

BLACKROCK LTD DURATION INCOME TRUST  
Form N-CSR  
November 10, 2008

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM N-CSR**

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

Investment Company Act file number 811-21349

Name of Fund: BlackRock Limited Duration Income Trust (BLW)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: Donald C. Burke, Chief Executive Officer, BlackRock Limited Duration Income Trust, 800 Scudders Mill Road, Plainsboro, NJ, 08536. Mailing address: P.O. Box 9011, Princeton, NJ, 08543-9011

Registrant's telephone number, including area code: (800) 882-0052, Option 4

Date of fiscal year end: 08/31/2008

Date of reporting period: 11/01/2007  08/31/2008

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Item 1  Report to Stockholders

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# Annual Report

AUGUST 31, 2008

[BlackRock Core Bond Trust \(BHK\)](#)

[BlackRock High Income Shares \(HIS\)](#)

[BlackRock High Yield Trust \(BHY\)](#)

[BlackRock Income Opportunity Trust, Inc. \(BNA\)](#)

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NOT FDIC INSURED  
MAY LOSE VALUE  
NO BANK GUARANTEE

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## A Letter to Shareholders

### Dear Shareholder

It has been a tumultuous year for investors, marked by almost daily headlines related to the beleaguered housing market, rising food and energy prices, and the escalating credit crisis. The news took an extraordinarily heavy tone shortly after the close of this reporting period as the credit crisis boiled over and triggered unprecedented failures and consolidation in the financial sector, stoking fears of a market and economic collapse and prompting the largest government rescue plan since the Great Depression.

Through it all, the Federal Reserve Board (the Fed) has been aggressive in its attempts to restore order in financial markets. Key moves included slashing the target federal funds rate 325 basis points (3.25%) between September 2007 and April 2008 and providing numerous cash injections and lending programs. As the credit crisis took an extreme turn for the worse in September, the Fed, in concert with five other global central banks, cut interest rates by 50 basis points in a rare move intended to stave off worldwide economic damage from the intensifying financial market turmoil. The U.S. economy managed to grow at a slow-but-positive pace through the second quarter of the year, though the recent events almost certainly portend a global economic recession.

Against this backdrop, U.S. stocks experienced intense volatility (steep declines and quick recoveries), generally posting losses for the current reporting period. Small-cap stocks fared significantly better than their larger counterparts. Non-U.S. markets followed the U.S. on the way down and, notably, decelerated at a faster pace than domestic equities—a stark reversal of recent years trends, when international stocks generally outpaced U.S. stocks.

Treasury securities also traded in a volatile fashion, but rallied overall (yields fell and prices correspondingly rose), as the broader flight-to-quality theme persisted. The yield on 10-year Treasury issues, which fell to 3.34% in March, climbed to the 4.20% range in mid-June as investors temporarily shifted out of Treasury issues in favor of riskier assets (such as stocks and other high-quality fixed income sectors), then declined again to 3.83% by period-end when credit fears resurfaced. Tax-exempt issues posted positive returns, but problems among municipal bond insurers and the collapse in the market for auction rate securities pressured the group throughout the course of the past year. Economic and financial market distress also dampened the performance of high yield issues, which were very volatile due to the macro factors noted above.

Overall, severe market instability resulted in mixed results for the major benchmark indexes:

| <b>Total returns as of August 31, 2008</b>  | <b>6-month</b> | <b>12-month</b> |
|---|----------------|-----------------|
| U.S. equities (S&P 500 Index)   | (2.57)%        | (11.14)%        |
| Small cap U.S. equities (Russell 2000 Index)  | 8.53           | (5.48)          |
| International equities (MSCI Europe, Australasia, Far East Index)                   | (10.18)        | (14.41)         |
| Fixed income (Lehman Brothers U.S. Aggregate Index)                                 | 0.18           | 5.86            |
| Tax-exempt fixed income (Lehman Brothers Municipal Bond Index)                      | 5.12           | 4.48            |
| High yield bonds (Lehman Brothers U.S. Corporate High Yield 2% Issuer Capped Index) | 0.74           | (0.66)          |

Past performance is no guarantee of future results. Index performance shown for illustrative purposes only. You cannot invest directly in an index. Through periods of market turbulence, as ever, BlackRock's full resources are dedicated to the management of our clients' assets. For our most current views on the economy and financial markets, we invite you to visit [www.blackrock.com/funds](http://www.blackrock.com/funds). As always, we thank you for entrusting BlackRock with your investments, and we look forward to continuing to serve you in the months and years ahead.

Sincerely,

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Rob Kapito  
President, BlackRock Advisors, LLC

THIS PAGE NOT PART OF YOUR FUND REPORT

AUGUST 31, 2008

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## Trust Summary as of August 31, 2008

## BlackRock Core Bond Trust

## Investment Objective

**BlackRock Core Bond Trust (BHK) (the Trust )** seeks to provide high current income with the potential for capital appreciation.

