

Flaherty & Crumrine PREFERRED INCOME OPPORTUNITY FUND INC  
Form N-30B-2  
April 27, 2018  
*FLAHERTY & CRUMRINE PREFERRED INCOME OPPORTUNITY FUND*

To the Shareholders of Flaherty & Crumrine Preferred Income Opportunity Fund (“PFO”):

Despite general weakness in most fixed-income markets (e.g., investment-grade corporate bonds), attributable mostly to higher benchmark interest rates, preferred securities performed reasonably well on a relative basis. Total return<sup>1</sup> on net asset value (“NAV”) for the first fiscal quarter was -0.5%, while total return on market price was -5.9%.

The U.S. economy remains on solid footing, with most economists forecasting faster growth in 2018. Inflation has remained in check thus far, and modest wage growth and strong business investment suggest that faster economic growth can be accommodated without the economy overheating. Faster economic growth combined with optimism around tax reform has caused interest rates to move modestly higher. Tax reform should be supportive of growth and investment, but much of it will be deficit-financed and could result in higher Treasury rates as government borrowing increases.

Investors often associate higher long-term interest rates with lower prices for preferred securities, and to some extent this is true. However, sensitivity of the Fund’s preferred portfolio to benchmark interest rates is much lower today than it was ten years ago. That is primarily attributable to larger holdings of fixed-to-floating rate securities relative to traditional fixed-for-life preferreds. Including these securities in a portfolio (~72% as of 2/28/2018) reduces sensitivity to benchmark interest rates. Moderate interest-rate sensitivity, along with a tightening of preferred credit spreads during the quarter, offset much of the weakness experienced by other fixed-income asset classes.

Most of the portfolio experienced credit-spread tightening as noted above, but one area of mixed performance was the energy sector, notably master limited partnerships (MLPs). The MLP industry appears to be in transition. The traditional MLP structure has struggled to meet investor expectations, leading some to collapse partnership structures into simpler organizations. Lower corporate tax rates from recent tax reform may accelerate that trend. While a simpler structure should benefit preferred investors over time, many MLPs issued preferreds in the last few months, causing yields to increase as concessions were offered to entice demand. Importantly, individual MLPs are in various stages of transition, and we remain comfortable with the level of MLP exposure in the Fund’s portfolio (~7.1% as of 2/28/2018). Many of the MLPs held by the Fund are among the strongest credits in the sector and a step ahead of peers in navigating these rough waters.

The Fund’s dividend rate was reduced during the quarter to reflect changes in interest rates and credit spreads that have cumulated over time. Tightening by the Federal Reserve has raised short-term interest rates and, therefore, leverage cost, while lower preferred yields have gradually reduced portfolio income. The investment objective of the Fund is to provide high current income consistent with the preservation of capital, and we believe the Fund will continue to meet that objective – although distributable income may be reduced as we proceed through this economic cycle. Fund shareholders have benefited from years of record-low interest rates and low leverage costs, but rates have moved up as the economy has improved. We believe the Fund’s strategy of investing in preferred securities and using leverage to increase income will continue to produce a competitive distribution rate for shareholders. We encourage shareholders to read the Fund’s 2017 annual report for a more-thorough discussion of this important topic.

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<sup>1</sup> Following the methodology required by the Securities and Exchange Commission, total return assumes dividend reinvestment.

<sup>2</sup> December 1, 2017 — February 28, 2018

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Market volatility is likely to increase from record-low levels as we move into later stages of this economic cycle, but we believe preferreds will continue to offer competitive performance. Their combination of credit quality and yield (much of which is tax-advantaged) will be difficult to replicate in other fixed-income asset classes.

As always, we encourage you to visit the Fund's website, [www.preferredincome.com](http://www.preferredincome.com), for timely and important information.

Sincerely,

The Flaherty & Crumrine Portfolio Management Team

March 31, 2018

Flaherty &amp; Crumrine Preferred Income Opportunity Fund Incorporated

**PORTFOLIO OVERVIEW****February 28, 2018 (Unaudited)****Fund Statistics**

Net Asset Value	\$ 11.67	
Market Price	\$ 11.11	
Discount	4.80	%
Yield on Market Price	7.13	%
Common Stock Shares Outstanding	12,518,382	

<b>Security Ratings**</b>	<b>% of Net Assets†</b>
A	1.2 %
BBB	53.3 %
BB	33.3 %
Below "BB"	0.9 %
Not Rated***	9.3 %

<b>Portfolio Rating Guidelines</b>	<b>% of Net Assets†</b>
Security Rated Below Investment Grade By All*****	30.8 %
Issuer or Senior Debt Rated Below Investment Grade by All*****	1.6 %

\*\*Ratings are from Moody's Investors Service, Inc. "Not Rated" securities are those with no ratings available from Moody's.

