; (ii) protect the Fund's unrealized gains in the value of the Fund's investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Fund's portfolio; (v) hedge the interest rate or currency exchange rate on any of the Fund's liabilities or assets; (vi) protect against any increase in the price of any securities the Fund anticipates purchasing at a later date or (vii) for any other reason that the Investment Adviser deems appropriate.

The success of the Fund's hedging strategy will depend, in part, upon the Investment Adviser's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Fund's hedging strategy will also be subject to the Investment Adviser's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Fund than if it had not engaged in such hedging transactions. For a variety of reasons, the Investment Adviser may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Fund from achieving the intended hedge or expose the Fund to risk of loss. The Investment Adviser may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Fund's portfolio holdings.

Investing in Other Funds Risk. The Fund's investment in other funds (affiliated and/or unaffiliated funds, including closed-end funds and exchange-traded funds (ETFs)) subjects the Fund to the investment performance (positive or negative) and risks of the underlying funds in direct proportion to the Fund's investment therein. In addition, investments in other funds have unique characteristics, including, but not limited to, the expense structure and additional expenses associated with investing in them. The performance of the underlying funds could be adversely affected if other investors in the same underlying funds make relatively large investments or redemptions in such underlying funds. The Fund, and its shareholders, indirectly bear a portion of the expenses of any funds in which the Fund invests. Also, to the extent that the Fund is constrained/restricted from investing (or investing further) in a particular underlying fund for one or more reasons (e.g., underlying fund capacity constraints or regulatory restrictions) or if the Fund chooses to sell its investment in an underlying fund because of poor investment performance or for other reasons, the Fund may have to invest in other underlying funds, including less desirable funds – from a strategy or investment performance standpoint – which could have a negative impact on Fund performance. In addition, Fund performance could be negatively impacted if an appropriate alternate underlying fund is not identified in a timely manner or at all.

Closed-End Funds (the "CEFS"). The Fund does invest globally in CEFs that are operated by a diversified group of U.S. and non-U.S. closed-end fund managers ("CEF Managers"). To the extent that such CEFs invest in financial instruments similar to those invested in by the Fund, the risk factors that are set forth herein with respect to such instruments will also apply to the CEFs in which the Fund invests, and thus indirectly apply to the Fund.

Risks Relating to Underlying CEF Managers. CEF Managers are subject to various risks, including, but not limited to, operational risks such as the ability to provide the adequate operating environment for a CEF such as back office functions, trade processing, accounting, administration, risk management, valuation services and reporting. CEF Managers may also face competition from other investment managers, which may be more established and have larger capital bases and have larger numbers of qualified management and technical personnel. Additionally, certain CEF Managers may pursue over time different investment strategies which may limit the Fund's ability to assess a CEF Manager's ability to achieve its long-term investment objective. Furthermore, a CEF Manager may face additional risks as the assets of a CEF increase over time. In such instances, a CEF Manager may not be able to handle properly the operating volumes of a CEF with an increased capital basis. Also, a CEF Manager may be unable to manage a CEF's increased assets effectively because it may be unable to maintain such CEF's current investment strategy or find the types of investments better suited for a CEF with an increased capital basis.

Independent CEF Managers. CEF Managers generally invest wholly independently of one another and may at times hold economically offsetting positions. To the extent that such CEF Managers do, in fact, hold offsetting positions, the Fund, considered as a whole, may not achieve any gains or losses despite incurring investment expenses, including, without limitation, performance-based compensation. In addition, there may often be times when a particular CEF Manager may receive performance-based compensation in respect of the Fund's investments for a period even though the Fund's overall portfolio depreciated during such period. Some CEF Managers also may compete with each other from time to time for the same positions in certain markets. Such competition may adversely affect the performance of CEFs managed by such CEF Managers. In addition, although the Investment Adviser receives detailed information from each CEF Manager regarding its investment performance and investment strategy, the Investment Adviser may have little or no means of independently verifying this information. A CEF Manager may use proprietary investment strategies that are not fully disclosed to the Investment Adviser, which may involve risks that are not anticipated by the Investment Adviser.

Misconduct or Bad Judgment of CEF Managers and Their Service Providers. Misconduct by employees of CEF Managers or by third-party service providers of such CEFs could cause losses to the Fund. Employee misconduct may include binding a CEF to transactions that exceed authorized limits or present unacceptable risks and unauthorized trading activities or concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses) or other fraud. Losses could also result from actions by third-party service providers, including, without limitation, failing to recognize trades and misappropriating assets. Although the Investment Adviser will seek to monitor CEF Managers and their CEFs, such measures may not be effective in all cases in detecting fraud or misconduct.

In addition, the Fund will still face the risk of CEF Manager misrepresentation, material strategy alteration or poor judgment. Although CEF Managers are required to adhere to the offering documents for the respective funds, the Investment Adviser cannot control the investments made by a CEF Manager. The Investment Adviser's sole remedy in the event of a deviation by a CEF Manager from its offering documents (such as in the case of "style drift") may be to cause the Fund to withdraw capital from a CEF Manager's fund, subject to any applicable withdrawal restrictions.

Style Drift. The Investment Adviser relies primarily on information provided by CEF Managers in assessing a CEF Manager's defined investment strategy, the underlying risks of such a strategy and, ultimately, determining whether, and to what extent, it will allocate the Fund's assets to particular CEF Managers. "Style drift" is the risk that a CEF Manager may deviate from his or her stated or expected investment strategy. Style drift can occur abruptly if a CEF Manager believes it has identified an investment opportunity for higher returns from a different approach (and the manager disposes of an interest quickly to pursue this approach) or it can occur gradually, such as if, for instance, a "value"-oriented CEF Manager gradually increases a CEF's investments in "growth" stocks. Style drift can also occur if a CEF Manager focuses on factors it had deemed immaterial in its offering documents --such as particular statistical information or returns relative to certain benchmarks. Additionally, style drift may result in a manager pursuing investment opportunities in an area in which it has a competitive disadvantage or is outside the manager's area of expertise (e.g., a large-cap manager focusing on small-cap investment opportunities). Moreover, style drift poses a particular risk for multiple-manager structures since, as a consequence, the Fund may be exposed to particular markets or strategies to a greater extent than was anticipated by the Investment Adviser when it assessed the portfolio's risk-return characteristics and allocated assets to a CEF Manager (and which may, in turn, result in overlapping investment strategies among various CEF Managers).

Special Purpose Acquisition Companies. A SPAC is a publicly traded company formed for the purpose of raising capital through an initial public offering to fund the acquisition, through a merger, capital stock exchange, asset acquisition or other similar business combination, of one or more operating businesses that are typically not publicly-listed. Following the acquisition of a target company, a SPAC's management team may exercise control over the management of the combined company in an effort to increase its value. Often now, though, management of the target company will continue to manage the now publicly-traded business subsequent to completion of its business combination with the SPAC. Capital raised through the initial public offering of securities of a SPAC is typically placed into a trust account until acquired business combination is completed or a predetermined period of time (typically 24 months) elapses. Investors in a SPAC would receive a return on their investment in the event that a target company is acquired and the combined publicly-traded company's shares trade above the SPAC's initial public offering ("IPO") price, or alternatively, the market price at which an investor acquired a SPAC's shares subsequent to its IPO. In the event that a SPAC is unable to locate and acquire a target business by the timeframe established at the time of its IPO, the SPAC would be forced to liquidate its assets, which may result in losses due to the expenses and liabilities of the SPAC, to the extent third-parties are permitted to bring claims against IPO proceeds held in the SPAC's trust account. Investors in a SPAC are subject to the risk that, among other things, (i) such SPAC may not be able to complete a qualifying business combination by the deadline established at the time of its IPO, (ii) assets in the trust account may become subject to third-party claims against such SPAC, which may reduce the per share liquidation value received by the investors in the SPAC in the event it fails to complete a business combination within the required time period, (iii) such SPAC may be exempt from the rules promulgated by the SEC to protect investors in "blank check" companies, such as Rule 419 promulgated under the Securities Act of 1933, as amended (the "Securities Act"), so that investors in such SPAC may not be afforded the benefits or protections of those rules, (iv) such SPAC will likely only complete one business combination, which will cause its returns and future prospects to be solely dependent on the performance of a single acquired business, (v) the value of any target business, including its stock price as a public company, may decrease following its acquisition by such SPAC, (vi) the value of the funds invested and held in the trust account may decline, (vii) the inability to redeem due to the failure to hold the securities in the SPAC on the applicable record date to do so, and (viii) if the SPAC is unable to consummate a business combination, public stockholders will be forced to wait until the deadline before liquidating distributions are made. The Fund may invest in a SPAC that, at the time of investment, has not selected or approached any prospective target businesses with respect to a business combination. In such circumstances, there may be limited basis for the Fund to evaluate the possible merits or risks of such SPAC's investment in any particular target business. In addition, to the extent that a SPAC completes a business combination, it may be affected by numerous risks inherent in the business operations of the acquired company or companies. For these and additional reasons, investments in SPACs are speculative and involve a high degree of risk.

Further, SPACs are structured as publicly-traded blank check companies. Accordingly, the Fund will also be subject to risks that arise from investments in vehicles that are managed by independent third parties, as well as the risk that the underlying business combinations being pursued by the SPACs in which the Fund invests will not be consummated or will not be successful.

Founder's Equity and Sponsor Vehicle Investments. The Fund may invest in founder's equity, consisting of founder's shares and/or private placement warrants issued by a SPAC in connection with its formation and IPO, either directly or indirectly through equity interests in a related sponsor vehicle which holds such founders equity instruments. Founder's shares are similar to the shares of stock issued by a SPAC in its IPO, but have no right to receive any proceeds from a SPAC's trust account pursuant to redemption or liquidation of the SPAC. Similarly, private placement warrants have terms that mirror those of the warrants issued by a SPAC in connection with its IPO, but expire worthless if the SPAC fails to consummate a qualifying business combination within the required time period. As a result, an investment in founder's equity of a SPAC poses a risk of total loss of investment in the event the SPAC is unsuccessful in completing a business combination. In addition, the Fund may be required to agree to certain terms, including with respect to the acquisition, holding and/or voting of its liquid position in a SPAC, in order to receive exposure to a SPAC's founder's equity. Any founders shares distributed to the Fund will also typically be subject to a lock-up period subsequent to completion of a business combination, which will restrict the Fund's ability to dispose of such shares for up to one year after a SPAC completes its business combination. Similar to SPAC PIPE shares, founder's shares, private placement warrants, and any shares issued upon exercise of such private placement warrants, will also be restricted securities, which further limit their liquidity absent registration under the Securities Act.

Exchange-Traded Fund (ETF) Risk. Investments in ETFs have unique characteristics, including, but not limited to, the expense structure and additional expenses associated with investing in ETFs. An ETF's share price may not track its specified market index (if any) and may trade below its NAV. Certain ETFs use a "passive" investment strategy and do not take defensive positions in volatile or declining markets. Other ETFs in which the Fund may invest are actively managed ETFs (i.e., they do not track a particular benchmark), which indirectly subjects the Fund to active management risk. An active secondary market in an ETF's shares may not develop or be maintained and may be halted or interrupted due to actions by its listing exchange, unusual market conditions or other reasons. There can be no assurance an ETF's shares will continue to be listed on an active exchange. In addition, the Fund's shareholders bear both their proportionate share of the Fund's expenses and, indirectly, the ETF's expenses, incurred through the Fund's ownership of the ETF. Because the expenses and costs of an underlying ETF are shared by its investors, redemptions by other investors in the ETF could result in decreased economies of scale and increased operating expenses for such ETF. These transactions might also result in higher brokerage, tax or other costs for the ETF. This risk may be particularly important when one investor owns a substantial portion of the ETF.

The Funds generally expect to purchase shares of ETFs through broker-dealers in transactions on a securities exchange, and in such cases the Funds will pay customary brokerage commissions for each purchase and sale. Shares of an ETF may also be acquired by depositing a specified portfolio of the ETF's underlying securities, as well as a cash payment generally equal to accumulated dividends of the securities (net of expenses) up to the time of deposit, with the ETF's custodian, in exchange for which the ETF will issue a quantity of new shares sometimes referred to as a "creation unit." Similarly, shares of an ETF purchased on an exchange may be accumulated until they represent a creation unit, and the creation unit may be redeemed in kind for a portfolio of the underlying securities (based on the ETF's NAV) together with a cash payment generally equal to accumulated dividends as of the date of redemption.

Co-Investment Considerations. The Fund may invest capital in negotiated transactions that are sourced by the Investment Adviser. These transactions may include transactions that are privately negotiated. Because the Investment Adviser may manage other investment funds or accounts (including proprietary capital) whose mandates include participating in such transactions, such investments will need to be made on a co-investment basis. The 1940 Act imposes significant limits on co-investment with affiliates of the Investment Adviser or the Investment Adviser itself. Accordingly, the Fund may be restricted from participating in various suitable investment opportunities that may otherwise be available to other clients of the Investment Adviser that are not subject to these restrictions.

The Investment Adviser and the Fund have applied for an exemptive order from the SEC (the "Order") granting funds managed by the Investment Adviser and certain other affiliates the ability to negotiate material terms other than price and quantity of co-investment transactions with other funds managed by the Investment Adviser, subject to the conditions included therein. In certain situations where co-investment with one or more funds managed by the Investment Adviser or other affiliates is not covered by the Order, such as when there is an opportunity to invest in different securities of the same issuer, the personnel of the Investment Adviser will need to decide which client will proceed with the investment. Such personnel will make these determinations based on policies and procedures, which are designed to reasonably ensure that investment opportunities are allocated fairly and equitably among affiliated funds over time and in a manner that is consistent with applicable laws, rules and regulations. Moreover, except in certain circumstances, when relying on the Order (if granted), the Fund may be unable to invest in any issuer in which one or more funds managed by the Investment Adviser or its affiliates has previously invested.

Under the terms of the Order (if granted), the Fund would have the opportunity to participate in co-investment opportunities that align with the Fund's investment objective and strategies. When the Fund participates in a co-investment transaction, the personnel of the Investment Adviser will allocate a portion of the investment to the Fund based on the Fund's investment objective and strategies, investment policies, investment positions, capital available for investment, and other pertinent factors. To the extent the Fund is able to make co-investments with the Investment Adviser's affiliates, these co-investment transactions may give rise to certain conflicts of interest or perceived conflicts of interest among the Fund and the other participating accounts (such as differing interests with respect to the desired timing of investment monetization).

In order to reduce certain conflicts of interest that may arise between the Fund and the personal trading activity of the Investment Adviser's personnel, the Investment Adviser has adopted policies within its code of ethics, together with the Investment Adviser's policies and procedures to prevent and detect market abuse and insider trading, placing restrictions on personal trading by the Investment Adviser's personnel. The Investment Adviser's personnel are required to periodically submit holdings and transaction reports, pre-approve transactions in covered securities prior to execution, and maintain exposure to a position in a security for a minimum of 30 days before exiting the transaction. Unless approved by the Investment Adviser's Chief Compliance Officer (the "CCO") or a member of the Investment Adviser's compliance department ("Compliance"), the Investment Adviser's personnel are generally prohibited from transacting in any security (or related security) that the Investment Adviser recommends to the Fund, with limited exceptions (with pre-approval) for investing in the current largest twenty ETFs by volume irrespective of the Fund's ownership of such ETFs (or similar products), investing in the Fund, selling of positions that the Investment Adviser's personnel held prior to joining the Investment Adviser, or other securities deemed appropriate by Compliance. Because such investments have the potential to create a conflict of interest between the Investment Adviser and the Fund, any such exception is evaluated by the CCO or a member of Compliance in accordance with the Investment Adviser's fiduciary obligations to the Fund. It is the responsibility of all of the Investment Adviser's personnel to ensure their adherence to the Investment Adviser's code of ethics. Compliance is responsible for monitoring for potential violations of the Investment Adviser's code of ethics, including without limitation the monitoring and review of the Investment Adviser's personnel's personal securities transactions.

Artificial Intelligence and Machine Learning Risks. The emergence of recent technology developments in generative artificial intelligence such as ChatGPT and similar large language models and chatbots (collectively, "Generative AI") can pose risks to the Investment Adviser and Fund investments. While the Investment Adviser is still evaluating ways to utilize Generative AI in connection with its business operations and investment activities, the Investment Adviser expects to use Generative AI in various processes. The Investment Adviser is likely to be exposed to the risks of Generative AI through third parties (including, but not limited to, the Investment Adviser's and the Fund's service providers or counterparties) that use Generative AI, and the Investment Adviser may not always be aware of such use. The Investment Adviser cannot necessarily control the manner in which products created and/or utilized by third parties are developed or maintained. Due to the rapidly evolving nature of Generative AI and its widespread potential uses, the Investment Adviser expects that its practices with respect to Generative AI will evolve over time as the Investment Adviser's use of, and interaction with, such technologies evolves.

Generative AI is often highly reliant on the collection and analysis of large amounts of data, and in many instances it may not be possible or practicable to incorporate all potentially relevant data into the data set that Generative AI utilizes or to evaluate the source and the reliability of the data being analyzed. Further, the outputs of Generative AI may be inaccurate or unreliable and are also susceptible to errors in such outputs' subsequent analysis. Additionally, the use of Generative AI may involve (i) cybersecurity risks (including, but not limited to, the increased likelihood that the Investment Adviser and Fund investments become a victim of cybercrime), (ii) threats to proprietary and confidential information, (iii) intellectual property violations, (iv) access to, or disclosure of, personal information in violation of applicable data protection laws, and (v) other risks that are not currently foreseen. Such inaccuracies, errors, risks, threats, and/or violations could have adverse impacts on the Investment Adviser and Fund investments. Generative AI continues to develop rapidly, making it difficult to predict the future risks that may arise from such developments.