## Performance

For the 12 months ended August 31, 2008, the Trust returned (0.44)% based on market price and 1.87% based on net asset value ( NAV ). For the same period, the closed-end Lipper Corporate Debt Funds BBB-Rated category posted an average return of 0.76% on a NAV basis. All returns reflect reinvestment of dividends. The Trust's allocation to mortgage-backed securities (MBS) which comprised 43% of net assets as of August 31, 2008, benefited performance as MBS outperformed corporate bonds. Conversely, allocations to high yield and preferred securities detracted from performance. The Trust's lower leverage position versus its peers (about 24% of the portfolio as of August 31, 2008) also hurt performance.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

## Trust Information

|   |                   |
|---|-------------------|
| Symbol on New York Stock Exchange:  | BHK               |
| Initial Offering Date:  | November 27, 2001 |
| Yield on Closing Market Price as of August 31, 2008 (\$11.51): <sup>1</sup> | 6.46%             |
| Current Monthly Distribution per Share: <sup>2</sup>                        | \$0.062           |
| Current Annualized Distribution per Share: <sup>2</sup>                     | \$0.744           |
| Leverage as of August 31, 2008: <sup>3</sup>                                | 24%               |

- Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.
- The distribution is not constant and is subject to change.
- As a percentage of total managed assets, which is the total assets of the Trust (including any assets attributable to any borrowing that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage).

The table below summarizes the changes in the Trust's market price and net asset value per share:

|                 | 8/31/08  | 10/31/07 | Change  | High     | Low      |
|-----------------|----------|----------|---------|----------|----------|
| Market Price    | \$ 11.51 | \$ 12.23 | (5.89)% | \$ 12.68 | \$ 11.06 |
| Net Asset Value | \$ 12.81 | \$ 13.63 | (6.02)% | \$ 13.77 | \$ 12.67 |

The following unaudited charts show the portfolio composition of the Trust's long-term investments and credit quality allocations of the Trust's corporate bond investments:

## Portfolio Composition

8/31/08      10/31/07

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|  |     |     |
|--|-----|-----|
| Corporate Bonds  | 47% | 42% |
| U.S. Government Agency Mortgage-Backed Securities                                      | 18  | 38  |
| Non-Government Agency Mortgage-Backed Securities                                       | 13  | 9   |
| Asset-Backed Securities  | 9   | 4   |
| U.S. Government Obligations  | 8   | 4   |
| Preferred Securities   | 2   | 2   |
| U.S. Government Agency Mortgage-Backed Securities- Collateralized Mortgage Obligations | 2   | 1   |
| Foreign Government Obligations   | 1   |     |

**Credit Quality Allocations<sup>4</sup>**

| <b>Credit Rating</b> | <b>8/31/08</b> | <b>10/31/07</b> |
|----------------------|----------------|-----------------|
| AAA/Aaa              | 7%             | 6%              |
| AA/Aa                | 18             | 24              |
| A/A                  | 26             | 21              |
| BBB/Baa              | 26             | 20              |
| BB/Ba                | 5              | 7               |
| B/B                  | 13             | 16              |
| CCC/Caa              | 4              | 6               |
| Not Rated            | 1              |                 |

4 Using the higher of Standard & Poor's (S&P's) or Moody's Investors Service (Moody's) ratings.

## Trust Summary as of August 31, 2008

## BlackRock High Income Shares

## Investment Objective

**BlackRock High Income Shares (HIS) (the Trust )** seeks to provide the highest current income and to a lesser extent capital appreciation, by investing in a diversified portfolio of below investment grade securities.

## Performance

For the 12 months ended August 31, 2008, the Trust returned (11.04)% based on market price and (3.17)% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of (14.03)% on a NAV basis. All returns reflect reinvestment of dividends. Amid considerable volatility in credit markets, the Trust's relative performance was aided by conservative positioning, with higher-than-normal credit quality, defensive sector positioning, an allocation to bank loans, and higher-than-normal cash balances. The Trust had much lower leverage (18% as of August 31, 2008) than most of its peers, which also aided relative performance. The Trust's discount to NAV, which widened from 13.4% to 15.7% during the period, accounts for the difference between performance based on price and performance based on NAV.

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## Trust Information

|  |                 |
|--|-----------------|
| Symbol on New York Stock Exchange:   | HIS             |
| Initial Offering Date:   | August 10, 1988 |
| Yield on Closing Market Price as of August 31, 2008 (\$1.88): <sup>1</sup> | 11.62%          |
| Current Monthly Distribution per Share: <sup>2</sup>                       | \$0.0182        |
| Current Annualized Distribution per Share: <sup>2</sup>                    | \$0.2184        |
| Leverage as of August 31, 2008: <sup>3</sup>                               | 18%             |

- Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.
- The distribution is not constant and is subject to change.
- As a percentage of total managed assets, which is the total assets of the Trust (including any assets attributable to any borrowing that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage).