\*\*\*Excludes common stock and money market fund investments and net other assets and liabilities of 2.0%.

\*\*\*\*Security rating below investment grade by all of Moody's, Standard & Poor's, and Fitch Ratings.

\*\*\*\*\*Security rating and issuer's senior unsecured debt or issuer rating are below investment grade by all of Moody's, S&P, and Fitch. The Fund's investment policy currently limits such securities to 15% of Net Assets.

**Industry Categories\* % of Net Assets†**

<b>Top 10 Holdings by Issuer</b>	<b>% of Net Assets†</b>
JPMorgan Chase & Co	4.6 %
MetLife Inc	4.3 %
Wells Fargo & Company	4.2 %
PNC Financial Services Group Inc	4.0 %
Morgan Stanley	3.9 %
BNP Paribas	3.1 %
Fifth Third Bancorp	3.0 %
Enbridge Energy Partners	3.0 %
Liberty Mutual Group	2.9 %
XL Group Limited	2.7 %

	<b>% of Net Assets*****†</b>
Holdings Generating Qualified Dividend Income (QDI) for Individuals	60%
Holdings Generating Income Eligible for the Corporate Dividends Received Deduction (DRD)	45%

\*\*\*\*\*This does not reflect year-end results or actual tax categorization of Fund distributions. These percentages can, and do, change, perhaps significantly, depending on market conditions. Investors should consult their tax advisor regarding their personal situation.

†Net Assets includes assets attributable to the use of leverage.

Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated

**PORTFOLIO OF INVESTMENTS**

**February 28, 2018 (Unaudited)**

Shares/\$ Par	Value	
<b>Preferred Securities<sup>s</sup> — 93.8%</b>		
<b>Banking — 54.8%</b>		
	Australia & New Zealand Banking Group Ltd.,	
\$ 1,817,000	6,991,886	** (1)(2)
	to 06/15/26 then ISDA5 + 5.168%, 144A****	
	Banco Bilbao Vizcaya Argentaria SA:	
	6.125% to 11/16/27	
\$ 2,200,000	then 2,244,000	** (2)
	SW5 + 3.87% 9.00% to 05/09/18	
\$ 400,000	then 404,776	** (2)
	SW5 + 8.262%, 144A****	
\$ 490,000	534,810	** (2)

Banco  
 Mercantil  
 del  
 Norte  
 SA,  
 7.625%  
 to  
 01/06/28  
 then  
 T10Y  
 +  
 5.353%,  
 144A\*\*\*\*

Bank of America Corporation:

6.30%

to  
 03/10/26

then

\$ 300,000 3ML330,000 \*

+

4.553%,

Series

DD

3ML

+

\$ 2,540,000 3.63% 3,562,225 \*(1)  
 5.3969%<sup>(S)</sup>,

Series

K

8.125%

to

05/15/18

then

\$ 1,520,000 3ML1,544,700 \*(1)

+

3.64%,

Series

M

Barclays

Bank

PLC,

7.875%

to

\$ 2,848,000 03/15/27 2,870,702 \*\*(2)

then

SW5

+

6.772%,

144A\*\*\*\*

	BNP Paribas:		
	7.375%		
	to		
	08/19/25		
\$ 4,661,000	then	5,191,189	** (1)(2)
	SW5		
	+		
	5.15%,		
	144A****		
	7.625%		
	to		
	03/30/21		
\$ 1,500,000	then	1,635,000	** (2)
	SW5		
	+		
	6.314%,		
	144A****		
	Capital One Financial Corporation:		
	6.00%,		
2,020	Series	1,409	*
	B		
	6.00%,		
12,400	Series	327,608	*
	H		
	6.20%,		
7,000	Series	185,990	*
	F		
	6.70%,		
24,333	Series	649,691	*
	D		
	Citigroup, Inc.:		
	6.875%		
	to		
	11/15/23		
	then		
115,370	3ML	3,252,280	*(1)
	+		
	4.13%,		
	Series		
	K		
74,694	7.125%	2,145,212	*(1)
	to		
	09/30/23		
	then		
	3ML		
	+		
	4.04%,		