Risks Relating to Investments in Exchange Traded Funds/Trusts that invest in cryptocurrencies or similar digital assets that utilize blockchain technology. Consistent with the Fund's closed-end fund investment approach, where the Fund seeks to capitalize on the difference between a closed-end fund's aggregate asset value and its net asset value, the Fund has and may in the future invest in exchange traded investment funds/trusts that invest in cryptocurrencies or similar assets that utilize blockchain technology (such as, the Grayscale Bitcoin Trust) and the Fund may hedge such investments through the use of other securities (including other exchange trade funds that own virtual currencies) and derivatives of virtual currencies, in each case, to the extent permitted by, and in accordance with, any future law, regulation, guidance, or exemptive relief provided by the SEC or its staff or other regulatory agency or body having jurisdiction. The Fund expects that any such investments are likely to constitute only a small proportion of its portfolio.

The following risk factors relate to investment held by exchange traded investment funds/trusts that invest in cryptocurrencies or similar assets:

Virtual currencies are relatively new, evolving products based upon new and evolving technologies. An investment in any virtual currency is subject to a variety of risks, including technological, security and regulatory risks as well as associated uncertainties over the future existence, support and development of such virtual currency. Virtual currencies may also experience unusual volatility. Any such investment is highly speculative and subject to the risk that the entirety or a material portion of such investment or its value may be lost. Virtual currency derivatives, such as futures or options on futures on a virtual currency, are also a relatively new asset class, and trading in these instruments, like trading in the virtual currencies themselves, carries a high level of risk. Investments in virtual currency derivatives, like direct investments in virtual currencies, should be considered speculative and may result in a total loss of capital. Virtual currencies are not legal tender, but a type of highly decentralized electronic commodity that is not typically backed by any intermediating authority, such as a central bank or a national, supra-national or quasi-national organization, or any hard assets, human capital, or other form of credit. Rather, their value is based on (and fluctuates frequently according to) supply and demand factors, the number of merchants that accept the currency, and the value that various market participants place on it through their mutual agreement, barter or transactions.

The creation of new units of the virtual currency, as well recordation of ownership and transactions in the currency, is typically driven by an algorithmic system distributed over a very large computer network with many participants. Typically, an individual virtual currency unit exists as a record in a digital file, based upon a mathematical proof, and is comprised of a public key that encrypts a transaction value and a private key that decrypts it. Virtual currencies allow users to send payments within a decentralized, peer-to-peer network, and do not require a central clearinghouse or financial institution clearing transactions.

Cybersecurity Risk. Because of the cryptographic characteristics of virtual currency networks and their large number of users, direct attacks on the integrity of a virtual currency network (such as to change ownership, the number of units of the virtual currency in circulation, or the history of transactions) are generally considered impractical, but new technological developments or unforeseen technical flaws in a virtual currency's algorithm could create opportunities for disruption. If the basic algorithm of a virtual currency were compromised, the value of the virtual currency itself, and derivatives thereupon, could be severely affected. Note, also, that the electronic exchanges and third-party custodians that facilitate trading in virtual currencies may experience, and have experienced, cybersecurity incidents of their own. As described below, depending upon the electronic custody arrangements used by an exchange, a compromise of its systems can result in an irreversible loss of virtual currency for users even if the algorithm of the virtual currency itself remains technically sound. Hackers or malicious actors may launch attacks to steal, compromise, or secure virtual currencies, such as by attacking virtual currency network source code, exchange servers, third-party platforms, cold and hot storage locations or software, or virtual currency transaction history, or by other means. Depending upon the scale of such an incident, it could have systemic effects upon the value and liquidity of a virtual currency. Although virtual currency derivatives may not be directly exposed to this latter so-called "wallet risk", major disruptions to one or more virtual currency exchanges could have valuation effects on a virtual currency that would negatively impact the value of its derivatives in turn.

Risks Associated with "Digital Wallets". Exchange traded funds and trusts may use digital currency "wallets" (a "virtual currency wallet" being a programmatic record system that contains virtual currency units) provided by exchanges or other third-parties to hold all or a portion of such exchange traded fund's and trust's virtual currencies. Such funds may be unable to conduct detailed information technology diligence on such third-party wallet providers and, as a result, may not be aware of all security vulnerabilities and risks. Certain third-party wallet providers might not indemnify the exchange traded fund or trust against any losses of virtual currencies. Certain virtual currencies are intended to be controllable only by the possessor of both the unique public and private keys relating to the local or online digital wallet in which such virtual currencies are held. If private keys relating to such exchange traded fund's or trust's virtual currency holdings are lost, destroyed or otherwise compromised and such private keys are not capable of being restored by a virtual currency network, such exchange traded fund or trust may be unable to access the related virtual currencies. Further, virtual currencies are typically transferred digitally, through electronic media not controlled or regulated by any entity. If a virtual currency transfers to the wrong destination, the exchange traded fund or trust may be unable to recover the virtual currency or its value.

Price Volatility Risks. A principal risk in trading virtual currencies and virtual currency derivatives is the rapid fluctuation of their market price. Virtual currencies experience significant price volatility, which may result in substantial changes in the value of a derivative contract on the underlying virtual commodity. The price of virtual currencies may be affected generally by a wide variety of complex and difficult to predict factors such as virtual currency supply and demand; rewards and transaction fees for the recording of transactions; availability and access to virtual currency service providers (such as payment processors), exchanges or other virtual currency users and market participants; perceived or actual virtual currency network or virtual currency security vulnerability; inflation levels; fiscal policy; interest rates; and political, natural and economic events. Additionally, the highly distributed nature of virtual currency trading can complicate efficient price discovery for a virtual currency in the

marketplace, an effect compounded by the fact that the distributed network responsible for processing virtual currency transactions may have a relatively limited transaction volume.

Fluctuations in the underlying virtual currency's value between the time that a trade is placed for a virtual currency futures contract and the time that an attempt is made to it liquidate it will affect the value of a futures contract and the potential profit and losses related to it.

Like futures generally, virtual currency futures are also traded using initial margin, which permits positions to be established in these instruments whose value exceeds the initial investment. Because the initial margin of a virtual currency derivative may be set as a percentage of the value of the contract, margin requirements for a long position may significantly increase if price of the contract rises. Additionally, due to the leverage effect provided by initial margin, unfavorable movements in the price of a virtual currency future can produce substantial losses compared to the size of the size of the initial investment. These risks are enhanced in the context of increased price volatility. There is no guarantee that the exchange traded fund or trust will be able to achieve a better than average market price for virtual currencies in owns through such exchange traded fund or trust or virtual currency derivatives or will purchase such assets at the most favorable price available.

Virtual Currencies are Speculative Investments. To date, speculators and investors seeking to profit from either short- or long-term holding of virtual currencies have driven much of the demand for these products. Virtual currencies typically have a very limited commercial and retail market application, thus contributing to price volatility that could adversely affect an investment. Virtual currencies are not yet widely adopted as a means of payment for goods and services, and banks and other established financial institutions may refuse to process funds for virtual currency transactions, process wire transfers to or from their exchanges, as well as virtual currency-related companies or service providers, or maintain accounts for persons or entities transacting in virtual currencies. Accordingly, investments in virtual currencies and virtual currency derivatives should be considered highly speculative.

Risk of Competition. As purely algorithmic constructs, virtual currencies present a relatively low barrier to entry for new financial products, and competitive products for a particular virtual currency may readily develop and vie for market share.

Fees Associated with Virtual Currency Networks. Virtual currency network participants may charge a fee for effectuating certain essential services, such as transaction recording. These fees are sensitive to prevailing market conditions and may increase during periods of high volume.

Risks Associated with Virtual Currency Exchanges. The virtual currency exchanges on which virtual currencies trade are relatively new and largely unregulated and may therefore be more exposed to theft, fraud and failure than established, regulated exchanges for other products. Liquidity for a virtual currency may be inconsistent or limited, particularly during periods of market stress. Virtual currency exchanges may impose daily, weekly, monthly or customer-specific transaction or distribution limits or suspend redemptions entirely, rendering the exchange of virtual currency difficult or impossible. Virtual currency exchanges are appealing targets for cybercrime, hackers and malware. It is possible that any such exchange may cease operations due to theft, fraud, security breach, liquidity issues, anti-money laundering issues or government investigation. While the virtual currency spot trading market is relatively unregulated, investors should note that both U.S.-domestic and foreign regulators have applied serious sanctions, including trading bans, to virtual currency exchanges that were found derelict under applicable laws. In addition, banks may refuse to process wire transfers to or from exchanges. Over the past several years, many exchanges have, indeed, closed due to fraud, theft, government or regulatory involvement, failure or security breaches, or banking issues. The exchange traded fund and trust may be unable to replace missing virtual currencies or seek reimbursement for any theft of virtual currencies.

While virtual currencies have been determined to be commodities under the U.S. Commodity Exchange Act, as amended, the CFTC's regulatory oversight authority over commodity cash markets is limited. The CFTC maintains general anti-fraud and manipulation enforcement authority over virtual currency cash markets as a commodity in interstate commerce. However, recourse for recovery of any fiat currency lost as a result of participating in a virtual currency exchange may be limited in practice due to technological considerations. The spot and underlying markets for virtual currency are relatively opaque systems in which the ultimate beneficial owners of units of virtual currency may be difficult or impossible to identify, complicating antitheft and antifraud measures by virtual currency exchanges or regulators.

Risks Associated with Virtual Currency Derivatives Exchanges. Futures exchanges subject to U.S. jurisdiction that trade in virtual currency derivatives are responsible for regulating their activities with CFTC oversight; certain exchanges have also contracted with the NFA to implement monitoring and rule compliance in furtherance of the CFTC's rules. Exchange-traded virtual currency derivatives that are subject to CFTC jurisdiction mitigate some of the risks of direct participation in virtual currency trading by interposing regulated facilities and contracts between traders and the underlying virtual currency market. Nevertheless, to the extent that disruptions in the exchanges of an underlying virtual currency affect the value of that commodity, derivatives in that virtual currency may be negatively impacted as well.

Futures commission merchants may impose enhanced trading restrictions upon virtual currency derivatives due to their novel and highly speculative nature. Virtual currency derivatives contracts may be subject to additional margin, dynamic price limits, position limits, or prohibitions on trading strategies such as certain forms of short selling or give-up/give-in transactions. Designated contract markets for virtual currency derivatives may impose trading halts that may restrict a market participant's ability to exit a position during a period of high volatility. Such features could affect the ability of the Investment Adviser to expand or exit a position in virtual currency derivatives at the most financially opportune moment, potentially resulting in losses to the Fund.

Additional Regulatory Considerations. The regulatory schemes affecting virtual currencies may not be fully developed. Government action or regulation may directly or indirectly affect a virtual currency market or network, influencing virtual currency use or prices. It is possible that any jurisdiction may, in the near or distant future, adopt laws, regulations, policies or rules directly or indirectly affecting a virtual currency network, generally, or restricting the right to acquire, own, hold, sell, convert, trade, use or exchange virtual currencies. Like virtual currencies themselves, virtual currency derivatives exist within an evolving regulatory landscape and could also become subject to new regulations with valuation consequences for these instruments. Such changes could be difficult or impossible to predict.

Additional Tax Considerations. Many significant aspects of the tax treatment of investments in cryptocurrency are uncertain, and a direct or indirect investment in cryptocurrency may produce income that if directly earned by a regulated investment company like the Fund, would be treated as non-qualifying income for purposes of the income test applicable to regulated investment companies. Accordingly, to the extent the Fund invests in cryptocurrencies futures, or investment vehicles that invest in cryptocurrencies, it will do so through a subsidiary.

In 2014, the IRS released a notice (the "Notice") discussing certain aspects of "convertible virtual currency" (that is, digital assets that have an equivalent value in fiat currency or that act as a substitute for fiat currency) for U.S. federal income tax purposes and, in particular, stating that such a digital asset (i) is "property," (ii) is not "currency" for purposes of the rules relating to foreign currency gain or loss and (iii) may be held as a capital asset. In 2019, the IRS released a revenue ruling and a set of "Frequently Asked Questions" (the "Ruling & FAQs") that provide some additional guidance. However, the Notice and the Ruling & FAQs do not address other significant aspects of the U.S. federal income tax treatment of digital assets.

Other tax issues include the income and withholding taxation of incidental rights received through a fork in the blockchain, airdrops offered to bitcoin holders and other similar events, including situations where such rights are disclaimed, as is expected with respect to Grayscale Bitcoin Trust's intended treatment of such events. There is limited guidance from the IRS with respect to the treatment of bitcoin for tax purposes. In any event, there can be no assurance that the IRS will not alter its positions or otherwise provide further guidance, potentially retroactive in effect, with respect to digital assets in the future or that a court would uphold the treatment set forth in the Notice and the Ruling & FAQs or in other guidance.

It is unclear what additional guidance on the treatment of digital assets for U.S. federal, state and local income tax purposes may be issued or when such guidance may be issued. Because of the evolving nature of digital assets, it is not possible to predict potential future developments that may arise with respect to digital assets. Any future guidance on the treatment of digital assets for federal, state or local tax purposes could result in adverse tax consequences for the Fund or the subsidiary and could have an adverse effect on the value of bitcoin, ether and other cryptocurrencies.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. The Fund opportunistically implements strategies it believes from time to time will be best suited to prevailing market conditions and to the Investment Adviser's investment experience. Such strategies or approaches may involve higher levels of risk than the ones discussed herein. There can be no assurance that the Investment Adviser will be successful in applying any strategy or discretionary approach to the Fund's investments.

Investors and prospective investors should read this entire risk disclosure as well as the more complete list of Fund Risk Factors and other materials set forth on the Fund's website (<https://www.sabacef.com>) and the Fund's Prospectus. Investors and prospective investors should consult with their own advisors before deciding whether to invest in the Fund. In addition, prospective and current investors should note that the Prospectus is and may become outdated and/or inaccurate as the Fund's investment program may develop and change over time. An investment in the Fund may be subject to additional and different risk factors that are not outlined above. Nothing in this report or any document provided to current or future shareholders, as applicable, will prohibit or limit the recipient from voluntarily communicating with or providing information to any national, federal, state or local governmental agency or regulator regarding any potential violations of law or regulation, and the recipient is not required to seek consent from or provide notice to the Investment Adviser or the Fund in connection with any such communication with a national, federal, state or local governmental agency or regulator.

Saba Capital Income & Opportunities Fund II

Report of Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Trustees of Saba Capital Income & Opportunities Fund II

Opinion on the Financial Statements

We have audited the accompanying consolidated statement of assets and liabilities of Saba Capital Income & Opportunities Fund II (the "Fund"), including the consolidated schedule of investments, as of October 31, 2024, and the related consolidated statements of operations, changes in net assets, cash flows and the financial highlights for the year ended October 31, 2024 and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Fund at October 31, 2024, and the results of their operations, changes in their net assets, their cash flows and their financial highlights for the year ended October 31, 2024, in conformity with U.S. generally accepted accounting principles.

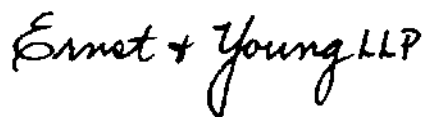
The statement of changes in net assets for the period from January 1, 2023 to October 31, 2023 and year ended December 31, 2022, and financial highlights for the period from January 1, 2023 to October 31, 2023 and each of the four years in the period ended December 31, 2022 were audited by other auditors whose report dated December 19, 2023, expressed an unqualified opinion on those consolidated statement of changes in their net assets and financial highlights.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of the Fund's internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2024, by correspondence with the custodian and others or by other appropriate auditing procedures where replies from others were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten-style script.

We have served as the auditor of Saba Capital Income and Opportunities Fund II since 2024.