The table below summarizes the changes in the Trust's market price and net asset value per share:

|                 | 8/31/08 | 12/31/07 | Change   | High    | Low     |
|-----------------|---------|----------|----------|---------|---------|
| Market Price    | \$ 1.88 | \$ 2.14  | (12.15)% | \$ 2.28 | \$ 1.84 |
| Net Asset Value | \$ 2.23 | \$ 2.47  | (9.72)%  | \$ 2.47 | \$ 2.22 |

The following unaudited charts show the portfolio composition of the Trust's long-term investments and credit quality allocations of the Trust's corporate bond investments:

## Portfolio Composition



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|                              | 8/31/08 | 12/31/07 |
|------------------------------|---------|----------|
| Corporate Bonds              | 86%     | 93%      |
| Floating Rate Loan Interests | 11      | 5        |
| Preferred Securities         | 3       | 2        |

**Credit Quality Allocations<sup>4</sup>**

| <b>Credit Rating</b> | <b>8/31/08</b> | <b>12/31/07</b> |
|----------------------|----------------|-----------------|
| BBB/Baa              | 4%             | 1%              |
| BB/Ba                | 23             | 21              |
| B/B                  | 52             | 54              |
| CCC/Caa              | 16             | 21              |
| Not Rated            | 5              | 3               |

4 Using the higher of S&P's or Moody's ratings.

## Trust Summary as of August 31, 2008

## BlackRock High Yield Trust

## Investment Objective

**BlackRock High Yield Trust (BHY) (the Trust )** seeks to provide high current income and to a lesser extent to seek capital appreciation by investing in a diversified portfolio of below investment grade securities.

## Performance

For the 12 months ended August 31, 2008, the Trust returned (11.03)% based on market price and (3.16)% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of (14.03)% on a NAV basis. All returns reflect reinvestment of dividends. Amid considerable volatility in credit markets, the Trust's relative performance was aided by conservative positioning, with higher-than-normal credit quality, defensive sector positioning, an allocation to bank loans, and higher-than-normal cash balances. The Trust had much lower leverage (12% as of August 31, 2008) than most of its peers, which also aided relative performance. The Trust's discount to NAV, which widened from 12.5% to 12.9% during the period, accounts for the difference between performance based on price and performance based on NAV.

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## Trust Information

|  |                   |
|--|-------------------|
| Symbol on New York Stock Exchange:   | BHY               |
| Initial Offering Date:   | December 23, 1998 |
| Yield on Closing Market Price as of August 31, 2008 (\$5.96): <sup>1</sup> | 10.27%            |
| Current Monthly Distribution per Share: <sup>2</sup>                       | \$0.051           |
| Current Annualized Distribution per Share: <sup>2</sup>                    | \$0.612           |
| Leverage as of August 31, 2008: <sup>3</sup>                               | 12%               |

- Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.
- The distribution is not constant and is subject to change.
- As a percentage of total managed assets, which is the total assets of the Trust (including any assets attributable to any borrowing that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage).

The table below summarizes the changes in the Trust's market price and net asset value per share:

|                 | 8/31/08 | 10/31/07 | Change   | High    | Low     |
|-----------------|---------|----------|----------|---------|---------|
| Market Price    | \$ 5.96 | \$ 6.92  | (13.87)% | \$ 7.21 | \$ 5.65 |
| Net Asset Value | \$ 6.84 | \$ 7.91  | (13.53)% | \$ 7.91 | \$ 6.82 |

The following unaudited charts show the ten largest industries and credit quality allocations of the Trust's corporate bond investments:

Ten Largest Industries<sup>4</sup>

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|  | 8/31/08 | 10/31/07 |
|--|---------|----------|
| Media  | 13%     | 17%      |
| Oil, Gas & Consumable Fuels                  | 11      | 8        |
| Wireless Telecommunications Services         | 6       | 5        |
| Hotels, Restaurants & Leisure                | 6       | 6        |
| Diversified Telecommunications Services      | 6       | 4        |
| Independent Power Producers & Energy Traders | 5       | 6        |
| Metals & Mining                              | 4       | 3        |
| Diversified Financial Services               | 4       |          |
| Specialty Retail                             | 3       | 4        |
| Chemicals                                    | 3       | 5        |

- 4 For Trust compliance purposes, the Trust's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by Trust management. This definition may not apply for purposes of this report, which may combine sector and industry sub-classification for reporting ease.