	Series J		
	8.40%		
	to		
	04/30/18		
	then		
	3ML		
\$ 299,000	+ 300,121	*	
	4.0285%,		
	min		
	7.7575%,		
	Series		
	E		
	CoBank ACB:		
	6.125%,		
15,600	Series	*	
	G, 1,583,400		
	144A****		
	6.20%		
	to		
	01/01/25		
	then		
9,000	3ML 964,575	*	
	+ 3.744%,		
	Series		
	H,		
	144A****		
	6.25%		
	to		
	10/01/22		
	then		
10,000	3ML 1,075,000	*(1)	
	+ 4.557%,		
	Series		
	F,		
	144A****		
	6.25%		
	to		
	10/01/26		
	then		
\$ 415,000	3ML 452,711	*	
	+ 4.66%,		
	Series		
	I,		
	144A****		
\$ 4,500,000	450	(3)(4)††	

	Colonial BancGroup, 7.114%, 144A*****	
	Credit Agricole SA, 7.875%	
\$ 270,000	to 302,063 01/23/24	** (2)
	then SW5 + 4.898%, 144A*****	
	Fifth Third Bancorp, 6.625%	
232,807	to 6,693,201 12/31/23	* (1)
	then 3ML + 3.71%, Series I	
	First Horizon National Corporation: First Tennessee Bank, 3ML	
750	+ 598,125 0.85%	* (1)
	min 3.75%, 3.75% <sup>(5)</sup> , 144A*****	
	FT Real Estate Securities Company, 1,296,250	
1	9.50% 03/31/31, 144A*****	
	Goldman Sachs Group: 5.00%, 950,240	* (1)
\$ 2,000,000	to	

	11/10/22	
	then	
	3ML	
	+	
	2.874%,	
	Series	
	P	
	5.70%	
	to	
	05/10/19	
	then	
\$ 195,000	3ML200,392	*
	+	
	3.884%,	
	Series	
	L	
	6.375%	
	to	
	05/10/24	
	then	
50,000	3ML1,399,000	*(1)
	+	
	3.55%,	
	Series	
	K	
	HSBC Holdings PLC:	
	6.00%	
	to	
	05/22/27	
\$ 325,000	then 332,800	** (2)
	ISDA5	
	+	
	3.746%	
	6.875%	
	to	
	06/01/21	
\$ 937,000	then 1,004,933	** (2)
	ISDA5	
	+	
	5.514%	
	8.00%,	
14,190	Series 377,951	** (1) (2)
	2	
\$ 800,000	HSBC 281,504	(1) (2)
	Capital	
	Funding	
	LP,	
	10.176%	
	to	

06/30/30  
then  
3ML  
+  
4.98%,  
144A\*\*\*\*

Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated

**PORTFOLIO OF INVESTMENTS (Continued)**

**February 28, 2018 (Unaudited)**

Shares/\$ Par	Value
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**Preferred Securities  
— (Continued)**

**Banking —  
(Continued)**

	Huntington Bancshares, Inc.:	
	5.700%	
	to	
	04/15/23	
	then	
\$ 950,000	3MB158,906	*
	+	
	2.88%,	
	Series	
	E	
99,000	6.25%,	
	Series	
	2,679,930	*(1)
	D	
	JPMorgan Chase & Company:	
	6.00%	
	to	
	08/01/23	
	then	
\$ 300,000	3MB14,400	*
	+	
	3.30%,	
	Series	
	R	
54,650	6.70%,	
	Series	
	428,004	*(1)
	T	
\$ 4,167,000	4,609,744	*(1)

6.75%  
 to  
 02/01/24  
 then  
 3ML  
 +  
 3.78%,  
 Series  
 S  
 7.90%  
 to  
 04/30/18  
 then  
 \$ 3,750,000 3MB,787,500 \*(1)  
 +  
 3.47%,  
 Series  
 I  
 KeyCorp,  
 6.125%  
 to  
 12/15/26  
 then  
 84,000 2,340,257 \*(1)  
 3ML  
 +  
 3.892%,  
 Series  
 E  
 Lloyds  
 TSB  
 Bank  
 PLC,  
 12.00%  
 to  
 \$ 1,550,000 2,022,937 (2)  
 12/16/24  
 then  
 3ML  
 +  
 11.756%,  
 144A\*\*\*\*  
 \$ 2,240,000 M&T,489,379 \*(1)  
 Bank  
 Corporation,  
 6.45%  
 to  
 02/15/24  
 then  
 3ML  
 +  
 3.61%,