New York, New York
December 20, 2024

Saba Capital Income & Opportunities Fund II Consolidated Schedule of Investments

October 31, 2024

	Principal Amount	Fair Value
CORPORATE BONDS - 10.08%		
Communications - 4.90%		
Altice France Holding S.A., 5.500%, 10/15/2029 ^(b)	\$ 736,000	\$ 553,840
Clear Channel Outdoor Holdings Inc., 7.750%, 04/15/2028 ^(b)	2,000,000	1,785,000
Clear Channel Outdoor Holdings Inc., 7.500%, 06/01/2029 ^(b)	2,377,000	2,044,220
CSC Holdings LLC, 3.375%, 02/15/2031 ^(b)	270,000	194,738
DISH Network Corp., 11.750%, 11/15/2027 ^(b)	1,430,000	1,507,756
Gray Television Inc., 7.000%, 05/15/2027 ^(b)	709,000	691,275
Level 3 Financing Inc., 10.500%, 05/15/2030 ^(b)	2,778,000	3,045,382
Level 3 Financing Inc., 3.875%, 10/15/2030 ^(b)	1,556,800	1,185,114
Telegram Group Inc., 7.000%, 03/22/2026 ^(e)	2,123,000	1,990,312
		12,997,637
Consumer Discretionary - 4.19%		
Caesars Entertainment Inc., 6.500%, 02/15/2032 ^(b)	1,607,000	1,635,122
RR Donnelley & Sons Co., 9.500%, 08/01/2029 ^(b)	5,166,000	5,198,288
RR Donnelley & Sons Co., 10.870%, 08/01/2029 ^(b)	3,159,000	3,115,564
Staples Inc., 10.750%, 09/01/2029 ^(b)	1,197,000	1,164,083
		11,113,057
Industrials - 0.17%		
LABL, INC., 8.625%, 10/01/2031 ^(b)	472,000	456,660
		456,660
Real Estate - 0.82%		
China Evergrande Group, 8.250%, 03/23/2022 ^{(a)(e)}	7,095,000	158,219
China Evergrande Group, 9.500%, 04/11/2022 ^{(a)(e)}	4,148,000	95,653
China Evergrande Group, 11.500%, 01/22/2023 ^{(a)(e)}	4,400,000	98,252
China Evergrande Group, 10.000%, 04/11/2023 ^{(a)(e)}	7,339,000	172,467
China Evergrande Group, 7.500%, 06/28/2023 ^{(a)(e)}	8,818,000	205,371
China Evergrande Group, 12.000%, 01/22/2024 ^{(a)(e)}	1,823,000	42,330
China Evergrande Group, 9.500%, 03/29/2024 ^{(a)(e)}	3,046,000	71,764
China Evergrande Group, 10.500%, 04/11/2024 ^{(a)(e)}	3,090,000	73,418
China Evergrande Group, 8.750%, 06/28/2025 ^{(a)(e)}	55,575,000	1,273,779
		2,191,253
TOTAL CORPORATE BONDS		26,758,607
(Cost \$24,984,747)		
	Principal Amount	Fair Value
SENIOR LOANS - 8.36%		
Communications - 2.52%		
Gogo Intermediate Holdings LLC, Initial Term Loan, TSFR1M + 3.750%, 04/30/2028	1,690,000	1,588,000
Level 3 Financing Inc., Term B-2 Loan, TSFR1M + 6.560%, 04/15/2030 ^(f)	5,000,000	5,110,725
		6,698,725
Consumer Discretionary - 2.83%		
J Crew Group LLC, Initial Term Loan, TSFR3M + 6.000%, 09/26/2031	4,394,428	4,458,521
The GEO Group, Inc., Term B Loan, TSFR1M + 5.250%, 04/13/2029	1,054,853	1,076,609
Vortex Opco LLC, Term Loan, TSFR3M + 6.250%, 04/30/2030	1,690,000	1,749,682
Weber-Stephen Products LLC, Term B Loan, TSFR1M + 3.250%, 10/30/2027	239,000	227,170
		7,511,982

Saba Capital Income & Opportunities Fund II Consolidated Schedule of Investments

October 31, 2024

	Principal Amount	Fair Value
Consumer, Non-cyclical - 2.27%		
Revlon Intermediate Holdings IV LLC, Term Loan, TSFR6M + 6.875%, 05/02/2028	\$ 6,111,000	\$ 6,015,516
		6,015,516
Health Care - 0.17%		
ModivCare Inc., Term Loan, TSFR3M + 4.750%, 07/01/2031	478,000	461,868
		461,868
Industrials - 0.57%		
Multi-Color Corp., Term Loan, TSFR1M + 5.000%, 10/29/2028	1,543,099	1,512,631
		1,512,631
TOTAL SENIOR LOANS		22,200,722
(Cost \$22,146,355)		
	Principal Amount	Fair Value
SOVEREIGN DEBT OBLIGATION - 0.39%		
Sovereign - 0.39%		
Lebanon Government International Bond, 6.150%, 06/19/2020 ^(a)	12,024,000	1,029,014
		1,029,014
TOTAL SOVEREIGN DEBT OBLIGATION		1,029,014
(Cost \$766,530)		
	Principal Amount	Fair Value
MORTGAGE-BACKED SECURITY - 0.47%		
Federal National Mortgage Association (FNMA) - 0.47%		
FNMA, Series 23-52, Class IO, 3.000%, 05/25/2051	6,684,349	1,257,501
		1,257,501
TOTAL MORTGAGE-BACKED SECURITY		1,257,501
(Cost \$1,242,976)		
	Shares	Fair Value
COMMON STOCK - 7.81%		
Communications - 3.24%		
Baidu, Inc. ^(f)	9,361	854,004
Bumble, Inc. ^(f)	325,181	2,302,281
Snap Inc. ^(f)	159,101	1,934,668
Uber Technologies, Inc. ^(f)	5,668	408,379
Weibo Corp.	343,192	3,105,888
		8,605,220
Consumer Discretionary - 0.42%		
Arbe Robotics, Ltd. ^(f)	200,084	364,153
PDD Holdings Inc. ^(f)	2,900	349,711
Polestar Automotive Holding UK PLC ^(f)	275,435	305,733
The RealReal, Inc. ^(f)	30,073	87,212
		1,106,809
Energy - 0.35%		
Sable Offshore Corp. ^(f)	44,801	916,629
		916,629
Financials - 2.42%		
Cannae Holdings, Inc.	265,592	5,272,001
Compass Diversified Holdings	11,866	257,492
PagSeguro Digital Ltd. ^(f)	112,029	900,713
		6,430,206

Saba Capital Income & Opportunities Fund II Consolidated Schedule of Investments

October 31, 2024

	Shares	Fair Value
Health Care - 0.12%		
Arbutus Biopharma Corp. ^(f)	83,769	\$ 322,092
		322,092
Industrials - 0.22%		
The GEO Group, Inc. ^(f)	38,396	582,851
		582,851
Real Estate - 0.72%		
Anywhere Real Estate, Inc. ^(f)	65,905	254,393
Star Holdings ^(f)	130,599	1,663,831
		1,918,224
Technology - 0.32%		
CommScope Holding Company, Inc. ^(f)	23,474	157,980
GDS Holdings Ltd. ^(f)	14,094	308,800
Vertex, Inc. ^(f)	9,206	382,141
		848,921
TOTAL COMMON STOCK		20,730,952
(Cost \$18,908,899)		

	Shares	Fair Value
CLOSED END FUNDS - 15.54%		
Alternative - 3.67%		
BlackRock ESG Capital Allocation Trust	121,074	2,077,630
Destra Multi-Alternative Fund ^(f)	2,947	25,609
Platinum Asia Investments Ltd.	9,044,071	6,249,481
Tribeca Global Natural Resources Ltd. ^(f)	1,796	1,974
VGI Partners Global Investments, Ltd.	1,036,914	1,392,078
		9,746,772
Equity - 9.21%		
Aberdeen Standard Global Infrastructure Income Fund	50,927	998,169
abrdn Global Dynamic Dividend Fund	12,012	122,042
abrdn Healthcare Investors	34,542	622,792
abrdn Life Sciences Investors	128,601	1,872,431
abrdn Total Dynamic Dividend Fund	25,983	227,351
Adams Natural Resources Fund, Inc.	37,130	874,783
Allspring Global Dividend Opportunity Fund	3,068	14,757
Argo Global Listed Infrastructure Limited	113,072	171,149
BlackRock Enhanced Global Dividend Trust	3,353	37,822
BlackRock Enhanced International Dividend Trust	22,038	120,989
BlackRock Resources & Commodities Strategy Trust	15,858	147,797
BlackRock Science & Technology Trust II	134,449	2,686,291
Diversified United Investment Ltd.	74,170	254,794
Future Generation Global Ltd.	7,731	6,945
Gabelli Dividend & Income Trust	59,672	1,435,112
Gabelli Healthcare & WellnessRx Trust	23,912	245,098
GAMCO Natural Resources Gold & Income Trust	3,582	20,919
Hearts and Minds Investments, Ltd.	1,692,422	3,296,789

Saba Capital Income & Opportunities Fund II Consolidated Schedule of Investments

October 31, 2024

	Shares	Fair Value
John Hancock Hedged Equity & Income Fund	137	\$ 1,469
Lazard Global Total Return and Income Fund, Inc.	12,674	212,163
NYLI CBRE Global Infrastructure Megatrends Term Fund	60,263	840,669
Platinum Capital, Ltd.	2,149,942	2,030,343
Pengana International Equities, Ltd.	1,259,849	953,470
Tortoise Energy Independence Fund, Inc.	17,699	699,464
Tortoise Energy Infrastructure Fund, Inc.	15,834	638,585
Tortoise Midstream Energy Fund, Inc.	21,652	1,091,044
Tortoise Pipeline & Energy Fund, Inc.	3,607	160,548
MFF Capital Investments, Ltd.	1,042,448	2,716,691
WAM Global Ltd.	1,099,459	1,635,228
WCM Global Growth, Ltd.	307,447	323,729
		24,459,433
Fixed Income - 2.28%		
AllianceBernstein National Municipal Income Fund	79,712	901,543
BlackRock MuniHoldings New York Quality Fund, Inc.	872	9,296
BlackRock New York Municipal Income Trust	26,865	286,112
BNY Mellon Municipal Bond Infrastructure Fund, Inc.	2,194	23,542
BNY Mellon Strategic Municipals, Inc.	21,897	138,827
DWS Strategic Municipal Income Trust	15,370	154,776
Eaton Vance New York Municipal Bond Fund	19,040	180,880
Ellsworth Growth and Income Fund, Ltd.	5,295	48,926
Invesco Pennsylvania Value Municipal Income Trust	28,614	314,754
Invesco Trust for Investment Grade New York Municipals	18,617	208,510
MFS High Income Municipal Trust	29,418	112,965
New America High Income Fund, Inc.	43,258	353,850
Nuveen Core Plus Impact Fund	68,072	767,171
Nuveen New Jersey Quality Municipal Income Fund	43,385	537,540
Nuveen Pennsylvania Quality Municipal Income Fund	115,188	1,376,497
PIMCO California Municipal Income Fund II	3,866	23,119
Pioneer Municipal High Income Advantage Fund, Inc.	39,278	338,576
Pioneer Municipal High Income Fund, Inc.	24,447	229,802
Pioneer Municipal High Income Opportunities Fund, Inc.	4,798	58,175
		6,064,861
Mixed Allocation - 0.38%		
Allspring Utilities and High Income Fund	2,107	23,261
Calamos Long/Short Equity & Dynamic Income Trust	49,846	772,613
Virtus Dividend, Interest & Premium Strategy Fund	15,293	192,539
		988,413
TOTAL CLOSED END FUNDS		
(Cost \$36,261,472)		41,259,479
	Shares	Fair Value
INVESTMENT TRUSTS - 2.57%		
Alternative - 2.56%		
Bitwise 10 Crypto Index Fund ^{(f)(g)}	185,311	6,810,179
		6,810,179

Saba Capital Income & Opportunities Fund II Consolidated Schedule of Investments

October 31, 2024

	Shares	Fair Value
Equity - 0.01%		
Keystone Positive Change Investment Trust PLC ^(f)	6,655	\$ 20,252
		20,252
TOTAL INVESTMENT TRUSTS		6,830,431
(Cost \$6,106,320)		
	Shares	Fair Value
PREFERRED STOCK - 0.19%		
Technology - 0.19%		
Xtend Reality Expansion Ltd. Preferred B-2 ^{(c)(f)}	579,633	495,840
		495,840
TOTAL PREFERRED STOCK		495,840
(Cost \$495,840)		
		Fair Value
PRIVATE FUNDS - 11.46%		
Alternative Capital Investments Fund III LP, Special Class Interests ^(f)		1,240,758
Alternative Capital Investments Fund III LP, Standard Class Interests ^(f)		115,256
New Holland Special Opportunities Aggregator LP ^(h)		1,046,284
Stone Ridge Opportunities Fund Feeder LP ^(f)		28,032,000
		30,434,298
TOTAL PRIVATE FUNDS		30,434,298
(Cost \$25,890,498)		
	Shares	Fair Value
UNIT TRUSTS - 1.41%		
Grayscale Digital Large Cap Fund ^{(f)(g)}	27,189	753,135
Grayscale Ethereum Classic Trust ^{(f)(g)}	352,330	3,001,852
		3,754,987
TOTAL UNIT TRUSTS		3,754,987
(Cost \$3,568,699)		
	Shares	Fair Value
SPECIAL PURPOSE ACQUISITION COMPANIES - 0.35%		
Bold Eagle Acquisition Corp. ^(f)	91,891	919,369
GP-Act III Acquisition Corp., Class A ^{(c)(f)}	17,094	6,666
Graf Global Sponsor LLC, Class A ^{(c)(f)(g)}	15,421	5,398
		931,433
TOTAL SPECIAL PURPOSE ACQUISITION COMPANIES		931,433
(Cost \$919,040)		
	Contracts	Fair Value
WARRANTS - 0.00%^(d)		
GP-Act III Acquisition Corp., Expires 12/31/2027, Strike Price \$11.50 ^(f)	23,593	2,734
GP-Act III Acquisition Corp., Expires 01/25/2029, Strike Price \$11.50 ^{(c)(f)}	21,362	83
Graf Global Sponsor LLC Class B Warrants, Expires 01/25/2029, Strike Price \$0.01 ^{(c)(f)(g)}	19,276	79
		2,896
TOTAL WARRANTS		2,896
(Cost \$44,503)		

Saba Capital Income & Opportunities Fund II Consolidated Schedule of Investments

October 31, 2024

	Contracts	Fair Value
OPTIONS - 0.88% ^(f)		
Call Option Contracts - 0.04%		
Russell 2000 Index, Expires 12/20/2024, Strike Price \$2,250 ^(f)	19	\$ 112,005
		112,005
Put Option Contracts - 0.84%		
S&P 500 Index, Expires 11/15/2024, Strike Price \$5,230 ^(f)	10	12,350
S&P 500 Index, Expires 11/15/2024, Strike Price \$5,245 ^(f)	80	103,600
S&P 500 Index, Expires 11/15/2024, Strike Price \$5,250 ^(f)	5	6,410
S&P 500 Index, Expires 11/15/2024, Strike Price \$5,355 ^(f)	28	54,040
S&P 500 Index, Expires 11/15/2024, Strike Price \$5,380 ^(f)	14	29,820
S&P 500 Index, Expires 12/20/2024, Strike Price \$5,630 ^(f)	23	253,115
S&P 500 Index, Expires 12/20/2024, Strike Price \$5,680 ^(f)	39	488,085
S&P 500 Index, Expires 01/17/2025, Strike Price \$5,700 ^(f)	8	119,400
S&P 500 Index, Expires 01/17/2025, Strike Price \$5,730 ^(f)	20	318,400
S&P 500 Index, Expires 01/17/2025, Strike Price \$5,740 ^(f)	27	439,290
S&P 500 Index, Expires 01/17/2025, Strike Price \$5,745 ^(f)	24	394,560
		2,219,070
TOTAL OPTIONS		2,331,075
(Premiums paid \$3,222,151)		

	Shares	Fair Value
MONEY MARKET FUNDS - 6.15%		
BNY Mellon U.S. Treasury Fund, 7 Day Yield, 4.710% ^{(g)(h)}	643,420	643,421
JPMorgan US Treasury Plus Money Market Fund, 7 Day Yield, 4.690%	15,681,419	15,681,419
TOTAL MONEY MARKET FUNDS		16,324,840
(Cost \$16,324,840)		
Total Investments in Securities - 65.66%		174,342,075
(Cost \$160,882,870)		
Other Assets in Excess of Liabilities - 34.34%		91,165,628
NET ASSETS - 100.00%		\$ 265,507,703
<i>Amounts above are shown as a percentage of net assets as of October 31, 2024.</i>		

SCHEDULE OF SECURITIES SOLD SHORT

	Principal Amount	Fair Value
CORPORATE BONDS - (0.96%)		
Industrials - (0.53%)		
Icahn Enterprises LP/Icahn Enterprises Finance Corporation, 4.375%, 02/01/2029	\$ (355,000)	(295,981)
Icahn Enterprises LP/Icahn Enterprises Finance Corporation, 5.250%, 05/15/2027	(1,181,000)	(1,104,236)
		(1,400,217)
Real Estate - (0.43%)		
CPI Property Group SA, 1.750%, 01/14/2030 ^(e)	(1,257,000)	(1,152,224)
		(1,152,224)
TOTAL CORPORATE BONDS		(2,552,441)
(Proceeds \$2,570,489)		

Saba Capital Income & Opportunities Fund II Consolidated Schedule of Investments

October 31, 2024

	Principal Amount	Fair Value
SOVEREIGN DEBT OBLIGATIONS - (85.83%)		
Sovereign - (85.83%)		
United States Treasury, 3.750%, 08/31/2026	\$ (134,537,000)	\$ (133,545,491)
United States Treasury, 3.875%, 08/15/2034	(97,486,999)	(94,341,487)
TOTAL SOVEREIGN DEBT OBLIGATIONS		(227,886,978)
(Proceeds \$232,185,865)		

	Shares	Fair Value
COMMON STOCK - (2.36%)		
Communications - (0.02%)		
Lumen Technologies, Inc. ^(f)	(3,255)	(20,799)
System1, Inc. ^(f)	(40,300)	(39,494)
		(60,293)
Financials - (0.08%)		
Paysafe Ltd. ^(f)	(9,834)	(208,874)
		(208,874)
Industrials - (1.30%)		
Alight, Inc. ^(f)	(152,858)	(1,059,307)
Dun & Bradstreet Holdings, Inc.	(201,042)	(2,390,390)
		(3,449,697)
Technology - (0.96%)		
Apple, Inc.	(11,281)	(2,548,492)
		(2,548,492)
TOTAL COMMON STOCK		(6,267,356)
(Proceeds \$5,545,022)		

	Shares	Fair Value
EXCHANGE TRADED FUND - (1.54%)		
Alternative - (1.54%)		
Grayscale Bitcoin Trust BTC ^(f)	(73,616)	(4,093,786)
TOTAL EXCHANGE TRADED FUND		(4,093,786)
(Proceeds \$3,800,722)		
Total Securities Sold Short - (90.69%)		\$ (240,800,561)
(Proceeds \$244,102,098)		

Saba Capital Income & Opportunities Fund II Consolidated Schedule of Investments

October 31, 2024

- ^(a) Security is in default as of year-end and is therefore non-income producing.
- ^(b) Security exempt from registration under Rule 144A of the Securities Act of 1933 (the "Securities Act"). Total market value of Rule 144A securities amounts to \$22,577,042, which represented approximately 8.50% of net assets as of October 31, 2024. Such securities may normally be sold to qualified institutional buyers in transactions exempt from registration.
- ^(c) Level 3 assets valued using significant unobservable inputs as a result of unavailable quoted prices from an active market or the unavailability of other significant observable inputs.
- ^(d) Amount represents less than 0.005% of net assets.
- ^(e) Securities were originally issued pursuant to Regulation S under the Securities Act of 1933, which exempts securities offered and sold outside of the United States from registration. Such securities cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. As of October 31, 2024, the aggregate market value of those securities was \$3,029,341, which represents approximately 1.14% of net assets.
- ^(f) Non-income producing security.
- ^(g) A portion or all of the security is owned by SABA SPV I, a wholly-owned subsidiary of the Fund.
- ^(h) A portion or all of the security is owned by SABA SPV II, a wholly-owned subsidiary of the Fund.
- ⁽ⁱ⁾ At October 31, 2024, all options held by the Fund are exchange traded listed options.