**Credit Quality Allocations<sup>4</sup>**

| Credit Rating | 8/31/08 | 10/31/07 |
|---------------|---------|----------|
| BBB/Baa       | 6%      | 4%       |
| BB/Ba         | 24      | 21       |
| B             | 52      | 51       |
| CCC/Caa       | 15      | 21       |
| Not Rated     | 3       | 3        |

- 4 Using the higher of S&P's or Moody's ratings.

## Trust Summary as of August 31, 2008

## BlackRock Income Opportunity Trust

## Investment Objective

**BlackRock Income Opportunity Trust (BNA) (the Trust )** seeks to provide current income and capital appreciation in a portfolio of primarily U.S. dollar-denominated securities.

## Performance

For the 12 months ended August 31, 2008, the Trust returned 4.76% based on market price and 1.94% based on NAV. For the same period, the closed-end Lipper Corporate Debt Funds BBB-Rated category posted an average return of 0.76% on a NAV basis. All returns reflect reinvestment of dividends. The Trust's relative performance was aided by holdings in U.S. government agency mortgage-backed securities. Conversely, holdings in investment-grade financials, non-agency mortgage securities, high yield bonds and preferred securities detracted from results. The Trust had much lower leverage (22% as of August 31, 2008) than its peers, which also hurt performance. The Trust's discount to NAV, which narrowed modestly during the period, accounts for the difference between performance based on price and performance based on NAV.

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## Trust Information

|  |                   |
|--|-------------------|
| Symbol on New York Stock Exchange:   | BNA               |
| Initial Offering Date:   | December 20, 1991 |
| Yield on Closing Market Price as of August 31, 2008 (\$9.82): <sup>1</sup> | 6.23%             |
| Current Monthly Distribution per Share: <sup>2</sup>                       | \$0.051           |
| Current Annualized Distribution per Share: <sup>2</sup>                    | \$0.612           |
| Leverage as of August 31, 2008: <sup>3</sup>                               | 22%               |

<sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

<sup>2</sup> The distribution rate is not constant and is subject to change.

<sup>3</sup> As a percentage of total managed assets, which is the total assets of the Trust (including any assets attributable to any borrowing that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage).

The table below summarizes the changes in the Trust's market price and net asset value per share:

|                 | 8/31/08  | 10/31/07 | Change  | High     | Low      |
|-----------------|----------|----------|---------|----------|----------|
| Market Price    | \$ 9.82  | \$ 10.19 | (3.63)% | \$ 10.50 | \$ 9.06  |
| Net Asset Value | \$ 10.35 | \$ 11.02 | (6.08)% | \$ 11.16 | \$ 10.20 |

The following unaudited charts show the portfolio composition of the Trust's long-term investments and credit quality allocations of the Trust's corporate bond investments:

## Portfolio Composition

8/31/08      10/31/07

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|  |     |     |
|--|-----|-----|
| Corporate Bonds  | 42% | 38% |
| U.S. Government Agency Mortgage Backed Securities                      | 15  | 34  |
| Non-U.S. Government Agency Mortgage Backed Securities                  | 14  | 9   |
| U.S. Government Obligations  | 11  | 4   |
| Asset-Backed Securities  | 10  | 7   |
| U.S. Government and Agency Mortgage-Backed Securities - Collateralized |     |     |
| Mortgage Obligations   | 3   | 5   |
| Capital Trusts   | 4   |     |
| Foreign Government Obligations   | 1   |     |
| Trust Preferred  |     | 2   |
| Municipal Bonds  |     | 1   |

**Credit Quality Allocations<sup>4</sup>**

| <b>Credit Rating</b> | <b>8/31/08</b> | <b>10/31/07</b> |
|----------------------|----------------|-----------------|
| AAA/Aaa              | 8%             | 8%              |
| AA/Aa                | 18             | 21              |
| A/A                  | 28             | 20              |
| BBB/Baa              | 26             | 22              |
| BB/Ba                | 5              | 6               |
| B/B                  | 12             | 17              |
| CCC/Caa              | 3              | 6               |

4 Using the higher of S&P's or Moody's rating's.

## Trust Summary as of August 31, 2008

BlackRock Income Trust Inc.

## Investment Objective

**BlackRock Income Trust Inc. (BKT) (the Trust )** seeks to provide high monthly income while preserving capital by investing in a portfolio of mortgage-backed securities.