	Series		
	E		
	Macquarie		
	Bank		
	Ltd.,		
	6.125%		
	to		
\$ 500,000	03/08/2000	** (2)	
	then		
	SW5		
	+		
	3.703%,		
	144A****		
	MB		
	Financial,		
40,220	Inc. 999,467	*	
	6.00%,		
	Series		
	C		
	Morgan Stanley:		
	5.85%		
	to		
	04/15/27		
	then		
82,600	3M 2,215,332	*(1)	
	+		
	3.491%,		
	Series		
	K		
	6.875%		
	to		
	01/15/24		
	then		
148,000	3M 2,207,640	*(1)	
	+		
	3.94%,		
	Series		
	F		
	7.125%		
	to		
	10/15/23		
	then		
77,200	3M 2,234,168	*(1)	
	+		
	4.32%,		
	Series		
	E		
162,500	New 4,574,375	*(1)	
	York		

	Community Bancorp, Inc., 6.375% to 03/17/27 then 3ML + 3.821%, Series A	
297,806	PNC Financial Services Group, Inc.: 6.125% to 05/01/22 then 3M	B,319,032 *(1)
	+ 4.067%, Series P 6.75% to 08/01/21 then 3M	427,418 *(1)
\$ 395,000	+ 3.678%, Series O	
	Rabobank Nederland, 11.00% to 06/30/19 then 3ML	1,945,844 (1)(2)
\$ 1,775,000	+ 10.868%, 144A****	
35,000	Regions Financial Corporation, 6.375% to 09/15/24 then	965,531 *

	3ML	
	+	
	3.536%,	
	Series	
	B	
	Societe	
	Generale	
	SA,	
	7.375%	
	to	
\$ 3,800,000	09/14/2014,000	** (1)(2)
	then	
	SW5	
	+	
	6.238%,	
	144A****	
	Sovereign	
	Bancorp:	
	Sovereign	
2,600	REIT	3,237,000
	12.00%,	
	Series	
	A,	
	144A****	
	Standard Chartered	
	PLC:	
	7.50%	
	to	
	04/02/22	
\$ 1,370,000	then	1,485,833 ** (1)(2)
	SW5	
	+	
	6.301%,	
	144A****	
	7.75%	
	to	
	04/02/23	
\$ 2,500,000	then	2,721,875 ** (1)(2)
	SW5	
	+	
	5.723%,	
	144A****	
83,700	Stat	2,280,825 * (1)
	Street	
	Corporation,	
	5.90%	
	to	
	03/15/24	
	then	

	3ML	
	+	
	3.108%,	
	Series	
	D	
20,517	Sterling Bancorp, Inc. Series A	6,507,545 *
8,200	SunTrust Banks, Inc. Series E	206,804 *
10,000	Texas Capital Bancshares Inc. Series A	254,100 *
35,000	US Bancorp, 6.50% to 01/15/22 then 3ML + 4.468%, Series F	984,764 *(1)
28,000	Valley National Bancorp, 5.50% to 09/30/22 then 3ML + 3.578%, Series B	724,080 *

Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated

**PORTFOLIO OF INVESTMENTS (Continued)**

**February 28, 2018 (Unaudited)**

Shares/\$ Par	Value	
<b>Preferred Securities</b>		
<b>— (Continued)</b>		
	<b>Banking —</b>	
	<b>(Continued)</b>	
	Wells Fargo & Company:	
15,000	5.625%, Series Y \$17,430	*
56,200	5.85% to 09/15/23 then 3ML,501,664	*(1)
\$ 2,075,000	+ 3.09%, Series Q 5.875% to 06/15/25 then 3ML,208,588	*(1)
34,400	+ 3.99%, Series U 6.625%, to 03/15/24 then 3ML + 3.69%, Series	*(1)