Investment Abbreviations:

ESTRON - Euro Short-Term Rate

OBFR - United States Overnight Bank Funding Rate

SONIA - Sterling Over Night Index Average

Reference Rates:

ESTRON - Euro Short-Term Rate as of October 31, 2024 was 3.155%

OBFR - United States Overnight Bank Funding Rate as of October 31, 2024 was 4.830%

TSFR1M - CME Term SOFR 1 Month as of October 31, 2024 was 4.656%

TSFR3M - CME Term SOFR 3 Month as of October 31, 2024 was 4.559%

TSFR6M - CME Term SOFR 6 Month as of October 31, 2024 was 4.407%

SONIA - Sterling Overnight Index Average as of October 31, 2024 was 4.950%

Counterparty Abbreviations:

JPM - JPMorgan Chase Bank, N.A.

GSI - Goldman Sachs International

MSCO - Morgan Stanley & Company

Currency Abbreviations:

USD - United States Dollar

AUD - Australian Dollar

EUR - Eurozone Currency

GBP - Great British Pound

Saba Capital Income & Opportunities Fund II Consolidated Schedule of Investments

October 31, 2024

SIMPLE AGREEMENT FOR FUTURE EQUITY (SAFE) CONTRACTS

	Cost	Fair Value
BeeHero Ltd. ^(a)	\$ 178,159	\$ 180,310
G-ILS Transportation Ltd. ^(a)	2,000,000	2,023,331
	<u>\$ 2,178,159</u>	<u>\$ 2,203,641</u>

^(a) Level 3 assets valued using significant unobservable inputs as a result of unavailable quoted prices from an active market or the unavailability of other significant observable inputs.

FORWARD FOREIGN CURRENCY CONTRACTS

Counterparty	Settlement Date	Fund Receiving	Value	Fund Delivering	Cost	Unrealized Appreciation
JPM	11/08/2024	USD	\$ 18,609,704	AUD	\$ 18,000,002	\$ 609,702
JPM	11/07/2024	USD	664,323	EUR	652,747	11,576
JPM	11/07/2024	USD	7,417,884	GBP	7,285,394	132,490
						<u>\$ 753,768</u>

Counterparty	Settlement Date	Fund Receiving	Value	Fund Delivering	Cost	Unrealized Depreciation
JPM	11/25/2024	GBP	\$ 31,053,078	EUR	\$ 31,229,437	\$ (176,359)
JPM	11/07/2024	GBP	4,996,620	USD	5,082,071	(85,451)
JPM	11/25/2024	GBP	43,582,072	USD	43,850,180	(268,108)
JPM	11/07/2024	EUR	435,164	USD	437,615	(2,451)
						<u>\$ (532,369)</u>
						<u>\$ 221,399</u>

FUTURES CONTRACTS

Description	Number of Contracts	Maturity Date	Notional Amount	Unrealized Appreciation/ (Depreciation)
Long Position Contracts				
Russel 2000 E-Mini Dec24	9	12/20/2024	\$ 1,004,763	\$ (10,893)
				<u>\$ (10,893)</u>
Short Position Contracts				
NASDAQ 100 E-Mini Dec24	(28)	12/20/2024	\$ 11,066,699	\$ (145,481)
S&P500 E-Mini Dec24	(156)	12/20/2024	45,646,113	885,813
US 5YR NOTE (CBT) Dec24	(36)	12/31/2024	3,949,552	89,114
				<u>\$ 829,446</u>
				<u>\$ 818,553</u>

TO BE ANNOUNCED (TBA) MORTGAGE-BACKED SECURITIES (MBS) FORWARD CONTRACTS

Counterparty	Description	Maturity Date	Notional Amount	Net Unrealized Appreciation/ (Depreciation)
MSCO	FNCL 5.5 12/24	12/10/2024	\$ 175,000,000	\$ (2,368,661)
MSCO	FNCL 6 12/24	12/10/2024	75,000,000	(62,984)
				<u>\$ (2,431,645)</u>

Saba Capital Income & Opportunities Fund II Consolidated Schedule of Investments

October 31, 2024

SINGLE NAME CREDIT DEFAULT SWAP CONTRACTS (CENTRALLY CLEARED)

Buy/Sell Protection ^(a)	Reference Obligations	Annual Payment Rate Received (Paid)	Currency	Maturity Date	Notional Amount ^(b)	Fair Value	Upfront Premiums Received/(Paid)	Unrealized Appreciation/ (Depreciation)
Sell	CSC Holdings Ltd.	5.00 %	USD	06/20/2028	\$ 242,000	\$ (64,428)	\$ 90,145	\$ 25,717
Buy	Caesars Entertainment Inc.	(5.00) %	USD	12/20/2029	643,000	(94,541)	90,560	(3,981)
Buy	RR Donnelley & Sons Co.	(5.00) %	USD	06/20/2029	4,595,000	126,751	431,255	558,006
						\$ (32,218)	\$ 611,960	\$ 579,742

INDEX CREDIT DEFAULT SWAP CONTRACTS (CENTRALLY CLEARED)

Buy/Sell Protection ^(a)	Reference Obligations	Annual Payment Rate Received (Paid)	Currency	Maturity Date	Notional Amount ^(b)	Fair Value	Upfront Premiums Received/(Paid)	Unrealized Appreciation/ (Depreciation)
Buy	Markit CDX High Yield Index, Series 42	(5.00) %	USD	06/20/2028	\$ 270,000	\$ (21,303)	\$ 21,647	\$ 344
Buy	Markit CDX High Yield Index, Series 43	(5.00) %	USD	06/20/2028	36,181,000	(2,307,439)	2,514,563	207,124
						\$ (2,328,742)	\$ 2,536,210	\$ 207,468

SINGLE NAME CREDIT DEFAULT SWAP CONTRACTS (OVER THE COUNTER)

Buy/Sell Protection ^(a)	Counterparty	Reference Obligations	Annual Payment Rate Received (Paid)	Currency	Maturity Date	Notional Amount ^(b)	Fair Value	Upfront Premiums Received/(Paid)	Unrealized Appreciation/ (Depreciation)
Sell	JPM	AT&T, Inc.	1.00 %	USD	06/20/2025	\$ 1,697,000	\$ 9,968	\$ (11,768)	\$ (1,800)
Buy	GSI	Caesars Entertainment Inc.	(5.00) %	USD	12/20/2029	643,000	(94,541)	89,041	(5,500)
Buy	GSI	Caesars Entertainment Inc.	(5.00) %	USD	12/20/2029	257,000	(37,787)	35,589	(2,198)
Buy	GSI	RR Donnelley & Sons Co.	(5.00) %	USD	06/20/2029	1,234,000	34,040	113,476	147,516
							\$ (88,320)	\$ 226,338	\$ 138,018

^(a) If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

^(b) The maximum potential amount the Fund could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement. Notional amounts are presented in the currency indicated in the table.

INDEX CREDIT DEFAULT SWAPTION CONTRACTS (CENTRALLY CLEARED)

Payer/ Receiver ^(a)	Reference Obligations	Currency	Strike Price	Expiry Date	Notional Amount	Fair Value	Upfront Premiums Received/(Paid)	Unrealized Appreciation/ (Depreciation)
Payer	Markit CDX High Yield Index, Series 42	USD	98.50	12/18/2024	\$ 29,368,000	\$ (12,772)	\$ 221,728	\$ 208,956
Receiver	Markit CDX High Yield Index, Series 42	USD	104.50	12/18/2024	29,368,000	716,084	(207,044)	509,040
						\$ 703,312	\$ 14,684	\$ 717,996

^(a) If the Fund is a payer in the credit default swaption, the Fund has the right to enter into the underlying credit default swap where the Fund pays premiums and, if the Fund is a receiver in the credit default swaption, the Fund has the right to enter into the underlying credit default swap where the Fund receives premiums.

Saba Capital Income & Opportunities Fund II Consolidated Schedule of Investments

October 31, 2024

TOTAL RETURN SWAP CONTRACTS^(a)

Counterparty	Reference Obligations	Currency	Notional Amount ^(b)	Termination Date	Financing Rate Index	Financing Rate Spread Paid by Fund	Value	Unrealized Appreciation/ (Depreciation)
Long Position Contracts								
JPM	Aberdeen Diversified Income and Growth Trust PLC	GBP	1,132,744	02/28/2025	SONIA	35 bps	\$ 1,103,219	\$ (29,525)
JPM	Abrdn UK Smaller Cos Growth Trust PLC	GBP	2,800,724	03/31/2025	SONIA	35 bps	2,783,988	(16,736)
JPM	Allianz Technology Trust PLC	EUR	2,415,827	10/31/2025	ESTRON	35 bps	2,344,954	(70,873)
JPM	Baillie Gifford European Growth Trust PLC	GBP	894,256	04/30/2025	SONIA	35 bps	892,556	(1,700)
JPM	Baillie Gifford Japan Trust PLC	GBP	159,611	05/30/2025	SONIA	35 bps	160,068	457
JPM	Baillie Gifford UK Growth Trust PLC	GBP	53,314	04/30/2025	SONIA	35 bps	53,014	(300)
JPM	Baillie Gifford US Growth Trust PLC	GBP	12,207,495	02/28/2025	SONIA	35 bps	12,292,466	84,971
JPM	Bankers Investment Trust PLC	GBP	4,284,241	11/28/2025	SONIA	35 bps	4,269,100	(15,141)
JPM	BB Biotech AG	EUR	1,150,825	11/28/2025	SONIA	35 bps	1,150,687	(138)
JPM	Bellevue Healthcare Trust PLC	GBP	8,015,979	02/28/2025	SONIA	35 bps	8,049,292	33,313
JPM	BlackRock Smaller Companies Trust PLC	GBP	1,826,164	03/31/2025	SONIA	35 bps	1,826,205	41
JPM	BlackRock Throgmorton Trust PLC	GBP	500,200	11/28/2025	SONIA	35 bps	498,081	(2,119)
JPM	Brown Advisory US Smaller Companies PLC	GBP	1,391,840	02/28/2025	SONIA	35 bps	1,407,567	15,727
JPM	CQS Natural Resources Growth and Income PLC	GBP	2,280,901	02/28/2025	SONIA	35 bps	2,292,734	11,833
JPM	Diverse Income Trust PLC	GBP	770,230	10/31/2025	SONIA	35 bps	777,558	7,328
JPM	Ecofin Global Utilities/Infrastructure Trust	GBP	2,158,782	03/31/2025	SONIA	35 bps	2,108,964	(49,818)
JPM	Edinburgh Worldwide Investment Trust PLC	GBP	6,311,911	02/28/2025	SONIA	35 bps	6,303,617	(8,294)
JPM	European Assets Trust PLC	GBP	681,534	09/30/2025	SONIA	35 bps	671,751	(9,783)
JPM	European Opportunities Trust PLC	GBP	160,849	11/28/2025	SONIA	35 bps	159,987	(862)
JPM	European Smaller Companies	GBP	9,046,051	02/28/2025	SONIA	35 bps	8,730,491	(315,560)
JPM	Geiger Counter, Ltd.	GBP	42,401	09/30/2025	SONIA	35 bps	41,721	(680)
JPM	Henderson International Income Trust PLC	GBP	1,288,935	03/31/2025	SONIA	35 bps	1,275,468	(13,467)
JPM	Henderson Opportunities Trust PLC	GBP	1,192,050	02/28/2025	SONIA	35 bps	1,197,699	5,649
JPM	Henderson Smaller Companies Inv Trust PLC	GBP	1,907,455	04/30/2025	SONIA	35 bps	1,896,033	(11,422)
JPM	Herald Investment Trust PLC	GBP	10,231,582	02/28/2025	SONIA	35 bps	10,178,005	(53,577)
JPM	Impax Environmental Markets PLC	GBP	2,503,390	10/31/2025	SONIA	35 bps	2,468,221	(35,169)
JPM	International Biotechnology Trust PLC	GBP	26,342	11/28/2025	SONIA	35 bps	26,063	(279)
JPM	Invesco Global Equity Income Trust PLC	GBP	117,649	09/30/2025	SONIA	35 bps	116,867	(782)
JPM	Invesco Perpetual UK Smaller Companies Investment Trust PLC	USD	310,403	09/30/2025	OBFR	35 bps	311,170	767
JPM	JPMorgan European Discovery Trust PLC	GBP	7,150	10/31/2025	SONIA	35 bps	7,056	(94)
JPM	Keystone Positive Change Investment Trust PLC	GBP	1,899,490	03/31/2025	SONIA	35 bps	1,891,475	(8,015)
JPM	Lowland Investment Company PLC	GBP	3,150,811	03/31/2025	SONIA	35 bps	3,151,031	220
JPM	Mercantile Investment Trust PLC	GBP	1,776,156	03/31/2025	SONIA	35 bps	1,759,337	(16,819)
JPM	Middlefield Canadian Income PC	GBP	1,587,425	02/28/2025	SONIA	35 bps	1,580,769	(6,656)
JPM	Monks Investment Trust PLC	GBP	2,705,994	03/31/2025	SONIA	35 bps	2,711,434	5,440
JPM	Montanaro European Smaller Companies Trust PLC	GBP	2,226,547	02/28/2025	SONIA	35 bps	2,211,297	(15,250)
JPM	Montanaro UK Smaller Companies Investment Trust PLC	GBP	1,139,788	09/30/2025	SONIA	35 bps	1,143,217	3,429
JPM	North America Income Trust PLC	GBP	2,288,695	04/30/2025	SONIA	35 bps	2,267,569	(21,126)
JPM	Polar Capital Global Financials Trust PLC	GBP	2,372,668	03/31/2025	SONIA	35 bps	2,385,820	13,152
JPM	Polar Capital Technology Trust PLC	GBP	7,176,144	10/31/2025	SONIA	35 bps	7,064,644	(111,500)
JPM	RIT Capital Partners PLC	GBP	578,803	11/28/2025	SONIA	35 bps	576,481	(2,322)
JPM	River & Mercantile UK Micro Cap Investment Company Ltd.	GBP	374,442	02/28/2025	SONIA	35 bps	387,619	13,177
JPM	Schroder UK Mid Cap Fund PLC	GBP	1,102,664	03/31/2025	SONIA	35 bps	1,108,208	5,544
JPM	Scottish Mortgage Investment Trust PLC	GBP	10,597,029	10/31/2025	SONIA	35 bps	10,593,248	(3,781)
JPM	Shires Income PLC	GBP	215,112	05/30/2025	SONIA	35 bps	216,041	929
JPM	Smithson Investment Trust PLC	GBP	7,414,198	02/28/2025	SONIA	35 bps	7,362,941	(51,257)

Saba Capital Income & Opportunities Fund II Consolidated Schedule of Investments

October 31, 2024

TOTAL RETURN SWAP CONTRACTS^(a)

Counterparty	Reference Obligations	Currency	Notional Amount ^(b)	Termination Date	Financing Rate Index	Financing Rate Spread Paid by Fund	Value	Unrealized Appreciation/ (Depreciation)
Long Position Contracts								
JPM	Templeton EM Investment Trust PLC	GBP	527,964	04/30/2025	SONIA	35 bps	\$ 519,774	\$ (8,190)
JPM	The Global Smaller Companies Trust PLC	GBP	699,250	02/28/2025	SONIA	35 bps	693,207	(6,043)
JPM	Third Point Investors, Ltd.	USD	429,489	03/31/2025	OBFR	40 bps	435,019	5,530
JPM	Utilico Emerging Markets Trust PLC	GBP	208,672	04/30/2025	SONIA	35 bps	205,746	(2,926)
JPM	Worldwide Healthcare Trust PLC	GBP	390,417	11/28/2025	SONIA	35 bps	389,326	(1,091)
Total Long Position Contracts							\$ 124,048,805	\$ (683,788)

All Reference Obligations shown above for Total Return Swap Contracts are closed end funds and common stock.

^(a) The Fund receives monthly payments based on any positive monthly return of the Reference Obligation. The Fund makes payments on any negative monthly return of such Reference Obligation.

^(b) Notional amounts are presented in U.S dollar equivalent.