## Performance

For the 12 months ended August 31, 2008, the Trust returned 6.59% based on market price and 11.98% based on NAV. For the same period, the closed-end Lipper U.S. Mortgage Funds category posted an average return of 1.41% on a NAV basis. All returns reflect reinvestment of dividends. The primary driver behind the Trust's relative outperformance was its large allocation to U.S. government agency mortgage-backed securities (MBS). Meanwhile, small allocations to non-agency MBS and other structured securities detracted from results. The Trust had much lower leverage during the period than its peers, which also hurt performance. The Trust's discount to NAV, which widened modestly during the period, accounts for the difference between performance based on price and performance based on NAV.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

## Trust Information

|  |               |
|--|---------------|
| Symbol on New York Stock Exchange:   | BKT           |
| Initial Offering Date:   | July 22, 1988 |
| Yield on Closing Market Price as of August 31, 2008 (\$6.07): <sup>1</sup> | 4.74%         |
| Current Monthly Distribution per Share: <sup>2</sup>                       | \$0.024       |
| Current Annualized Distribution per Share: <sup>2</sup>                    | \$0.288       |

- Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.
- The distribution rate is not constant and is subject to change.

The table below summarizes the changes in the Trust's market price and net asset value per share:

|                 | 8/31/08 | 10/31/07 | Change | High    | Low     |
|-----------------|---------|----------|--------|---------|---------|
| Market Price    | \$ 6.07 | \$ 5.81  | 4.48%  | \$ 6.20 | \$ 5.23 |
| Net Asset Value | \$ 6.94 | \$ 6.53  | 6.28%  | \$ 7.05 | \$ 6.35 |

The following unaudited chart shows the portfolio composition of the Trust's long-term investments:

## Portfolio Composition

|   | 8/31/08 | 10/31/07 |
|---|---------|----------|
| U.S. Government Agency Mortgage-Backed Securities                                     | 46%     | 51%      |
| U.S. Government Agency Mortgage-Backed Securities Collateralized Mortgage Obligations | 28      | 25       |
| Non U.S. Government Agency Mortgage Backed Securities                                 | 18      | 12       |

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|  |   |   |
|--|---|---|
| U.S. Government and Agency Obligations | 6 | 9 |
| Asset-Backed Securities                | 2 | 2 |
| Corporate Bonds                        |   | 1 |

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ANNUAL REPORT

AUGUST 31, 2008

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## Trust Summary as of August 31, 2008

## BlackRock Limited Duration Income Trust

## Investment Objective

**BlackRock Limited Duration Income Trust (BLW) (the Trust )** seeks to provide current income and capital appreciation.

## Performance

For the 12 months ended August 31, 2008, the Trust returned (7.37)% based on market price and 0.58% based on NAV. For the same period, the closed-end Lipper High Current Yield Funds (Leveraged) category posted an average return of (14.03)% on a NAV basis. All returns reflect reinvestment of dividends. The Trust's allocations to high yield loans (58% of net assets as of August 31, 2008) and mortgage securities (21% as of August 31, 2008) benefited relative performance, as those sectors outperformed high yield bonds. The Trust was modestly leveraged (9% as of August 31, 2008) relative to its peers, which also aided relative performance. The Trust's discount to NAV, which widened from 9.9% to 12.8% during the period, accounts for the difference between performance based on price and performance based on NAV.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

## Trust Information

|   |               |
|---|---------------|
| Symbol on New York Stock Exchange:  | BLW           |
| Initial Offering Date:  | July 30, 2003 |
| Yield on Closing Market Price as of August 31, 2008 (\$14.57): <sup>1</sup> | 8.65%         |
| Current Monthly Distribution per Share: <sup>2</sup>                        | \$0.105       |
| Current Annualized Distribution per Share: <sup>2</sup>                     | \$1.260       |
| Leverage as of August 31, 2008: <sup>3</sup>                                | 9%            |

<sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

<sup>2</sup> The distribution is not constant and is subject to change.

<sup>3</sup> As a percentage of total managed assets, which is the total assets of the Trust (including any assets attributable to any borrowing that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage).

The table below summarizes the Trust's market price and net asset value per share:

|                 | 8/31/08  | 10/31/07 | Change   | High     | Low      |
|-----------------|----------|----------|----------|----------|----------|
| Market Price    | \$ 14.57 | \$ 16.68 | (12.65)% | \$ 16.99 | \$ 13.60 |
| Net Asset Value | \$ 16.71 | \$ 18.52 | (9.77)%  | \$ 18.52 | \$ 16.59 |

The following unaudited charts show the portfolio composition of the Trust's long-term investments and credit quality allocations of the Trust's corporate bond investments:

## Portfolio Composition

8/31/08      10/31/07



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|   |     |     |
|---|-----|-----|
| Floating Rate Loan Interests                      | 46% | 42% |
| Corporate Bonds                                   | 32  | 37  |
| U.S. Government Agency Mortgage Backed Securities | 16  | 16  |
| U.S. Government and Agency Obligations            | 4   | 3   |
| Foreign Government Obligations                    | 2   | 2   |