	R		
225	7.50%, Series 286,875	*	
	L		
	7.98%		
	to		
	03/15/18		
	then		
\$ 1,139,000	3ML,158,932	*	
	+		
	3.77%,		
	Series		
	K		
104,500	8.00%, Series 2,720,135	*(1)	
	J		
	Westpac Banking Corporation, 5.00%		
\$ 1,100,000	to 1,052,848	** (2)	
	09/21/27		
	then		
	ISDA5		
	+		
	2.888%		
	Zions Bancorporation, 7.20%		
	to		
	09/15/23		
\$ 1,000,000	then,105,000	*	
	3ML		
	+		
	4.44%,		
	Series		
	J		
	120,872,204		

**Financial Services — 0.6%**

\$ 410,000	AerCap, Global Aviation Trust, 6.50%	(2)	
	to		
	06/15/25		
	then		
	3ML		
	+		

	4.30%, 06/15/45, 144A****	
	E*TRADE Financial Corporation, 5.30%	
\$ 444,000	to 03/15/23 then 439,560	*
	3ML +	
	3.16%, Series B	
	General Motors Financial Company, 5.75%	
\$ 420,000	to 09/30/23 then 407,888	*
	3ML +	
	3.598%, Series A	
	1,313,348	
<b>Insurance — 18.9%</b>		
73,000	Allstate Corporation, 6.625%, Series E	25,171 *(1)
\$ 275,000	Aon Corporation, 8.205%	355,438 (1)
	01/01/27	
	Arch Capital Group, Ltd.:	
11,000	5.25%, Series E	258,500 **(2)
9,900	5.45%, Series F	239,481 **(2)
\$ 1,453,000	AXA SA,	692,745 **(1)(2)

	6.379%		
	to		
	12/14/36		
	then		
	3ML		
	+		
	2.256%,		
	144A*****		
	Axis		
	Capital		
	Holdings		
19,750	Ltd.480,320	**	(2)
	5.50%,		
	Series		
	E		
	Chubb		
	Ltd.:		
	Ace		
\$ 1,200,000	Capital	1,791,000	(1)(2)
	Trust		
	II,		
	9.70%		
	04/01/30		
	Delphi		
	Financial		
	Group,		
120,000	3ML	2,760,000	(1)
	+		
	3.19%,		
	5.0288% <sup>(5)</sup>		
	05/15/37		
	Everest		
	Reinsurance		
	Holdings,		
\$ 1,759,000	3ML	1,729,976	(1)
	+		
	2.385%,		
	4.2238% <sup>(5)</sup>		
	05/15/37		
10,000	Harbor	28,300	
	Financial		
	Services		
	Group,		
	Inc.,		
	7.875%		
	to		
	04/15/22		
	then		
	3ML		

	+		
	5.596%,		
	04/15/42		
	Liberty		
	Mutual		
\$ 3,054,000	Group,	3,802,230	(1)
	7.80%		
	03/15/37,		
	144A****		
	MetLife, Inc.:		
	9.25%		
\$ 3,350,000	04/08/38,	4,638,375	(1)
	144A****		
	10.75%		
\$ 2,704,000	4,333,160		(1)
	08/01/39		
	MetLife		
	Capital		
	Trust		
\$ 350,000	IV, 449,750		(1)
	7.875%		
	12/15/37,		
	144A****		

Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated

**PORTFOLIO OF INVESTMENTS (Continued)**

**February 28, 2018 (Unaudited)**

Shares/\$ Par	Value	
<b>Preferred Securities</b>		
<b>— (Continued)</b>		
	<b>Insurance —</b>	
	<b>(Continued)</b>	
	PartnerRe Ltd.:	
	5.875%,	
23,350	\$159,461	** (1)(2)
	Series I	
	6.50%,	
5,300	\$39,443	** (2)
	Series G	
	7.25%,	
78,200	\$160,666	** (1)(2)
	Series H	
	Prudential	
	Financial,	
	Inc.,	
	5.625%	
	to	
\$ 241,000	\$21,556	
	06/15/43	
	then	
	3ML	
	+	
	3.92%,	
	06/15/43	
\$ 3,634,000	\$1,133,675	(1)(2)
	QBE	
	Insurance	
	Group	
	Ltd.,	
	7.50%	
	to	
	11/24/23	
	then	