Saba Capital Income & Opportunities Fund II

Consolidated Statement of Assets and Liabilities

October 31, 2024

ASSETS:

Investments in securities, at fair value (cost \$160,882,870)	\$	174,342,075
Foreign currency, at fair value (cost \$1,627,737)		1,636,602
Restricted cash		270,375,573
Receivables:		
Investment securities sold		13,999,877
Collateral posted to clearing house for futures		3,680,047
Collateral posted to clearing house for centrally cleared derivatives		5,578,489
Collateral posted to secured party under tri-party arrangement for over-the-counter derivatives		62,148,988
Dividend		70,341
Interest		3,404,080
Simple agreement for future equity contracts, at fair value (cost \$2,178,159)		2,203,641
Unrealized appreciation on forward foreign currency contracts		753,768
Unrealized appreciation on futures contracts		974,927
Centrally cleared credit default swaps, at fair value (net upfront premiums received of \$431,255)		126,751
Over-the-counter credit default swaps, at fair value (net upfront premiums received of \$101,708)		44,008
Centrally cleared credit default swaptions, at fair value (net upfront premiums paid of \$207,044)		716,084
Unrealized appreciation on total return swap contracts		207,507
Prepaid expenses		82,196
Total Assets		540,344,954

LIABILITIES:

Securities sold short, at fair value (proceeds \$244,102,098)		240,800,561
Unrealized depreciation on TBA MBS forward contracts		2,431,645
Payables:		
Payable for investment securities purchased		24,640,131
Accrued interest payable		1,808,385
Payable for investment management fees		153,145
Payable for trustees fees		4,583
Payable for fund administration fees		324,752
Payable for professional fees		352,619
Unrealized depreciation on forward foreign currency contracts		532,369
Unrealized depreciation on futures contracts		156,374
Centrally cleared credit default swaps, at fair value (net upfront premiums received of \$2,716,915)		2,487,711
Over-the-counter credit default swaps, at fair value (net upfront premiums received of \$124,630)		132,328
Centrally cleared credit default swaptions, at fair value (net upfront premiums received of \$221,728)		12,772
Unrealized depreciation on total return swap contracts		891,295
Other accrued expenses		108,581
Total Liabilities		274,837,251
Net Assets		265,507,703

COMPOSITION OF NET ASSETS ATTRIBUTABLE TO COMMON SHARES:

Paid-in capital		354,466,608
Total distributable loss		(88,958,905)
NET ASSETS	\$	265,507,703
Net assets value per common share outstanding (net assets divided by 28,135,388 shares of beneficial interest authorized and outstanding, no par value)	\$	9.44

Saba Capital Income & Opportunities Fund II

Consolidated Statement of Operations

For the Year Ended October 31, 2024

INVESTMENT INCOME:

Interest	\$	15,766,645
Dividend		2,963,024
Other income		34,121
Total Investment Income		18,763,790

EXPENSES:

Interest expense		3,191,229
Professional fees		2,125,787
Investment management fees (Note 4)		1,755,829
Fund administration fees		286,580
Dividend expense		246,459
Shareholder reporting expense		136,410
Trustees fees		99,291
Transfer agent fees		98,681
Insurance expense		41,091
Custodian fees		39,961
Miscellaneous expenses		230,780
Total Expenses		8,252,098
Waived and reimbursed fees (Note 5)		(71,806)
Net expenses		8,180,292
Net Investment Income		10,583,498

NET REALIZED AND UNREALIZED GAIN/(LOSS):

Net realized gain/(loss) on:		
Investments in securities		(657,973)
Securities sold short		(5,740,250)
Forward foreign currency contracts		(4,443,882)
Futures contracts		818,234
TBA MBS forward contracts		4,640,628
Credit default swaps		(7,509,914)
Credit default swaptions		1,339,946
Total return swaps		6,682,869
Foreign currency transactions		(6,355,306)
Net realized loss		(11,225,648)
Net change in unrealized appreciation/(depreciation) on:		
Investments in securities		48,209,658
Securities sold short		3,334,074
Simple agreement for future equity contracts		25,482
Forward foreign currency contracts		5,622,876
Futures contracts		818,553
TBA MBS forward contracts		(2,431,645)
Credit default swaps		925,228
Credit default swaptions		717,996
Total return swaps		(683,788)
Foreign currency translation		(31,025)
Net change in unrealized appreciation		56,507,409
Net realized and change in unrealized gain		45,281,761
Net increase in net assets resulting from operations	\$	55,865,259

	For the Year Ended October 31, 2024	For the Period January 1, 2023 to October 31, 2023
FROM OPERATIONS:		
Net investment income	\$ 10,583,498	\$ 20,135,191
Net realized loss	(11,225,648)	(30,348,729)
Net change in unrealized appreciation/(depreciation)	56,507,409	(10,682,293)
Net increase/(decrease) in net assets resulting from operations	55,865,259	(20,895,831)
FROM DISTRIBUTIONS TO COMMON SHAREHOLDERS:		
Total distributions (excluding tax return of capital)	(13,180,712)	-
Tax return of capital	(10,341,048)	(31,481,488)
Decrease in net assets from distributions to common shareholders	(23,521,760)	(31,481,488)
CAPITAL SHARE TRANSACTIONS:		
Cost of shares repurchased	(925,667)	-
Cost of shares repurchased in tender offer	(193,728,283)	-
Net decrease in net assets resulting from capital share transactions	(194,653,950)	-
Net decrease in net assets	(162,310,451)	(52,377,319)
NET ASSETS:		
Net assets, beginning of year/period	427,818,154	480,195,473
Net assets, end of year/period	\$ 265,507,703	\$ 427,818,154

Saba Capital Income & Opportunities Fund II

Financial Highlights

For a Share Outstanding Throughout the Periods Presented

	For the Year Ended October 31, 2024 ^(a)	For the Period Ended October 31, 2023 ^(b)	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
PER COMMON SHARE OPERATING PERFORMANCE:						
Net asset value - beginning of year/period ^(c)	\$ 8.32	\$ 9.34	\$ 10.92	\$ 12.22	\$ 13.50	\$ 14.08
INCOME/(LOSS) FROM INVESTMENT OPERATIONS:						
Net investment income ^{(c)(d)}	0.37	0.40	0.38	0.42	0.42	0.76
Net realized and change in unrealized gain/(loss) on investments ^{(c)(d)}	1.57	(0.80)	(1.16)	(1.02)	(1.26)	(0.52)
Total Income/(Loss) from Investment Operations^(c)	1.94	(0.40)	(0.78)	(0.60)	(0.84)	0.24
DISTRIBUTIONS TO COMMON SHAREHOLDERS:						
From net investment income ^{(c)(d)}	(0.46)	-	-	-	(0.06)	(0.82)
From tax return of capital ^{(c)(d)}	(0.36)	(0.62)	(0.80)	(0.74)	(0.38)	-
Total Distributions to Common Shareholders^(c)	(0.82)	(0.62)	(0.80)	(0.74)	(0.44)	(0.82)
Accretion to net asset value resulting from share repurchases and tender offer ^{(c)(d)(e)}	-	-	-	0.04	-	-
Total Capital Share Transactions^(c)	-	-	-	0.04	-	-
Net asset value per common share - end of year/period ^(c)	\$ 9.44	\$ 8.32	\$ 9.34	\$ 10.92	\$ 12.22	\$ 13.50
Market price per common share - end of year/period ^(c)	\$ 8.54	\$ 7.92	\$ 8.66	\$ 10.38	\$ 11.00	\$ 12.26
Total Investment Return - Net Asset Value^(f)	26.05%	(4.68%)	(7.24%)	(4.62%)	(6.56%)	1.97%
Total Investment Return - Market Price^(f)	19.79%	(1.56%)	(9.06%)	1.02%	(6.63%)	8.52%
Ratios to average net assets:						
Ratio of expenses including waivers to average net assets ^(h)	3.21%	0.85% ^(g)	1.00%	1.00%	0.71%	0.67%
Ratio of expenses excluding waivers to average net assets ^(h)	3.24%	0.91% ^(g)	1.09%	1.01%	0.75%	0.75%
Ratio of net investment income including waivers to average net assets	4.16%	5.17% ^(g)	3.84%	3.64%	3.36%	5.49%
SUPPLEMENTAL DATA						
Portfolio turnover rate	209.43%	80.68%	53.06%	115.48%	42.51%	21.99%
Net assets attributable to common shares, end of year/period (000s)	\$ 265,508	\$ 427,818	\$ 480,195	\$ 561,163	\$ 819,181	\$ 905,378
Total shares outstanding (000s)	28,135	102,746	102,746	102,797	134,144	134,144

For a Share Outstanding Throughout the Periods Presented

	For the Year Ended October 31, 2024 ^(a)	For the Period Ended October 31, 2023 ^(b)	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
SUPPLEMENTAL RATIOS						
Ratios to average net assets:						
Ratio of expenses excluding dividend						
expense and interest expense						
on securities sold short to						
average net assets ^(h)	1.86%	0.85% ^{(e)(i)}	1.00% ⁽ⁱ⁾	1.00% ⁽ⁱ⁾	0.71% ⁽ⁱ⁾	0.67% ⁽ⁱ⁾

^(a) Consolidated financials.^(b) With the approval of the Board effective October 31, 2023, the Fund's fiscal year end was changed from December 31 to October 31.^(c) Reflects a 1 for 2 reverse stock split effective June 24, 2024, see Note 7 in the accompanying Notes to Consolidated Financial Statements.^(d) Calculated using average common shares outstanding.^(e) Please see Note 7 in the accompanying Notes to Consolidated Financial Statements for additional information.^(f) Total investment return is calculated assuming a purchase of common share at the opening on the first day and a sale at closing on the last day of each period reported. Dividends and distributions are assumed for purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment returns do not reflect sales load or brokerage commissions, if any, and are not annualized.^(g) Annualized.^(h) Expense ratios do not include any acquired fund fees.⁽ⁱ⁾ No interest expense or dividend expense were incurred as no short selling occurred during these periods.

NOTE 1 — ORGANIZATION

Saba Capital Income & Opportunities Fund II (the “Fund”), a Delaware statutory trust, is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as a closed-end, management investment company. The common shares of the Fund are listed on the New York Stock Exchange (the “NYSE”) under the symbol “SABA”. The Fund’s investment objective is to seek to provide shareholders with high current income, with a secondary goal of capital appreciation. The Fund invests globally in debt and equity securities of public and private companies, which includes, among other things, investments in closed-end funds, special purpose acquisition companies (“SPAC”), reinsurance and public and private debt instruments. The Fund also may utilize derivatives, including but not limited to, total return swaps, credit default swaps (“CDS”), options and futures, in seeking to enhance returns and/or to reduce portfolio risk. The Fund may also invest up to 15% of its total assets in private funds on a discretionary basis.

Effective on January 1, 2024, Saba Capital Management, L.P. (the “Investment Adviser”) replaced Franklin Templeton Advisers, Inc. as the investment adviser to Saba Capital Income & Opportunities Fund II (formerly known as the Templeton Global Income Fund). Performance of the Fund prior to January 1, 2024 is not attributable to Saba Capital Management, L.P.

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) and are stated in United States dollars (“U.S. dollars”). The Fund is considered an investment company under Accounting Standards Codification (“ASC”) 946, *Financial Services – Investment Companies*, and follows the accounting and reporting guidance therein. The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the amounts in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates and the differences may be material.

The Fund is open for business every day the NYSE opens for regular trading (each such day, a “Business Day”). The net asset value (“NAV”) per common share of the Fund is determined each Business Day as of the close of the regular trading session (“Market Close”), as determined by the Consolidated Tape Association (“CTA”), the central distributor of transaction prices for exchange-traded securities (normally 4:00 p.m. Eastern time unless otherwise designated by the CTA). The data reflected on the consolidated tape provided by the CTA is generated by various market centers, including all securities exchanges, electronic communications networks, and third-market broker-dealers. The NAV per common share of the Fund is calculated by dividing the value of the Fund’s assets plus all cash and other assets (including accrued expenses but excluding capital and surplus) attributable to the common shares by the number of common shares outstanding. The NAV per common share is made available for publication. On days when the Fund is closed for business, Fund shares will not be priced. To the extent the Fund’s assets are traded in other markets on days when the Fund does not price its shares, the value of the Fund’s assets will likely change and you will not be able to purchase or sell shares of the Fund.

A. Financial Instrument Valuation. Investments for which market quotations are readily available are valued at fair market value. Securities (including common stock, closed end funds, investment trusts, preferred stock, and unit trusts) listed or traded on an exchange are valued at their last sales price or official closing price as of the close of the regular trading session on the exchange where the particular security at the last sale price as of the Market Close for such security provided by the CTA. Investments in short term investments are valued at NAV, which approximates fair market value. The private fund investments are valued at the NAV reported by the private funds’ general partner or Investment Adviser. This is commonly referred to as using NAV as the practical expedient which allows for estimation of the fair value of an investment in an investment entity based on NAV or its equivalent if the NAV of the investment entity is calculated in a manner consistent with ASC 946. Because of the inherent uncertainty of valuations of the investments in the private funds, their estimated values may differ significantly from the values that would have been used had a ready market for the private funds existed, and the differences could be material. Corporate bonds, convertible corporate bonds, mortgage-backed securities, sovereign debt obligations and senior loans are valued at mid-level prices provided by independent pricing services. Exchange traded derivatives such as options and futures contracts are valued at last sales price on the valuation date or, if such price is not available, the mean between the last bid and ask prices (the “mid- price”) from the exchange on which they are principally traded. Non-exchange traded derivatives whose underlying reference assets are exchanged traded products (such as total return swaps) are fair valued using the last sales price or mid-price of the underlying reference asset. Other non-exchange traded derivatives (such as credit default swaps) are valued by independent pricing services, which use various techniques including industry standard pricing models, to determine the fair value of those instruments. Investments for which market quotations are not readily available (including common stock, preferred stock, and simple agreement for future equity contracts) are valued by third-party valuation specialists or at cost, which approximates fair market value.

B. Fair Value Measurement. Investments held by the Fund are recorded at fair value in accordance with ASC 820, “Fair Value Measurements and Disclosures” (“ASC 820”). As defined in ASC 820, fair value is 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. In accordance with Rule 2a-5 promulgated under the 1940 Act, the Board has appointed the Investment Adviser as the Fund’s valuation designee. In that role, it has established a Valuation Committee (the “Committee”) that oversees the valuation of the Fund’s investments pursuant to procedures adopted by the Investment Adviser (the “Valuation Policy”). Under Rule 2a-5, the Board has assigned to the Investment Adviser general responsibility for determining, in accordance with the Valuation Policy, the value of its investments. The Committee is led by the Investment Adviser’s Chief Financial Officer and is comprised of the Investment Adviser’s Chief Operating Officer, Chief Compliance Officer, Fund Accounting team, Chief Risk Officer (Trustee of the Fund) and Director of Operations, all of whom are independent of the Fund’s portfolio investment decisions. Additionally, Investment Adviser’s Portfolio Managers, whose roles are limited to providing insight into recent trade activity and overall market performance, are also members of the Committee. The majority of Committee members are independent of the Fund’s portfolio investment decisions. The Committee meets on a monthly basis and is responsible for compliance and consistent application of the Valuation Policy.

ASC 820 establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability of inputs used in measuring investments at fair value. Market price observability is affected by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices available in active markets for identical financial instruments as of the reporting date. An active market for the financial instrument is a market in which transactions for the financial instrument occur with sufficient frequency and volume to provide pricing information on an ongoing basis, as well as at the reporting date. Investments classified within Level 1 primarily include money market funds, common stock, closed end funds, exchange traded funds, investment trusts, SPACs, exchange traded unit trusts and derivatives (including options and futures contracts). The Investment Adviser does not adjust the quoted price for such instruments, even in situations where the Fund holds a large position and a sale could reasonably impact the quoted price.

Level 2 – Consists of financial instruments fair valued using inputs other than quoted prices included within Level 1 that are observable for the financial instrument, either directly or indirectly. This category includes pricing inputs that are quoted prices for similar financial instruments in active markets or quoted prices for similar or identical financial instruments in markets that at times may not meet the definition of active. Derivatives are valued using observable inputs, such as quotations received from third party service providers, counterparties, dealers or brokers, whenever available and considered reliable. In instances where models are used, the value of a derivative depends upon the contractual terms of, and specific risks inherent in, the instrument as well as the availability and reliability of observable inputs. Such inputs include market prices for reference securities, yield curves, credit curves, measures of volatility, prepayment rates and correlations of such inputs. If inputs are unobservable and significant to the fair value, these investments will be classified as Level 3.

Level 3 – Pricing inputs that are unobservable for the financial instrument and includes situations where there may be little, if any, market activity for the financial instrument. The inputs into the determination of fair value could require significant management judgment or estimation. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgment by the Investment Adviser. The Investment Adviser considers observable data to be market data, which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Investment Adviser’s perceived risk of that instrument.

Saba Capital Income & Opportunities Fund II

Notes to Consolidated Financial Statements

October 31, 2024

The following table summarizes the valuation of the Fund's financial instruments in accordance with the above fair value hierarchy levels as of October 31, 2024. Refer to the Consolidated Schedule of Investments for additional details.

Investments in Securities at Fair Value	Level 1 - Quoted Prices	Level 2 - Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
Corporate Bonds	\$ -	\$ 26,758,607	\$ -	\$ 26,758,607
Senior Loans	-	22,200,722	-	22,200,722
Sovereign Debt Obligation***	-	1,029,014	-	1,029,014
Mortgage-Backed Security	-	1,257,501	-	1,257,501
Common Stock	20,730,952	-	-	20,730,952
Closed End Funds	41,259,479	-	-	41,259,479
Investment Trusts	6,830,431	-	-	6,830,431
Preferred Stock	-	-	495,840	495,840
Private Funds*	-	-	-	30,434,298
Unit Trusts	3,754,987	-	-	3,754,987
Special Purpose Acquisition Companies	919,369	-	12,064	931,433
Warrants	2,734	-	162	2,896
Options**	2,331,075	-	-	2,331,075
Money Market Funds	16,324,840	-	-	16,324,840
Total	\$ 92,153,867	\$ 51,245,844	\$ 508,066	\$ 174,342,075

Securities Sold Short, at Fair Value	Level 1 - Quoted Prices	Level 2 - Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
Corporate Bonds	\$ -	\$ 2,552,441	\$ -	\$ 2,552,441
Sovereign Debt Obligations***	227,886,978	-	-	227,886,978
Common Stock	6,267,356	-	-	6,267,356
Exchange Traded Fund	4,093,786	-	-	4,093,786
Total	\$ 238,248,120	\$ 2,552,441	\$ -	\$ 240,800,561

Derivative Contracts, at Fair Value	Level 1 - Quoted Prices	Level 2 - Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
Assets				
Simple Agreement For Future Equity Contracts	\$ -	\$ -	\$ 2,203,641	\$ 2,203,641
Forward Foreign Currency Contracts	-	753,768	-	753,768
Futures Contracts	974,927	-	-	974,927
Centrally Cleared Credit Default Swaps	-	126,751	-	126,751
Over the Counter Credit Default Swaps	-	44,008	-	44,008
Centrally Cleared Credit Default Swaptions	-	716,084	-	716,084
Total Return Swaps	-	207,507	-	207,507
Total Assets	\$ 974,927	\$ 1,848,118	\$ 2,203,641	\$ 5,026,686

Liabilities				
Forward Foreign Currency Contracts	\$ -	\$ 532,369	\$ -	\$ 532,369
Futures Contracts	156,374	-	-	156,374
TBA MBS Forward Contracts	-	2,431,645	-	2,431,645
Centrally Cleared Credit Default Swaps	-	2,487,711	-	2,487,711
Over the Counter Credit Default Swaps	-	132,328	-	132,328
Centrally Cleared Credit Default Swaptions	-	12,772	-	12,772
Total Return Swaps	-	891,295	-	891,295
Total Liabilities	\$ 156,374	\$ 6,488,120	\$ -	\$ 6,644,494

* In accordance with ASC 820-10, investments that are measured at fair value using the NAV per share (or its equivalent) as practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Schedule of Investments and Consolidated Statement of Assets and Liabilities.