**Credit Quality Allocations<sup>4</sup>**

| <b>Credit Rating</b> | <b>8/31/08</b> | <b>10/31/07</b> |
|----------------------|----------------|-----------------|
| AAA/Aaa              | 7%             | 1%              |
| A/A                  |                | 4               |
| BBB/Baa              | 14             | 8               |
| BB/Ba                | 17             | 23              |
| B/B                  | 44             | 43              |
| CCC/Caa              | 13             | 18              |
| Not Rated            | 5              | 3               |

4 Using the higher of S&P's or Moody's rating's.

## Trust Summary as of August 31, 2008

## BlackRock Strategic Bond Trust

## Investment Objective

**BlackRock Strategic Bond Trust (BHD) (the Trust )** seeks total return through high current income and capital appreciation.

## Performance

For the 12 months ended August 31, 2008, the Trust returned (2.53)% based on market price and 1.49% based on NAV. For the same period, the closed-end Lipper General Bond Funds category posted an average return of 2.15% on a NAV basis. All returns reflect reinvestment of dividends. The Trust's allocation to high yield loans (5% of net assets as of August 31, 2008) hurt relative performance as the Trust is in a general bond fund category and high yield bonds underperformed investment-grade bonds. The Trust's discount to NAV, which widened modestly during the period, accounts for the difference between performance based on price and performance based on NAV.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

## Trust Information

|   |                   |
|---|-------------------|
| Symbol on New York Stock Exchange:  | BHD               |
| Initial Offering Date:  | February 26, 2002 |
| Yield on Closing Market Price as of August 31, 2008 (\$10.85): <sup>1</sup> | 8.52%             |
| Current Monthly Distribution per Share: <sup>2</sup>                        | \$0.077           |
| Current Annualized Distribution per Share: <sup>2</sup>                     | \$0.924           |
| Leverage as of August 31, 2008: <sup>3</sup>                                | 2%                |

<sup>1</sup> Yield on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. Past performance does not guarantee future results.

<sup>2</sup> The distribution is not constant and is subject to change.

<sup>3</sup> As a percentage of total management assets, which is the total assets of the Trust (including any assets attributable to any borrowing that maybe outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage).

The table below summarizes the changes in the Trust's market price and net asset value per share:

|                 | 8/31/08  | 10/31/07 | Change  | High     | Low      |
|-----------------|----------|----------|---------|----------|----------|
| Market Price    | \$ 10.85 | \$ 11.88 | (8.67)% | \$ 12.12 | \$ 10.48 |
| Net Asset Value | \$ 12.76 | \$ 13.80 | (7.54)% | \$ 13.82 | \$ 12.72 |

The following unaudited charts show the ten largest industries and credit quality allocations of the Trust's corporate bond investments:

Ten Largest Industries<sup>3</sup>

8/31/08      10/31/07

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|  |     |     |
|--|-----|-----|
| Media  | 15% | 22% |
| Diversified Telecommunications Services      | 10  | 8   |
| Aerospace & Defense                          | 7   | 8   |
| Oil, Gas & Consumable Fuels                  | 7   | 6   |
| Wireless Telecommunications Services         | 5   | 3   |
| Commercial Services & Supplies               | 4   | 5   |
| Diversified Financial Services               | 4   | 2   |
| Electric Utilities                           | 3   | 4   |
| Independent Power Producers & Energy Traders | 3   |     |
| Specialty Retail                             | 3   | 4   |
| Hotels, Restaurants & Leisure                |     | 2   |

<sup>3</sup> For Trust compliance purposes, the Trust's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Trust management. This definition may not apply for purposes of this report, which may combine sector and industry sub-classification for reporting ease.

**Credit Quality Allocations<sup>4</sup>**

| Credit Rating | 8/31/08 | 10/31/07 |
|---------------|---------|----------|
| AAA/Aaa       | %       | 1%       |
| AA/Aa         | 4       | 4        |
| A             | 18      | 17       |
| BBB/Baa       | 18      | 15       |
| BB/Ba         | 14      | 12       |
| B             | 36      | 37       |
| CCC/Caa       | 8       | 12       |
| Not Rated     | 2       | 2        |

<sup>4</sup> Using the higher of S&P's or Moody's rating's.

### The Benefits and Risks of Leveraging

The Trusts may utilize leverage through borrowings or issuance of short-term debt securities. The concept of leveraging is based on the premise that the cost of assets to be obtained from leverage will be based on short-term interest rates, which normally will be lower than the income earned by each Trust on its longer-term portfolio investments. To the extent that the total assets of each Trust (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, each Trust's shareholders will benefit from the incremental yield.