	SW10		
	+		
	6.03%,		
	11/24/43,		
	144A****		
	Unum		
	Group:		
	Provident		
\$ 2,750,000	Financing	3,135,000	(1)
	Trust		
	I,		
	7.405%		
	03/15/38		
	W.R.		
	Berkley		
24,000	Corp	16,056,	
	5.75%		
	06/01/56		
	XL Group Limited:		
	Catlin		
	Insurance		
	Company		
	Ltd.,		
\$ 1,400,000	3ML	379,000	(1)(2)
	+		
	2.975%,		
	4.7142% <sup>(5)</sup> ,		
	144A****		
	XL		
	Capital		
	Ltd.,		
	3ML		
\$ 4,750,000	+	4,542,188	(1)(2)
	2.4575%,		
	4.1790% <sup>(5)</sup> ,		
	Series		
	E		
	41,778,491		
<b>Utilities — 9.3%</b>			
	Commonwealth		
	Edison:		
	COMED		
\$ 2,512,000	Financing	2,687,840	(1)
	III,		
	6.35%		
	03/15/33		
136,000	Dominion	614	(1)
	Energy,		

	Inc.,		
	5.25%		
	07/30/76,		
	Series		
	A		
	DTE Energy Company:		
	5.375%		
7,000	06/01/76,	172,349	
	Series		
	B		
	6.00%		
13,000	12/15/76,	347,361	
	Series		
	F		
	Emera,		
	Inc.,		
	6.75%		
	to		
	06/15/26		
\$ 2,030,000	then	2,263,450	(1)(2)
	3ML		
	+		
	5.44%,		
	06/15/76,		
	Series		
	2016A		
	Georgia		
	Power		
	Company,		
21,200	5.00%	17,598	
	10/01/77,		
	Series		
	2017A		
	Indianapolis		
	Power		
	&		
24,000	Light	2,479,855	*(1)
	Company,		
	5.65%		
77,100	Integr	2,062,425	(1)
	Energy		
	Group,		
	Inc.,		
	6.00%		
	to		
	08/01/23		
	then		
	3ML		
	+		

	3.22%, 08/01/73	
	NextEra Energy: FPL Group Capital, Inc.,	
\$ 1,600,000	3ML,557,056	(1)
	+	
	2.125%, 3.7135% <sup>(5)</sup>	
	06/15/67, Series C	
	PECO Energy: PECO Energy Capital	
\$ 1,500,000	Trust,717,572	(1)
	III, 7.38%	
	04/06/28, Series D	
	PPL Corp: PPL Capital Funding, Inc.,	
26,800	681,256	(1)
	5.90%	
	04/30/73, Series B	
	PPL Capital Funding, Inc., 3ML	
\$ 902,000	+ 899,745	(1)
	2.665%, 4.3584% <sup>(5)</sup>	
	03/30/67, Series A	
\$ 1,298,000	Puget,288,265	(1)
	Sound Energy,	

Inc.,  
 3ML  
 +  
 2.53%,  
 4.0106%<sup>(5)</sup>  
 06/01/67,  
 Series  
 A  
 Southern  
 California  
 Edison:  
 SCE  
 Trust  
 V,  
 5.45%  
 20,000 to 523,128 \*  
 03/15/26  
 then  
 3ML  
 +  
 3.79%,  
 Series  
 K  
 20,509,714

**Energy — 5.9%**

DCP  
 Midstream  
 LP,  
 7.375%  
 to  
 \$ 1,060,000 12/15/22  
 then 1,071,262  
 3ML  
 +  
 5.148%,  
 Series  
 A  
 Enbridge,  
 Inc.,  
 6.00%  
 to  
 \$ 1,030,000 01/15/27  
 then, 1,045,450 (2)  
 3ML  
 +  
 3.89%,  
 01/15/77  
 \$ 6,595,000 Enbridge, 6,614,488 (1)  
 Energy

Partners  
LP,  
3ML  
+  
3.7975%,  
5.4917%<sup>(5)</sup>  
10/01/37

Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated

**PORTFOLIO OF INVESTMENTS (Continued)**

**February 28, 2018 (Unaudited)**

<b>Shares/\$ Par</b>	<b>Value</b>
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**Preferred Securities  
— (Continued)**