** All options held by the Fund are exchange traded listed options.

*** Investments classified in Level 1 include sovereign debt obligations issued by G10 countries. All other sovereign debt obligations are classified as Level 2.

The following is a reconciliation of the fair value of investments for which the Fund has used Level 3 unobservable inputs in determining fair value as of October 31, 2024:

	Preferred Stock	Special Purpose Acquisition Companies	Warrants	Simple Agreement for Future Equity Contracts	Total
Balance as of October 31, 2023	\$ -	\$ -	\$ -	\$ -	\$ -
Purchases/commitments	495,840	130	40,638	2,178,159	2,714,767
Change in unrealized appreciation/(depreciation)	-	11,934	(40,476)	25,482	(3,060)
Balance as of October 31, 2024	\$ 495,840	\$ 12,064	\$ 162	\$ 2,203,641	\$ 2,711,707
Net change in unrealized appreciation/(depreciation) included in Consolidated Statement of Operations attributable to Level 3 investments held at October 31, 2024	\$ -	\$ 11,934	\$ (40,476)	\$ 25,482	\$ (3,060)

The following table summarizes the valuation techniques and significant unobservable inputs used for the Fund's investments that are categorized in Level 3 of the fair value hierarchy as of October 31, 2024:

Asset Category:	Fair value at October 31, 2024	Valuation Technique	Unobservable Inputs	Inputs		
				Range		Weighted Average
Preferred Stock	\$ 495,840	Transaction Price	Transaction Price	N/A	N/A	N/A
Private Warrants	\$ 162	Probability Weighted Expected Return Method	Probability of Success	4.97%	5.00%	4.99%
		Backsolve Method	Volatility	36.9%	288.6%	162.8%
Simple Agreement for Future Equity Contracts	\$ 2,203,641	Market Comparable Technique	Comparable Multiple	2.68x	3.16x	2.92x
		Monte Carlo Analysis	Volatility	66.0%	66.0%	66.0%
		Monte Carlo Analysis	Discount Rate	80.0%	80.0%	80.0%
Special Purpose Acquisition Companies	\$ 12,064	Probability Weighted Expected Return Method	Probability of Success	4.97%	5.00%	4.99%
		Backsolve Method	Volatility	36.9%	288.6%	162.8%

All Level 3 investments were valued at October 31, 2024 either using unadjusted prices provided by third-party valuation specialists or at cost.

C. Security Transactions and Revenue Recognition. Investment transactions are recorded on a trade-date basis. Dividend income and expense are recorded on the ex-dividend date. Interest income and expense are recorded on the accrual basis and include the amortization/accretion of premiums and discounts on fixed income securities using the effective interest method. Dividend and interest income are recorded net of applicable withholding taxes. Realized gains and losses from security transactions are computed on the basis of the identified cost of the securities sold or covered. Unrealized gains and losses are recognized in net change in unrealized appreciation (depreciation) on securities, derivatives and foreign currency translation on the Consolidated Statement of Operations. Expenses are recorded on the accrual basis as incurred.

D. Foreign Currency Translation. Assets and liabilities, including investments, denominated in currencies other than U.S. dollars are translated into U.S. dollars at the closing rates of exchange on the following basis:

- (1) Market value of investment securities, other assets and liabilities — at the exchange rates prevailing at Market Close.
- (2) Purchases and sales of investment securities, income and expenses — at the rates of exchange prevailing on the respective dates of such transactions.

Net realized currency translation gains or losses include the effects of currency movements between trade and settlement dates on investment transactions and the difference between amounts actually received or paid upon settlement. The Fund does not isolate that portion of the results of operations arising from the changes in foreign exchange rates from changes in market prices of investments held. Such fluctuations are included in either net realized gains (losses) on securities and derivative transactions or net change in unrealized appreciation (depreciation) on securities and derivative transactions in the Consolidated Statement of Operations. Foreign currency translation gains and losses on assets and liabilities are included in either net realized gains (losses) on foreign currency transaction or net change in unrealized appreciation (depreciation) on foreign currency translation.

E. Foreign Currency. Foreign currencies are held in custodial accounts at the Bank of New York Mellon and are reflected on the Consolidated Statement of Assets and Liabilities.

F. Restricted Cash. At October 31, 2024, the Fund held restricted cash in connection with certain securities sold short. Restricted cash is held in a segregated account with the Fund's counterparty broker and is reflected in the Consolidated Statement of Assets and Liabilities.

G. Derivatives. Derivatives may be traded on regulated exchanges or in the over-the-counter ("OTC") markets. In seeking to limit the credit risk associated with transactions in the OTC market, the Fund conducts business only with recognized financial institutions, the financial condition of which is monitored by the Investment Adviser.

In addition, the Fund's OTC derivative contracts subject to International Swaps and Derivative Association ("ISDA") Master Agreements which contain provisions that may require the Fund to comply with certain covenants (including minimum NAV and performance based thresholds) and other provisions (occurrence of a credit event) that may call for early termination and settlement of the derivative at its then fair value. The aggregate fair value of all derivative instruments subject to those covenants and provisions that are in a net liability position at October 31, 2024 is \$2,529,933. During the year ended October 31, 2024, the Fund did not trigger covenants related to minimum NAV and performance based thresholds.

With futures and cleared swaps, the central counterparty clearinghouses ("CCPs" or "clearinghouses"), as counterparty to such instruments, guarantees against a possible default. The clearinghouses stand between the buyer and the seller of the contract; therefore, credit risk is limited to failure of the clearinghouses. While offset rights may exist under applicable law, the Fund does not have a contractual right of offset against a clearing broker or clearinghouse in the event of a default (including bankruptcy or insolvency). Additionally, credit risk exists in futures and cleared swaps with respect to initial and variation margin that is held in a clearing broker's customer accounts. While clearing brokers are required to segregate customer margin from their own assets, in the event that a clearing broker becomes insolvent or goes into bankruptcy and at that time there is a shortfall in the aggregate amount of margin held by the clearing broker for all its clients, typically the shortfall would be allocated on a pro rata basis across all the clearing broker's customers, potentially resulting in losses to the Fund. Cash that is posted to the clearinghouses for initial margin and variation margin is reflected on the Consolidated Statement of Assets and Liabilities under collateral posted to clearing house for centrally cleared derivatives and collateral posted to clearing house for futures.

1. Option Contracts: The Fund may buy or write put and call options through listed exchanges and the OTC market, as a part of its investment strategy. An option contract provides its owner the right, but not the obligation, to buy or sell specified amounts of a financial instrument, commodity, or currency, at a contracted price during a specified period or a specified date. The Fund has elected to classify listed options as investments in securities.

A credit default swaption is a contract that provides the holder with the right, but not the obligation, to enter into a credit default swap ("CDS") in the future. Credit default swaptions can either be payer swaptions or receiver swaptions. If a payer swaption, the option holder has the right to enter into a CDS where they pay premiums; and, if a receiver swaptions, the option holder receives premiums.

2. Simple Agreement for Future Equity ("SAFE") Contracts: The Fund has entered into SAFEs with various companies, as a part of its investment strategy. A SAFE is an agreement between the Fund and a company that grants the Fund the right to certain shares of the company's stock subject to certain negotiated terms unique to each contract. The aggregate cost and fair value are included in the Consolidated Statement of Assets and Liabilities. Unrealized gains and losses are included in the Consolidated Statement of Operations.

3. Forward Foreign Currency Contracts: The Fund has entered into forward foreign currency contracts, primarily to hedge against foreign currency exchange rate risks on its non-U.S. dollar denominated investment securities. When entering into a forward foreign currency contract, the Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed-upon price on an agreed future date. These contracts are valued daily and the Fund's net equity therein, representing unrealized gain or loss on the contracts as measured by the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date, is included in the Consolidated Schedule of Investments. Realized and unrealized gains and losses are included in the Consolidated Statement of Operations. These instruments involve market and/or credit risk in excess of the amount recognized in the Consolidated Statement of Assets and Liabilities. Risks arise from the

possible inability of counterparties to meet the terms of their contracts and from movement in currency and securities values and interest rates. Open forward foreign currency contracts are presented within the respective Consolidated Schedule of Investments.

4. TBA MBS Forward Contracts: The Fund has entered into To Be Announced (“TBA”) MBS Forward Contracts, as a part of its investment strategy. TBA forwards are agreements for the purchase or sale of mortgage-backed securities for a fixed price, with payment and delivery on an agreed upon future settlement date. The specific securities to be delivered are not identified at the trade date. However, delivered securities must be specified terms, including issuer, rate, and mortgage terms. When entering into TBA forwards, the Fund may take possession of or deliver the underlying mortgage-backed securities but can extend the settlement or roll the transactions. TBA forwards involve a risk of loss if the value of the security to be purchased or sold decline or increase, respectively, prior to settlement date, if there are expenses or delays in connection with the TBA transactions, or if the counterparty fails to complete the transaction.

5. Futures Contracts: The Fund may enter into futures contracts to gain exposure to, or hedge against, changes in the value of equities and commodities, interest rates or foreign currencies. A futures contract represents a commitment for the future purchase or sale of an asset or index at a specified price on a specified date. The purchase and sale of futures requires margin deposits with a futures commission merchant (“FCM”) equal to a certain percentage of the contract amount. Subsequent payments of variation margin are made or received by the Fund each day, depending on the daily fluctuations in the value of the contract. Futures contracts mitigate the Fund’s exposure to counterparty risk since futures contracts are exchange-traded; and the exchange’s FCM, as the counterparty to all exchange-traded futures, guarantees the futures contracts against default. The Commodity Exchange Act requires an FCM to segregate all customer transactions and assets from the FCM’s proprietary activities. A customer’s cash and other equity deposited with an FCM are considered commingled with all other customer funds subject to the FCM’s segregation requirements. In the event of an FCM’s insolvency, recovery may be limited to the Fund’s pro-rata share of segregated customer funds available. It is possible that the recovery amount could be less than the total of cash and other equity deposited.

6. Swap Contracts: The Fund expects to enter into various swap agreements including, but not limited to CDS and total return swaps, as a part of its investment strategy. Generally, a swap contract is an agreement that obligates two parties to exchange a series of cash flows at specified intervals based on or calculated by reference to changes in specified prices or rates for a specified notional amount of the underlying assets. The payment flows are usually netted against each other, with the difference paid by one party to the other.

The fair value of open swaps reported in the Consolidated Schedule of Investments may differ from that which would be realized if the Fund terminated its position in the contract. Risks may arise as a result of the failure of the counterparty to the swap contract to comply with the terms of the swap contract. The loss incurred by the failure of a counterparty is generally limited to the aggregate fair value of swap contracts in an unrealized gain position and collateral posted with the counterparty. The risk is mitigated by having a master netting arrangement between the Fund and the counterparty and by the counterparty posting collateral to the Fund to cover the Fund’s exposure to the counterparty. The Fund considers the creditworthiness of each counterparty to a swap contract in evaluating potential credit risk. Additionally, risks may arise from unanticipated movements in the fair value of the underlying investments.

Swap agreements may also be centrally cleared through a clearing house (“cleared swaps”), where immediately following execution of the swap contract, the swap contract is novated to the CCP and the Fund’s counterparty on the swap agreement becomes the CCP. The Fund is required to interface with the CCP through the broker. Upon entering into a cleared swap, the Fund is required to deposit initial margin with the broker in the form of cash or securities in an amount that varies depending on the size and risk profile of the particular swap. Pursuant to the contract, the Fund agrees to receive from or pay to the broker. Cleared swaps mitigate the Fund’s exposure to counterparty risk since the CCP, as the counterparty to all cleared swaps, guarantees the swap contracts against default.

a. Credit Default Swaps: CDS contracts involve an arrangement between the Fund and a counterparty which allows the Fund to protect against losses (when the Fund purchases a CDS) incurred as a result of default by a specified reference entity. Generally, the Fund pays or receives a premium upfront and continues to pay periodic interest payments while the counterparty agrees to make a payment to compensate the Fund for losses upon the occurrence of a specified credit event. Alternatively, when the Fund sells a CDS, it receives premium payments in exchange for assuming the credit risk of the specified reference entity. Generally, the counterparty pays or receives a premium upfront and continues to pay periodic interest payments while the Fund agrees to make a payment to compensate the counterparty for losses upon the occurrence of a specified credit event. Although contract-specific, credit events generally include bankruptcy, failure to pay, and restructuring. Upon the occurrence of a defined credit event, the difference between the value of the reference obligation and the swap’s notional amount is recorded as realized gain or loss in the Consolidated Statement of Operations. When the contract is terminated prior to the occurrence of a credit event, the Fund records a realized gain or loss equal to the difference between the close-out price of the CDS contract and the original contract price. Upfront fees are recorded as components of the costs or proceeds to the CDS contract and amortized over the life of the contract on a straight line basis. During the year ended October 31, 2024, the Fund had been both a purchaser and a seller of CDS contracts.

b. Total Return Swaps: Total return swap contracts involve the exchange by the Fund and a counterparty of their respective commitments to pay or receive a net amount based on the change in the fair value of a particular security or index, specified interest rates for fixed rate payments, and the notional amount of the swap contract.

7. Offsetting Assets and Liabilities and Counterparty Risk: In connection with its derivative activities, the Fund generally enters into master netting agreements and collateral agreements with its counterparties. These agreements provide the Fund with the right, in the event of a default by the counterparty (such as bankruptcy or a failure to pay or perform), to net a counterparty's rights and obligations under the agreement and to liquidate and setoff collateral against any net amount owed by the counterparty. The Fund's policy is generally to receive cash posted as collateral (with rights of re-hypothecation), irrespective of the enforceability determination regarding the master netting and collateral agreement.

The following tables present information about the offsetting of OTC derivatives and related collateral amounts.

Counterparty	Gross Amounts of Recognized Assets	Amounts not Offset in the Consolidated Statement of Assets and Liabilities			Net Exposure
		Offsetting Liability ^(a)	Collateral Received ^(b)		
Goldman Sachs International	\$ 34,040	\$ (34,040)	\$ -	\$ -	-
JPMorgan Chase Bank, N.A.	971,243	(971,243)	-	-	-
	\$ 1,005,283	\$ (1,005,283)	\$ -	\$ -	-

Counterparty	Gross Amounts of Recognized Liabilities	Amounts not Offset in the Consolidated Statement of Assets and Liabilities			Net Exposure
		Offsetting Asset ^(a)	Collateral Pledged ^(b)		
Goldman Sachs International	\$ (132,328)	\$ 34,040	\$ -	\$ (98,288)	
JPMorgan Chase Bank, N.A.	(1,423,664)	971,243	452,421	-	
Morgan Stanley & Company	(2,431,645)	-	2,431,645	-	
	\$ (3,987,637)	\$ 1,005,283	\$ 2,884,066	\$ (98,288)	

^(a) Represents the amount of assets or liabilities that could be offset with the same counterparty under master netting or similar agreements that management elects not to offset on the Consolidated Statement of Assets and Liabilities.

^(b) Collateral pledged/received is limited to the net outstanding amount due to/from an individual counterparty. The actual collateral amounts pledged/received may exceed these amounts and may fluctuate in value.

8. Collateral posted to Secured Party under Tri-Party Arrangements for OTC Derivatives: In compliance with the 1940 Act, the Fund has entered into third party custodial arrangements with all OTC counterparties whereby initial and variation margin is held in segregated accounts at the Bank of New York Mellon. Such amounts may only be accessed by the counterparties after certain Fund defaults (including bankruptcy) or following any applicable remedies under the Fund's ISDA Master Agreements. These accounts are separately disclosed on the Consolidated Statement of Assets and Liabilities.

The following table, grouped by risk exposure, provides information about the fair value and location of derivatives within the Consolidated Statement of Assets and Liabilities as of October 31, 2024.

Risk Exposure	Consolidated Statement of Assets and Liabilities Location	Asset Derivatives Gross Unrealized Appreciation	Liability Derivatives Gross Unrealized Depreciation
Credit Risk			
Credit Default Swaps	Credit default swaps, at fair value	\$ 170,759	\$ 2,620,039
Credit Default Swaptions	Credit default swaptions, at fair value	716,084	12,772
Equity/Market Risk			
Options	Investments in securities at fair value	2,331,075	-
Simple Agreement for Future Equity Contracts	Unrealized appreciation/depreciation on simple agreement for future equity contracts	2,203,641	-
Futures Contracts	Unrealized appreciation/depreciation on futures contracts	885,813	156,374
Total Return Swaps	Unrealized appreciation/depreciation on total return swap contracts	207,507	891,295
Foreign Exchange Risk			
Forward Foreign Currency Contracts	Unrealized appreciation/depreciation on forward foreign currency contracts	753,768	532,369
Interest Rate Risk			
Futures Contracts	Unrealized appreciation/depreciation on futures contracts	89,114	-
TBA MBS Forward Contracts	Unrealized appreciation/depreciation on TBA MBS forward contracts	-	2,431,645
Total		<u>\$ 7,357,761</u>	<u>\$ 6,644,494</u>

The following table provides information about the effect of derivatives on the Fund's Consolidated Statement of Operations for the year ended October 31, 2024.