Leverage creates risks for shareholders including the likelihood of greater NAV and market price volatility. In addition, there is the risk that fluctuations in interest rates on borrowings may reduce each Trust's yield and negatively impact its NAV and market price. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, the Trust's net income will be greater than if leverage had not been used. Conversely, if the income from the securities purchased is not sufficient to cover the cost of leverage, the Trust's net income will be less than if leverage had not been used, and therefore the amount available for distribution to shareholders will be reduced.

**Under the Investment Company Act of 1940, the Trusts are permitted to borrow through a credit facility and the issuance of short-term debt securities up to 33<sup>1</sup>/<sub>3</sub>% of total managed assets.** As of August 31, 2008, the Trusts had outstanding leverage from short-term debt securities or credit facility borrowings as a percentage of total managed assets as follows:

|   | Percent of<br>Leverage |
|---|------------------------|
| BlackRock Core Bond Trust                     | 24%                    |
| BlackRock High Income Shares                  | 18%                    |
| BlackRock High Yield Trust                    | 12%                    |
| BlackRock Income Opportunity Trust            | 22%                    |
| BlackRock Limited Duration Income Trust, Inc. | 9%                     |
| BlackRock Strategic Bond Trust                | 2%                     |

### Swap Agreements

The Trusts may invest in swap agreements, which are over-the-counter contracts in which one party agrees to make periodic payments based on the change in market value of a specified bond, basket of bonds, or index in return for periodic payments based on a fixed or variable interest rate or the change in market value of a different bond, basket of bonds or index. Swap agreements may be used to obtain exposure to a bond or market without owning or taking physical custody of securities. Swap agreements involve the risk that the party with whom the Trusts have entered into a swap will default on its obligation to pay the Trusts and the risk that the Trusts will not be able to meet their obligations to pay the other party to the agreement.

## Schedule of Investments August 31, 2008

BlackRock Core Bond Trust (BHK)  
(Percentages shown are based on Net Assets)

| Asset-Backed Securities  |     | Par<br>(000) | Value             |
|--|-----|--------------|-------------------|
| American Express Issuance Trust Series 2008-2 Class A,<br>4.02%, 1/18/11             | USD | 2,580        | \$ 2,584,864      |
| Bank of America Credit Card Trust Series 2008-A9 Class A9,<br>4.07%, 7/16/12         |     | 2,485        | 2,492,806         |
| Chase Issuance Trust:  |     |              |                   |
| Series 2007-A17 Class A, 5.12%, 10/15/14   |     | 2,300        | 2,294,002         |
| Series 2008-A9 Class A9, 4.26%, 5/15/13  |     | 2,525        | 2,499,894         |
| Chase Manhattan Auto Owner Trust Series 2005-B Class A4,<br>4.88%, 6/15/12           |     | 2,469        | 2,482,893         |
| Citibank Credit Card Issuance Trust Series 2006-A2 Class A2,<br>4.85%, 2/10/11       |     | 2,825        | 2,841,499         |
| Citibank Omni Master Trust Series 2007-A9A Class A9,<br>3.571%, 12/23/13 (a)         |     | 2,720        | 2,720,638         |
| Daimler Chrysler Auto Trust Series 2006-A Class A3,<br>5%, 5/08/10                   |     | 878          | 883,046           |
| Ford Credit Auto Owner Trust Series 2006-A Class A4,<br>5.07%, 12/15/10              |     | 2,850        | 2,839,728         |
| Harley-Davidson Motorcycle Trust Series 2005-2 Class A2,<br>4.07%, 2/15/12           |     | 1,524        | 1,526,441         |
| Home Equity Asset Trust Series 2007-2 Class 2A1,<br>2.582%, 7/25/37 (a)              |     | 842          | 771,735           |
| JPMorgan Mortgage Acquisition Corp.<br>Series 2007-CH5 Class A3, 2.582%, 6/25/37 (a) |     | 3,635        | 3,118,721         |
| MBNA Credit Card Master Note Trust<br>Series 2006-A1 Class A1, 4.90%, 7/15/11        |     | 2,825        | 2,842,981         |
| SLM Student Loan Trust (a):  |     |              |                   |
| Series 2005-5 Class A1, 2.80%, 1/25/18   |     | 289          | 288,343           |
| Series 2008-5 Class A2, 3.90%, 10/25/16  |     | 3,200        | 3,203,840         |
| Series 2008-5 Class A3, 4.10%, 1/25/18   |     | 810          | 827,018           |
| Series 2008-5 Class A4, 4.50%, 7/25/23   |     | 2,180        | 2,244,572         |
| Small Business Administration Class 1:   |     |              |                   |
| Series 2003-P10B, 5.136%, 8/10/13  |     | 888          | 882,117           |
| Series 2004-P10B, 4.754%, 8/10/14  |     | 519          | 500,854           |
| Sterling Bank Trust Series 2004-2 Class Note,<br>2.081%, 3/30/30 (b)                 |     | 7,226        | 270,967           |
| Sterling Coofs Trust Series 1, 2.362%, 4/15/29 (b)                                   |     | 9,987        | 808,315           |
| USAA Auto Owner Trust Series 2006-1 Class A4,<br>5.04%, 12/15/11                     |     | 2,725        | 2,751,427         |
| <b>Total Asset-Backed Securities 12.0%</b>   |     |              | <b>41,676,701</b> |