**Energy —  
(Continued)**

	Enterprise Products Operating L.P.:	
	3ML	
	+	
\$ 400,000	3.7075%,	
	5.25%	\$ 400,500
	08/01/66,	
	Series	
	A	
	to	
	08/16/27	
	then	
\$ 500,000	3ML	\$ 483,750
	+	
	3.033%,	
	08/16/77,	
	Series	
	E	
	Kinder	
	Morgan,	
	Inc.,	
14,920	9.75%	\$ 99,820
	10/26/18,	
	Series	
	A	
31,500	NuStar	\$ 307,975
	Logistics	
	LP,	
	3ML	

\*

+  
 6.734%,  
 8.4555%<sup>(5)</sup>  
 01/15/43  
 Transcanada Pipelines,  
 Ltd.:  
 5.30%  
 to  
 03/15/27  
 then  
 3ML  
 \$ 1,000,000 + 1,009,375 (2)  
 +  
 3.208%,  
 03/15/77,  
 Series  
 2017-A  
 5.875%  
 to  
 08/15/26  
 then  
 3ML  
 \$ 1,000,000 + 1,077,500 (1)(2)  
 +  
 4.64%,  
 08/15/76,  
 Series  
 2016-A  
 13,005,120

**Real Estate Investment Trust  
 (REIT) — 0.5%**

Annaly  
 Capital  
 Management,  
 Inc.,  
 6.95%  
 to  
 3,110 09/30/27  
 then  
 3ML  
 +  
 4.993%,  
 Series  
 F  
 National Retail  
 Properties, Inc.:  
 5.20%,  
 5,500 Series 26,995  
 F  
 23,962 5.7087,697 (1)

Series  
 E  
 PS Business Parks, Inc.:  
 5.20%,  
 6,918 Series 66,862  
 W  
 5.70%,  
 7,983 Series 97,899  
 V  
 5.75%,  
 325 Series 8,057  
 U  
 1,164,389

**Miscellaneous Industries — 3.8%**

BHP  
 Billiton  
 Limited:  
  
 BHP  
 Billiton  
 Finance  
 U.S.A.,  
 Ltd. 455,000 (2)  
 \$ 400,000 6.75%  
 to  
 10/19/25  
 then  
 SW5  
 +  
 5.093%,  
 10/19/75,  
 144A\*\*\*\*  
  
 General  
 Electric  
 Company,  
 5.00%  
 to  
 \$ 802,000 01/21/21 792,978 \*(1)  
 then  
 3ML  
 +  
 3.33%,  
 Series  
 D  
  
 Land O' Lakes, Inc.:  
 \$ 240,000 7.25% 268,200 \*  
 Series  
 B,

	144A****		
	8.00%,		
\$ 3,630,000	Series	4,110,975	*(1)
	A,		
	144A****		
	Ocean		
	Spray		
30,400	Cranberries	2,766,400	*
	Inc.,		
	6.25%,		
	144A****		
	8,393,553		
	<b>Total</b>		
	<b>Preferred</b>		
	<b>Securities</b>	6,819	
	(Cost		
	\$196,414,132)		

**Corporate Debt Securities<sup>s</sup> — 4.3%**

**Banking — 2.0%**

	Regions		
	Financial		
	Corporation,		
\$ 550,000	7.375%	7,731	(1)
	12/10/37,		
	Sub		
	Notes		
	Texas		
	Capital		
	Bancshares		
123,450	Inc.	3,193,528	(1)
	6.50%		
	09/21/42,		
	Sub		
	Notes		
	Zions		
	Bancorporation,		
	6.95%		
	to		
	09/15/23		
18,000	then	526,498	
	3ML		
	+		
	3.89%,		
	09/15/28,		
	Sub		
	Notes		
	4,448,757		



Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated

**PORTFOLIO OF INVESTMENTS (Continued)**

**February 28, 2018 (Unaudited)**

Shares/\$ Par	Value
------------------	-------

**Corporate Debt  
Securities —  
(Continued)**

**Financial  
Services  
— 0.0%**

1,000	B. Riley Financial Inc., 7.50% 05/31/27 25,690	\$ 25,690
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**Insurance —  
1.2%**

\$ 1,850,000	Liberty Mutual Insurance 7.697% 10/15/97, 144A**** 2,544,321	2,544,321 (1)
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**Energy — 0.5%**

\$ 904,000	Energy Transfer Partners LP, 8.25% 11/15/29 1,134,692	1,134,692 (1)
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**Communication — 0.5%**