Risk Exposure	Consolidated Statement of Operations Location	Net Realized Gain/(Loss)	Net Change in Unrealized Appreciation/ (Depreciation)
Credit Risk			
Credit Default Swaps	Net realized gain/(loss) on credit default swaps/ Net change in unrealized appreciation/(depreciation) on credit default swaps	\$ (7,509,914)	\$ 925,228
Credit Default Swaptions	Net realized gain/(loss) on credit default swaptions/ Net change in unrealized appreciation/(depreciation) on credit default swaptions	1,339,946	717,996
Equity/Market Risk			
Options	Net realized gain/(loss) on investments in securities/ Net change in unrealized appreciation/(depreciation) on investments in securities	10,812,158	(665,189)
Simple Agreement for Future Equity Contracts	Net realized gain/(loss) on simple agreement for future equity contracts/Net change in unrealized appreciation/(depreciation) on simple agreement for future equity contracts	-	25,482
Futures Contracts	Net realized gain/(loss) on futures contracts/ Net change in unrealized appreciation/(depreciation) on futures contracts	873,024	729,438
Total Return Swaps	Net realized gain/(loss) on total return swaps/ Net change in unrealized appreciation/(depreciation) on total return swaps	6,682,869	(683,788)
Foreign Exchange Risk			
Forward Foreign Currency Contracts	Net realized gain/(loss) on forward foreign currency contracts/Net change in unrealized appreciation/(depreciation) on forward foreign currency contracts	(4,443,882)	5,622,876
Interest Rate Risk			
Futures Contracts	Net realized gain/(loss) on futures contracts/ Net change in unrealized appreciation/(depreciation) on futures contracts	(54,790)	89,115
TBA MBS Forward Contracts	Net realized gain/(loss) on TBA MBS forward contracts/Net change in unrealized appreciation/(depreciation) on TBA MBS forward contracts	4,640,628	(2,431,645)
Total		\$ 12,340,039	\$ 4,329,513

The following table provides information related to the Fund's use of derivative contracts based on a quarterly average of outstanding notional amounts for the year ended October 31, 2024. These notional amounts are based on notional quantity which may be different from the notional in risk terms.

Risk Exposure	Notional Amounts	
	Long	Short
Credit Risk		
Credit Default Swaps ⁽¹⁾	\$ 124,342,513	\$ 240,506,315
Credit Default Swaptions	33,732,500	-
Equity/Market Risk		
Options ⁽²⁾	43,782,650	169,777,250
Simple Agreement for Future Equity Contracts	1,639,990	-
Futures Contracts	-	19,455,951
Total Return Swaps	79,402,563	-
Foreign Exchange Risk		
Forward Foreign Currency Contracts	21,505,852	5,204,167
Interest Rate Risk		
Futures Contracts	3,379,402	-
TBA MBS Forward Contracts	187,500,000	-

⁽¹⁾ Long notional value represents sell protection and short notional value represents purchase protection.

⁽²⁾ Long notional value represents purchased call and written put options and short notional value represents purchased put and written call options.

H. Federal Income Taxes. It is the policy of the Fund to comply with the requirements of Subchapter M of the Internal Revenue Code that are applicable to regulated investment companies and to distribute substantially all of its net investment income and any net realized capital gains to its shareholders. Therefore, a federal income tax or excise tax provision is not required. Management has considered the sustainability of the Fund's tax positions taken on federal income tax returns for all open tax periods in making this determination. No capital gain distributions shall be made until the capital loss carryforwards have been fully utilized.

The Fund may utilize equalization accounting for tax purposes, whereby a portion of redemption payments are treated as distributions of income or gain.

I. Distributions to Common Shareholders. On December 31, 2023, the Board authorized a managed distribution plan pursuant to which the Fund made monthly distributions to shareholders at a fixed amount of \$0.029 per share.

On April 29, 2024, in connection with the Reverse Split, the Board authorized the current Managed Distribution Plan pursuant to which the Fund makes monthly distributions to shareholders at a fixed amount of \$0.058 per share. This fixed distribution amount excludes special dividends (which are not paid pursuant to the Managed Distribution Plan), including the special dividend paid during the current fiscal period in December 2023. Such adjustment to the Fund's fixed monthly distribution from \$0.029 per share to \$0.058 per share, beginning with the distribution to be declared on June 28, 2024, will result in no change in monthly cash flow to shareholders.

The Fund will generally distribute amounts necessary to satisfy the Fund's Managed Distribution Plan and the requirements prescribed by excise tax rules and Subchapter M of the Internal Revenue Code. The Managed Distribution Plan is intended to provide shareholders with a constant, but not guaranteed, fixed minimum rate of distribution each month and is intended to narrow the discount between the market price and the net asset value of the Fund's common shares, but there is no assurance that the Managed Distribution Plan will be successful in doing so.

No conclusions should be drawn about the Fund's investment performance from the amount of the Fund's distributions or from the terms of the Fund's Managed Distribution Plan.

Under the Managed Distribution Plan, to the extent that sufficient investment income is not available on a monthly basis, the Fund will distribute capital gains and/or return of capital in order to maintain its managed distribution rate. A return of capital may occur, for example, when some or all of the money that was invested in the Fund is paid back to shareholders. A return of capital distribution does not necessarily reflect the Fund's investment performance and should not be confused with "yield" or "income."

The Managed Distribution Plan provides that the Board may amend the terms of the Managed Distribution Plan or terminate the Managed Distribution Plan at any time without prior notice to Fund shareholders; however, at this time, there are no reasonably foreseeable circumstances that might cause the Fund to terminate the Managed Distribution Plan. An amendment or termination of the Managed Distribution Plan could have an adverse effect on the market price of the Fund's common shares. The Managed Distribution Plan will be subject to the periodic review by the Board, including a yearly review of the annual minimum fixed rate to determine if an adjustment should be made.

J. Dividend Reinvestments. The Fund offers a Dividend Reinvestment and Cash Purchase Plan (the "DRIP Plan") with the following features:

Shareholders must affirmatively elect to participate in the DRIP Plan. If a shareholder decides to use this service, dividends and capital gains distributions will be reinvested automatically in shares of the Fund for such participating shareholder's account.

Whenever the Fund declares dividends in either cash or shares of the Fund, if the market price is equal to or exceeds net asset value at the valuation date, the participant will receive the dividends entirely in new shares at a price equal to the net asset value, but not less than 95% of the then current market price of the Fund's shares. If the market price is lower than net asset value or if dividends and/or capital gains distributions are payable only in cash, the participant will receive shares purchased on the NYSE or otherwise on the open market.

A participant has the option of submitting additional cash payments to Equiniti Trust Company, LLC (the "Plan Administrator"), in any amounts of at least \$100, up to a maximum of \$5,000 per month, for the purchase of Fund shares for such participant's account. These payments can be made by check payable to the Plan Administrator and sent to Equiniti Trust Company, LLC, P.O. Box 10027, Newark, NJ 07101, Attention: Plan Administration. The Plan Administrator will apply such payments (less a \$5.00 service charge and less a pro rata share of trading fees) to purchases of Fund shares on the open market.

The automatic reinvestment of dividends and/or capital gains does not relieve the participant of any income tax that may be payable on dividends or distributions.

Whenever shares are purchased on the NYSE or otherwise on the open market, each participant will pay a pro rata portion of trading fees. Trading fees will be deducted from amounts to be invested. The Plan Administrator's fee for a sale of shares through the DRIP Plan is \$15.00 per transaction plus a \$0.12 per share trading fee.

A participant may withdraw from the DRIP Plan without penalty at any time by written notice to the Plan Administrator sent to Equiniti Trust Company, LLC, P.O. Box 922, Wall Street Station, New York, NY 10269-0560. Upon withdrawal, the participant will receive, without charge, share certificates issued in the participant's name for all full shares held by the Plan Administrator; or, if the participant wishes, the Plan Administrator will sell the participant's shares and send the proceeds to the participant, less a service charge of \$15.00 and less trading fees of \$0.12 per share. The Plan Administrator will convert any fractional shares held at the time of withdrawal to cash at current market price and send a check to the participant for the net proceeds.

Cash distributions can be electronically credited to a checking or savings account at any financial institution that participates in the Automated Clearing House ("ACH") system. The Direct Deposit service is provided for registered shareholders at no charge. To enroll in the service, a shareholder should access such shareholder's account online by going to www.equiniti.com or dial (800) 416- 5585 (toll free) and follow the instructions. Direct Deposit will begin with the next scheduled distribution payment date following enrollment in the service.

Direct Registration

For a registered shareholder of the Fund, purchases of shares of the Fund can be electronically credited to such shareholder's Fund account at Equiniti Trust Company, LLC through Direct Registration. This service provides shareholders with a convenient way to keep track of shares through book entry transactions, electronically move book-entry shares between broker-dealers, transfer agents and DRS eligible issuers, and eliminate the possibility of lost certificates. For additional information, a shareholder should contact Equiniti Trust Company, LLC at (800) 416-5585.

K. Share Repurchase Program. On April 29, 2024, the Board approved a new open market share repurchase program to authorize the Fund to purchase up to 10% of the Fund's common shares each fiscal year (provided, that the Board has reauthorized the repurchase program in each subsequent fiscal year) in open market transactions, at the discretion of the Fund's Investment Adviser. The share repurchase program is intended

to increase the Fund's NAV to the benefit of all shareholders and help create further value for shareholders by reducing the Fund's discount to NAV. Subject to the 10% limitation in a fiscal year, the timing and amount of repurchases will be at the discretion of the Fund's Investment Adviser. In exercising its discretion consistent with its portfolio management responsibilities, the Investment Adviser will take into account various other factors, including, but not limited to, the level of the discount, the Fund's performance, portfolio holdings, dividend history, market conditions, cash on hand, the availability of other attractive investments, and whether the sale of certain portfolio securities would be undesirable because of liquidity concerns or because the sale might subject the Fund to adverse tax consequences. Any repurchases would be made on a national securities exchange at the prevailing market price, subject to exchange requirements, federal securities laws and rules that restrict repurchases. If and when the Fund's 10% threshold is reached in a fiscal year, no further repurchases will be made (unless otherwise authorized by the Board) for such fiscal year. The repurchase program will require reauthorization by the Board for each new fiscal year. Until the 10% threshold in a fiscal year is reached, the Investment Adviser will have the flexibility to commence share repurchases if and when it is determined to be appropriate in light of prevailing circumstances. On September 20, 2024, the Board authorized the continuation of the Repurchase Plan for the fiscal year ending October 31, 2025, subject to the same terms and conditions to which it was subject during the prior fiscal year.

L. Indemnifications. In the normal course of business, the Fund may enter into contracts that provide certain indemnifications. The Fund's maximum exposure under these arrangements is dependent on future claims that may be made against the Fund and, therefore, cannot be estimated; however, based on experience, management considers the risk of loss from such claims to be remote.

M. Basis of Consolidation. The Fund invests in certain investments through its investments in special purpose vehicles SABA SPV I and SABA SPV II, collectively, the "SPVs". The SPVs are Cayman Islands exempted companies with limited liability and wholly-owned subsidiaries of the Fund. The accompanying consolidated financial statements include all assets, liabilities, and results of operations of the Fund and the SPVs. All material intercompany accounts and transactions have been eliminated upon consolidation. For tax purposes, the Fund is required to increase its net taxable income by its share of the SPVs's income. Net taxable losses incurred by the SPVs cannot offset income earned by the Fund and cannot be carried back or forward by the SPVs to offset income from prior or future years.

NOTE 3 — INVESTMENTS

For the year ended October 31, 2024, the cost of purchases and the proceeds from principal repayment and sales of investments, totaled \$1,570,243,227 and \$2,114,813,924, respectively. The fair value of these assets is established as set forth in Note 2.

At October 31, 2024, the Fund held senior loans valued at \$22,200,722, which represent 8.36% of its total net assets. The senior loans acquired by the Fund typically take the form of a direct lending relationship with the borrower and are typically acquired through an assignment of another lender's interest in a loan. The lead lender in a typical corporate loan syndicate administers the loan and monitors the collateral securing the loan. In the event that the lead lender becomes insolvent, enters Federal Deposit Insurance Corporation ("FDIC") receivership or, if not FDIC insured, enters into bankruptcy, the Fund may incur certain costs and delays in realizing payment, or may suffer a loss of principal and/or interest.

At October 31, 2024, the Fund held corporate bonds and a sovereign debt obligation valued at \$26,758,607 and \$1,029,014, respectively, which represent 10.08% and 0.39% of its total net assets, respectively. Changes in short-term market interest rates will directly affect the yield on variable rate notes. If short-term market interest rates fall, the yield on variable rate notes will also fall. To the extent that the interest rate spreads on loans in the Fund's portfolio experience a general decline, the yield on the common shares will fall and the value of the Fund's assets may decrease, which will cause the Fund's NAV to decrease. Conversely, when short-term market interest rates rise, because of the lag between changes in such short-term rates and the resetting of the floating rates on assets in the Fund's portfolio, the impact of rising rates will be delayed to the extent of such lag. In the case of inverse securities, the interest rate paid by such securities generally will decrease when the market rate of interest to which the inverse security is indexed increases. With respect to investments in fixed rate instruments, a rise in market interest rates generally causes values of such instruments to fall. The values of fixed rate instruments with longer maturities or duration are more sensitive to changes in market interest rates.

At October 31, 2024, the Fund held a mortgage-backed security ("MBS") valued at \$1,257,501, which represent 0.47% of its total net assets. MBS are created from pools of residential loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. These securities provide a monthly payment which consists of both interest and principal. Some MBS may come in the form of interest-only or principal only strips (stripped MBS or "SMBS"). SMBS are usually structured with two classes that receive different proportions of the interest and principal distributions on a pool of mortgage assets. A SMBS will have one class that will receive all of the interest (the interest-only or "IO" class), while the other class will receive the entire principal (the principal-only or "PO" class). Interest may be determined by fixed or adjustable rates. The rate of prepayments on underlying mortgages will affect the price and volatility of a mortgage-related security and may have the effect of shortening or extending the effective duration of the security relative to what was anticipated at the time of purchase. The timely payment of principal and interest of certain mortgage-related securities is guaranteed with the full faith and credit of the U.S. Government. Pools created and guaranteed by non-governmental issuers, including government sponsored corporations, may be supported by various forms of insurance or guarantees, but there

can be no assurance that private insurers or guarantors can meet their obligations under the insurance policies or guarantee arrangements. At October 31, 2024, all MBS held by the Fund were IO strips.

At October 31, 2024, the Fund held SPACs valued at \$931,433, which represent 0.35% of its total net assets. A SPAC is a publicly traded company formed for the purpose of raising capital through an initial public offering to fund the acquisition, through a merger, capital stock exchange, asset acquisition or other similar business combination, of one or more operating businesses that are typically not publicly-listed. Following the acquisition of a target company, a SPAC's management team may exercise control over the management of the combined company in an effort to increase its value. Often now, though, management of the target company will continue to manage the now publicly-traded business subsequent to completion of its business combination with the SPAC. Capital raised through the initial public offering of securities of a SPAC is typically placed into a trust account until acquired business combination is completed or a predetermined period of time (typically 24 months) elapses. Shareholders in a SPAC would receive a return on their investment in the event that a target company is acquired and the combined publicly-traded company's shares trade above the SPAC's initial public offering ("IPO") price, or alternatively, the market price at which an investor acquired a SPAC's shares subsequent to its IPO. In the event that a SPAC is unable to locate and acquire a target business by the timeframe established at the time of its IPO, the SPAC would be forced to liquidate its assets, which may result in losses due to the expenses and liabilities of the SPAC, to the extent third-parties are permitted to bring claims against IPO proceeds held in the SPAC's trust account.

At October 31, 2024, the Fund held closed end funds and investment trusts (globally) valued at \$41,259,479 and \$6,830,431, respectively, representing 15.54% and 2.57% of its total net assets, respectively. Closed-end mutual funds and investment trusts are collective investment vehicles issuing a fixed number of shares which are not redeemable from the fund. Shares can be purchased and sold in the market and are subject to market fluctuations.

At October 31, 2024, the Fund held multiple investments in unaffiliated private funds valued at \$30,434,298, which represent 11.46% of its net assets.

1. Stone Ridge Feeder Fund is a Cayman Islands exempted limited partnership which invests substantially all of its investable assets in Stone Ridge Reinsurance Opportunities Fund LP ("Stone Ridge Master Fund"). Stone Ridge Master Fund's investment objective is to achieve long-term capital appreciation by investing primarily in shares or notes issued in connection with quota shares and, to a lesser extent, other reinsurance related securities, including shares or notes issued in connection with excess-of-loss, stop-loss or other non-proportional reinsurance shares or notes issued in connection with industry loss warranties, event-linked or catastrophe bond, event-linked swaps and/or derivatives linked to any of the foregoing (collectively, "reinsurance-related securities"). The Fund has made investments in Stone Ridge Feeder Fund, which have a fair value of \$28,032,000, which represent 10.56% of its net assets. At October 31, 2024, the Fund does not have any outstanding capital commitments to Stone Ridge Feeder Fund. The Fund may only make withdrawals from Stone Ridge Feeder Fund on an annual basis at December 31, subject to notice by October 15 of the year immediately prior to the year in which the withdrawal request date occurs.

2. Alternative Capital Investments Fund III LP ("ACI") is Delaware Limited Partnership and has an investment objective to source investment transactions and invest strategically across multiple asset classes, with low correlation to general stock market performance. The Fund has made investments in ACI's Standard Interests and Special Interests, which have a fair value of \$115,256 and \$1,240,758 respectively representing 0.04% and 0.47% of its total net assets, respectively. At October 31, 2024 the Fund has outstanding unfunded capital commitments of \$317,850 for Standard Interests and \$1,391,477 for Special Interests, respectively. The Fund may not make withdrawals from ACI. ACI will terminate at the end of the seventh anniversary of its final closing date provided that it may be extended for up to two years in its description.