Qwest  
Corporation:

19,728 6.50%  
426,125  
09/01/56

24,920 6.75%  
563,690  
06/15/57

400 7.00%  
9,477  
04/01/52

999,292

**Miscellaneous Industries —**

**0.1%**

10,000 eBay,  
Inc.  
6.00%  
264,315  
02/01/56

264,315

**Total  
Corporate  
Debt  
Securities**

9,417,067

(Cost  
\$8,176,187)

**Common Stock — 0.6%**

**Energy — 0.6%**

87,504 Kinder  
Morgan  
Inc. 1,417,565 \*

1,417,565

**Insurance — 0.0%**

17,907 WMI  
Holdings  
Corporation,  
144A\*\*\*\* \*†

23,100

**Total  
Common  
Stock**

440,665

(Cost  
\$2,409,064)

**Money Market Fund — 0.8%**

1,795,362 BlackRock  
Liquidity  
Funds;  
T-Fund,  
Institutional  
Class

1,795,362

**Total  
Money  
Market  
Fund** 1,795,362  
(Cost  
\$1,795,362)

Flaherty & Crumrine Preferred Income Opportunity Fund Incorporated

**PORTFOLIO OF INVESTMENTS (Continued)**

**February 28, 2018 (Unaudited)**

			<b>Value</b>
<b>Total Investments</b> (Cost \$208,794,745***)	99.5	%	\$ 219,689,913
<b>Other Assets And Liabilities</b> (Net)	0.5	%	1,073,385
<b>Total Managed Assets</b>	100.0	% ‡	\$ 220,763,298
<b>Loan Principal Balance</b>			(74,700,000 )
<b>Total Net Assets Available To Common Stock</b>			\$ 146,063,298

§Date shown is maturity date unless referencing the end of the fixed-rate period of a fixed-to-floating rate security.

\*Securities eligible for the Dividends Received Deduction and distributing Qualified Dividend Income.

\*\*Securities distributing Qualified Dividend Income only.

\*\*\*Aggregate cost of securities held.

\*\*\*\*Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional buyers. At February 28, 2018, these securities amounted to \$63,188,601 or 28.6% of total managed assets.

(1)All or a portion of this security is pledged as collateral for the Fund's loan. The total value of such securities was \$142,218,782 at February 28, 2018.

(2)Foreign Issuer.

(3)Level 3, illiquid security (designation is unaudited; see Note 2: Additional Accounting Standards).

(4)Valued at fair value as determined in good faith by or under the direction of the Board of Directors as of February 28, 2018.

(5)Represents the rate in effect as of the reporting date.

†Non-income producing.

††The issuer has filed for bankruptcy protection. As a result, the Fund may not be able to recover the principal invested and also does not expect to receive income on this security going forward.

‡The percentage shown for each investment category is the total value of that category as a percentage of total managed assets.

**ABBREVIATIONS:**

**3ML** — 3-Month ICE LIBOR USD A/360

**ISDA5** — 5-year USD ICE Swap Semiannual 30/360

**SW5** — 5-year USD Swap Semiannual 30/360

**SW10** — 10-year USD Swap Semiannual 30/360

**T10Y** — Federal Reserve H.15 10-Yr Constant Maturity Treasury Semiannual yield

## Flaherty &amp; Crumrine Preferred Income Opportunity Fund Incorporated

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE TO COMMON STOCK<sup>(1)</sup>****For the period from December 1, 2017 through February 28, 2018 (Unaudited)**

	<b>Value</b>
<b>OPERATIONS:</b>	
Net investment income	\$ 2,145,095
Net realized gain/(loss) on investments sold during the period	(62,027 )
Change in net unrealized appreciation/(depreciation) of investments	(2,949,759 )
<b>Net decrease in net assets resulting from operations</b>	<b>(866,691 )</b>
<b>DISTRIBUTIONS:</b>	
Dividends paid from net investment income to Common Stock Shareholders <sup>(2)</sup>	(2,553,750 )
<b>Total Distributions to Common Stock Shareholders</b>	<b>(2,553,750 )</b>
<b>FUND SHARE TRANSACTIONS:</b>	
Increase from shares issued under the Dividend Reinvestment and Cash Purchase Plan	78,219
<b>Net increase in net assets available to Common Stock resulting from Fund share transactions</b>	<b>78,219</b>