3. New Holland Special Opportunities Aggregator LP ("NHC") New Holland Special Opportunities Aggregator LP ("NHC") is a Delaware Limited Partnership and has an investment objective to directly or indirectly acquire, invest in, hold, sell and otherwise deal in securities including investments in portfolio companies. The Fund, through SABA SPV II, has made investments in Series M Interests, which have a fair value of \$1,046,284, which represent 0.39% of its net assets. At October 31, 2024, the Fund had outstanding unfunded capital commitments of \$4,024,195.

At October 31, 2024, the Fund held warrants valued at \$2,896, which represent 0.00% of its net assets. The Fund may purchase warrants issued by domestic and foreign companies to purchase newly created equity securities consisting of common and preferred stock. Warrants are securities that give the holder the right, but not the obligation, to purchase equity issues of the company issuing the warrants, or a related company, at a fixed price either on a certain date or during a set period. The equity security underlying a warrant is authorized at the time the warrant is issued or is issued together with the warrant. Investing in warrants can provide a greater potential for profit or loss than an equivalent investment in the underlying security and, thus, can be a speculative investment. At the time of issue, the cost of a warrant is substantially less than the cost of the underlying security itself, and price movements in the underlying security are generally magnified in the price movements of the warrant. The leveraging effect enables the investor to gain exposure to the underlying security with a relatively low capital investment. This leveraging increases an investor's risk, as a complete loss of the amount invested in the warrant may result in the event of a decline in the value of the underlying security. In addition, the

price of a warrant tends to be more volatile than, and may not correlate exactly to, the price of the underlying security. If the market price of the underlying security is below the exercise price of the warrant on its expiration date, the warrant will generally expire without value. The value of a warrant may decline because of a decline in the value of the underlying security, the passage of time, changes in interest rates or in the dividend or other policies of the company whose equity underlies the warrant, a change in the perception as to the future price of the underlying security, or any combination thereof. Warrants generally pay no dividends and confer no voting or other rights other than to purchase the underlying security.

NOTE 4 — INVESTMENT MANAGEMENT FEES

The Fund has entered into an investment management agreement (“Management Agreement”) with the Investment Adviser. The Investment Adviser has overall responsibility for the management of the Fund. The Investment Adviser oversees all investment advisory and portfolio management services for the Fund and assists in managing and supervising all aspects of the general day-to-day business activities and operations of the Fund, including custodial, transfer agency, dividend disbursing, accounting, auditing, compliance and related services. The Management Agreement compensates the Investment Adviser with a fee, computed daily and payable monthly, based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.700%	Up to and including \$200 million
0.635%	Over \$200 million, up to and including \$700 million
0.600%	Over \$700 million, up to and including \$1 billion
0.580%	Over \$1 billion, up to and including \$5 billion
0.560%	Over \$5 billion, up to and including \$10 billion
0.540%	Over \$10 billion, up to and including \$15 billion
0.520%	Over \$15 billion, up to and including \$20 billion
0.500%	In excess of \$20 billion

For the period November 1, 2023 – December 31, 2023, an investment management fee of \$321,736 was paid to Franklin Advisors, Inc. Effective January 1, 2024, the investment management fee was paid to Saba Capital Management, L.P., totaling \$1,434,093.

NOTE 5 — TRANSACTIONS WITH AFFILIATES AND OTHER PARTIES

As of October 31, 2024, entities advised by Saba Capital Management, L.P. owned approximately 11.23% of the Fund.

During the period November 1, 2023 through December 31, 2023, the Fund had held an investment in Institutional Fiduciary Trust – Money Market Portfolio, which was another fund affiliated with the Fund’s previous investment manager, Franklin Advisors, Inc. Management fees paid by the Fund were waived by Franklin Advisors, Inc. and are reflected in the Consolidated Statement of Operations.

NOTE 6 — GUARANTEES AND COMMITMENTS

As of October 31, 2024, the Fund has unfunded commitments of \$5,733,522 to various private funds. These commitments represent the remaining capital that may be called upon by the private funds to make future investments in portfolio companies, subject to specific investment criteria and drawdown schedules outlined in the respective investment agreements.

In the normal course of trading activities, the Fund trades and holds certain derivatives which constitute guarantees under ASC 460-10, “Guarantees”. Such contracts include credit default swaps (index and single name) where the Fund is a provider of credit protection on an underlying instrument. The maximum payouts for such credit default swaps (index and single name) is limited to the notional amounts of each contract and would be offset by recovery amounts on the underlying reference obligations or if the Fund holds offsetting contracts for the same underlying reference obligations. As a part of the Fund’s investment strategy, the Fund is both a provider and purchaser of credit protection of multiple reference obligations. During periods of market stress, credit protection that has been purchased may act as a hedge for credit protection that has been provided on different reference obligations. Similarly, as a part of the Fund’s investment strategy, the Fund may be a provider of credit protection and be short the underlying reference obligation, which also may reduce the Fund’s exposure. At October 31, 2024, there were no offsetting purchase credit protection contracts that offset the sell credit protection contracts.

Credit Spread on Derivatives (basis points)	Notional Amount by Period of Expiration		Notional Amount		Fair Value
	0-5 Years	5 Years or Greater	Total Written Credit Derivatives	Offsetting Purchased Credit Derivatives	Written Credit Derivatives
Single name credit default swaps					
0-500	\$ 1,697,000	\$ -	\$ 1,697,000	\$ -	\$ 9,968
Greater than 1,000	242,000	-	242,000	-	(64,428)
Total	1,939,000	-	1,939,000	-	(54,460)
Total	\$ 1,939,000	\$ -	\$ 1,939,000	\$ -	\$ (54,460)

NOTE 7 — CAPITAL SHARES

On April 29, 2024, the Board approved a reverse stock split (the “Reverse Split”) of the Fund’s common shares at a ratio of 1-for-2. The Reverse Split became effective immediately after the close of trading on the NYSE on June 21, 2024 (“Reverse Split Effective Date”), and the Fund’s common shares began trading on the NYSE on a reverse split-adjusted basis at the open of trading on June 24, 2024. As of the Reverse Split Effective Date, every two shares of the Fund’s issued and outstanding common shares were converted into one common share.

As of October 31, 2024, there were 28,135,388 shares issued and outstanding. Transactions in capital shares and U.S. dollars were as follows:

Year ended	Shares repurchased #	Shares repurchased in tender offer #	Net increase (decrease) in shares outstanding #	Shares repurchased (\$)	Shares repurchased in tender offer (\$)	Net increase (decrease) (\$)
10/31/2024	(119,864)	(23,117,934)	(23,237,798)	(925,667)	(193,728,283)	(194,653,950)
10/31/2023	—	—	—	—	—	—
12/31/2022	(37,500)	—	(37,500)	(386,870)	—	(386,870)
12/31/2021	—	(15,673,661)	(15,673,661)	—	(170,215,462)	(170,215,462)

NOTE 8 — FEDERAL INCOME TAXES

The amount of distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations, which may differ from GAAP for investment companies. These book/tax differences may be either temporary or permanent. Permanent differences are reclassified within the capital accounts based on their federal tax-basis treatment; temporary differences are not reclassified. Key differences include the treatment of foreign currency transactions, capital loss carryforwards, and wash sale deferrals. Distributions in excess of net investment income and/or net realized capital gains for tax purposes are reported as return of capital.

Dividends paid by the Fund from net investment income and distributions of net realized short-term capital gains are, for federal income tax purposes, taxable as ordinary income to shareholders.

The tax character of the distributions paid during the year ended October 31, 2024 and October 31, 2023, respectively, were as follows:

	October 31, 2024	October 31, 2023
Distributions Paid From:		
Ordinary Income	\$ 13,180,712	\$ -
Tax Return of Capital	10,341,048	31,481,488
Total Distributions Paid	\$ 23,521,760	\$ 31,481,488

Components of Distributable Earnings on a Tax Basis: At October 31, 2024, permanent differences in book and tax accounting were reclassified. These differences had no effect on net assets and were primarily attributed to differences in the treatment of a wholly owned controlled foreign corporation.

Fund	Increase/(Decrease) Paid-In Capital	Increase/(Decrease) Total Distributable Earnings
Saba Capital Income & Opportunities Fund II	\$ (13,045)	\$ 13,045

As of the year ended October 31, 2024, the components of distributable earnings (loss) on a tax basis were as follows:

(Over)/Undistributed Ordinary Income	\$	—
Accumulated Capital Gains/(Losses)		(96,185,292)
Unrealized Appreciation/(Depreciation)		7,235,467
Other Cumulative Effect of Timing Differences		(9,080)
Total	\$	(88,958,905)

At October 31, 2024, gross unrealized appreciation and depreciation of investments owned by the Fund, based on cost of investments for federal income tax purposes were as follows:

Cost of investments for income tax purposes	\$	164,112,801
Gross appreciation (excess of value over tax cost)		387,465,290
Gross depreciation (excess of tax cost over value)		(380,035,755)
Net appreciation (depreciation) of foreign currency and derivatives		(194,068)
Net unrealized appreciation	\$	7,235,467

The differences between cost amounts for financial statement and federal income tax purposes is due primarily to timing differences in recognizing certain gains and losses in security transactions.

As of the year ended October 31, 2024, the Fund had non-expiring accumulated capital loss carryforwards as follows:

To the extent that a fund may realize future net capital gains, those gains will be offset by any of its unused capital loss carryforward. Future capital loss carryover utilization in any given year may be subject to Internal Revenue Code limitations.

Fund	Short Term	Long Term	Total
Saba Capital Income & Opportunities Fund II	\$ 17,919,082	\$ 78,266,210	\$ 96,185,292

No Capital loss carryovers were used during the year ended October 31, 2024.

The Fund's major tax jurisdictions are U.S. federal and New York State.

As of October 31, 2024, no provision for income tax is required in the Fund's consolidated financial statements as a result of tax positions taken on federal and state income tax returns for open tax years. The Fund's federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state department of revenue. Generally, the preceding four tax years remain subject to examination by these jurisdictions.

NOTE 9 — SUBSEQUENT EVENTS

Subsequent to October 31, 2024 through the date of issuance of the Fund's consolidated financial statements, the Fund paid the following dividends:

Per Share Amount	Declaration Date	Record Date	Payable Date
\$0.058	10/31/2024	11/11/2024	11/30/2024
\$0.058	11/29/2024	12/10/2024	12/31/2024

The Board has authorized the current Managed Distribution Plan pursuant to which the Fund makes monthly distributions to shareholders at a fixed amount of \$0.058 per share. This fixed distribution amount excludes any special dividends (which are not paid pursuant to the Managed Distribution Plan).

PROXY VOTING INFORMATION

The Board has delegated the responsibility to vote proxies for securities held in the Fund's portfolio to the Investment Adviser. Proxies for the portfolio securities are voted in accordance with the Investment Adviser's proxy voting guidelines. To the extent the Fund invests in investment companies, it will generally (i) seek instruction from the Fund's shareholders with regard to the voting of all proxies and vote in accordance with such instructions, (ii) vote the shares held by the Fund in the same proportion as the vote of all other holders of the securities of the investment company (the "Mirror Vote") or (iii) elect to not submit a proxy vote.

In the event the Investment Adviser believes that it may have a conflict of interest relative to a specific proxy vote for a portfolio holding, the Investment Adviser shall vote such proxies, on behalf of its various funds or clients in accordance with any of the following, in the Investment Adviser's good faith discretion: (i) the recommendation of Glass, Lewis & Co., LLC; (ii) the recommendation adopted by an Independent Board (even if such Board made its determination only on behalf of the fund which it serves and not on behalf of the other funds or clients invested in the holding with the proxy at issue); or (iii) in the case of the Fund, the Mirror Vote.

Information regarding how the Fund voted proxies relating to its portfolio securities during the most recent 12-month period ended October 31 is available without charge on the Fund's website at www.sabacef.com and (2) on the SEC's website at www.sec.gov.

QUARTERLY PORTFOLIO HOLDINGS

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form NPORT-P. The Fund's Forms NPORT-P are available on the SEC's website at www.sec.gov. The Fund's complete schedule of portfolio holdings is available at www.sabacef.com

IMPORTANT INFORMATION TO SHAREHOLDERS

Share Repurchase Program

The Board approved a new open market share repurchase program to authorize the Fund to purchase up to 10% of the Fund's common shares each fiscal year (provided, that the Board has reauthorized the repurchase program in each subsequent fiscal year) in open market transactions, at the discretion of the Fund's investment adviser. The share repurchase program is intended to increase the Fund's NAV to the benefit of all shareholders and help create further value for shareholders by reducing the Fund's discount to NAV.

Subject to the 10% limitation in a fiscal year, the timing and amount of repurchases will be at the discretion of the Fund's investment adviser. In exercising its discretion consistent with its portfolio management responsibilities, the investment adviser will take into account various other factors, including, but not limited to, the level of the discount, the Fund's performance, portfolio holdings, dividend history, market conditions, cash on hand, the availability of other attractive investments, and whether the sale of certain portfolio securities would be undesirable because of liquidity concerns or because the sale might subject the Fund to adverse tax consequences. Any repurchases would be made on a national securities exchange at the prevailing market price, subject to exchange requirements, federal securities laws and rules that restrict repurchases. If and when the Fund's 10% threshold is reached in a fiscal year, no further repurchases will be made (unless otherwise authorized by the Board) for such fiscal year. The repurchase program will require reauthorization by the Board for each new fiscal year. Until the 10% threshold in a fiscal year is reached, the investment adviser will have the flexibility to commence share repurchases if and when it is determined to be appropriate in light of prevailing circumstances.

October 31, 2024

INDEPENDENT TRUSTEES

Name, Address ¹ and Date of Birth	Position(s) Held with the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During the Past 5 Years	Number of Funds in the Fund Complex Overseen by Trustees	Other Board Positions Held by Trustees
Independent Nominees					
Karen Caldwell DOB: 1959	Trustee	Since February 2023	Karen Caldwell has served as the Chief Financial Officer of Tides since November 2024. Previously, Ms. Caldwell served as the Chief Financial Officer of Reform Alliance from 2019 to November 2024. From 2018 to 2019 Ms. Caldwell served as the Chief Financial Officer and Treasurer of the NHP Foundation, a non for profit dedicated to increasing housing affordability. She has been a board member of Saba Income & Opportunities Fund since February 2023.	2	Saba Capital Income & Opportunities Fund
Ketu Desai DOB: 1982	Trustee	Since February 2023	Ketu Desai has served as the founding partner and Principal of i-squared Wealth Management, Inc., a private wealth investment management firm, since 2016. He has been a board member of Saba Capital Income & Opportunities Fund since February 2023.	2	Saba Capital Income & Opportunities Fund
Frederic P. Gabriel DOB: 1976	Trustee; Lead Independent Trustee	Since May 2021	Frederic Gabriel is the Founder and Chief Executive Officer, Orion Realty NYC LLC (real estate) from 2014 to present.	1	None
Mark Hammitt DOB: 1985	Trustee	Since February 2023	Mark Hammitt is the CFO and Co-Founder of Revere CRE, Inc. (a networking and deal financial platform for commercial real estate professionals from 2022 to present; and formerly, a portfolio manager at Weiss Multi-Strategy Advisers, LLC (an investment management firm) from 2017 to 2020.	1	None
Garry Khasidy DOB: 1973	Trustee	Since March 2023	Garry Khasidy is the Managing Director of ISAM Holdings 2022 to present; Advisor at IMAN Capital Partners from 2020 to 2022.	1	None
Anatoly Nakum DOB: 1974	Trustee	Since February 2023	Anatoly Nakum is the Head of Capital Markets at ESG Financial from 2021 to present; and formerly the Head of Credit Trading at Americas at Credit Agricole from 2018 to 2020.	2	Saba Capital Income & Opportunities Fund

¹ The mailing address for each Interested Trustee is 405 Lexington Avenue, 58th Floor, New York, NY 10174.

October 31, 2024

INTERESTED TRUSTEES

Name, Address ¹ and Date of Birth	Position(s) Held with the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During the Past 5 Years	Number of Funds in the Fund Complex Overseen by Trustees	Other Board Positions Held by Trustees
Nominee who is an "Interested Person"					
Aditya Bindal DOB: 1976	Trustee	Since May 2023	Aditya Bindal has served as Chief Risk Officer of Saba Capital Management, L.P. since 2018.	2	Saba Capital Income & Opportunities Fund

¹ The mailing address for each Interested Trustee is 405 Lexington Avenue, 58th Floor, New York, NY 10174.

OFFICERS

Name, Address ¹ and Date of Birth	Position(s) Held with the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During the Past 5 Years
Boaz Weinstein DOB: 1973	President	Since May 2021	CIO of Saba Capital
Paul Kazarian DOB: 1984	Chief Executive Officer	Since November 2024	Portfolio Manager at Saba Capital
Michael D'Angelo DOB: 1978	Secretary	Since May 2021	COO and General Counsel at Saba Capital
Patrick Keniston ² DOB: 1964	CCO	Since June 2021	Managing Director, Foreside Fund Services, LLC (since 2008)
Troy Statczar ² DOB: 1971	PFO, Treasurer	Since June 2021	Senior Director, Foreside Treasurer Services since 2020 - Foreside Financial Group; Director of Fund Administration (2017-2019) - Thornburg Investment Management, Inc.

¹ Unless otherwise indicated, the mailing address for each officer is 405 Lexington Avenue, 58th Floor, New York, NY 10174.

² Patrick Keniston's and Troy Statczar's address is Foreside Fund Officer Services, LLC, 3 Canal Plaza, Suite 100, Portland, ME 04101.



S a b a | Capital

Saba Capital Income & Opportunities Fund II

This material must be accompanied or preceded by a prospectus.