## Corporate Bonds

## Aerospace &amp; Defense 1.2%

|   |     |           |
|---|-----|-----------|
| CHC Helicopter Corp., 7.375%, 5/01/14         | 405 | 421,200   |
| DRS Technologies, Inc.:                       |     |           |
| 6.875%, 11/01/13                              | 70  | 70,875    |
| 7.625%, 2/01/18                               | 80  | 84,200    |
| Hexcel Corp., 6.75%, 2/01/15                  | 140 | 135,800   |
| Honeywell International, Inc., 5.70%, 3/15/37 | 975 | 907,664   |
| Northrop-Grumman Corp., 7.875%, 3/01/26       | 960 | 1,122,810 |
| TransDigm, Inc., 7.75%, 7/15/14               | 120 | 116,700   |

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|  |       |           |
|--|-------|-----------|
| United Technologies Corp., 4.875%, 5/01/15 | 1,125 | 1,129,653 |
|  |       | 3,988,902 |

### Air Freight & Logistics 0.5%

|  |       |           |
|--|-------|-----------|
| Park-Ohio Industries, Inc., 8.375%, 11/15/14 | 120   | 99,000    |
| United Parcel Service, Inc., 6.20%, 1/15/38  | 1,650 | 1,660,996 |
|  |       | 1,759,996 |

### Airlines 0.0%

|  |     |         |
|--|-----|---------|
| American Airlines, Inc. Series 99-1, 7.324%, 4/15/11 | 115 | 104,650 |
|--|-----|---------|

### Auto Components 0.1%

|                                |     |         |
|--------------------------------|-----|---------|
| Lear Corp., 8.75%, 12/01/16    | 250 | 188,125 |
| Metaldyne Corp., 10%, 11/01/13 | 250 | 67,500  |
|                                |     | 255,625 |

|                        |                      |              |
|------------------------|----------------------|--------------|
| <b>Corporate Bonds</b> | <b>Par<br/>(000)</b> | <b>Value</b> |
|------------------------|----------------------|--------------|

### Automobiles 0.2%

|                                 |     |     |    |         |
|---------------------------------|-----|-----|----|---------|
| Ford Capital BV, 9.50%, 6/01/10 | USD | 600 | \$ | 499,500 |
|---------------------------------|-----|-----|----|---------|

### Building Products 0.1%

|   |     |         |
|---|-----|---------|
| CPG International I, Inc., 10.50%, 7/01/13              | 200 | 154,000 |
| Momentive Performance Materials, Inc., 11.50%, 12/01/16 | 405 | 315,900 |
|   |     | 469,900 |

### Capital Markets 2.7%

|  |       |           |
|--|-------|-----------|
| The Goldman Sachs Group, Inc., 6.75%, 10/01/37 | 975   | 857,857   |
| Lehman Brothers Holdings, Inc.:                |       |           |
| 4.476%, 9/15/22 (a)                            | 525   | 485,881   |
| Series MTN, 7%, 9/27/27                        | 1,250 | 1,114,613 |
| Morgan Stanley:                                |       |           |
| 3.041%, 1/09/12 (a)                            | 1,340 | 1,213,564 |
| 6.25%, 8/28/17                                 | 1,700 | 1,547,328 |
| 6.25%, 8/09/26                                 | 525   | 448,993   |
| Series F, 5.55%, 4/27/17                       | 1,375 | 1,207,063 |
| UBS AG Series DPNT, 5.875%, 12/20/17 (d)       | 2,575 | 2,510,275 |
|  |       | 9,385,574 |

### Chemicals 0.7%

|   |     |           |         |
|---|-----|-----------|---------|
| American Pacific Corp., 9%, 2/01/15           | 250 | 242,500   |         |
| Ames True Temper, Inc., 6.791%, 1/15/12 (a)   | 650 | 520,000   |         |
| Huntsman LLC, 11.50%, 7/15/12                 | 66  | 68,970    |         |
| Ineos Group Holdings Plc, 7.875%, 2/15/16 (e) | EUR | 285       | 257,137 |
| Innophos, Inc., 8.875%, 8/15/14               | USD | 885       | 907,125 |
| Key Plastics LLC, 11.75%, 3/15/13 (e)         | 515 | 180,250   |         |
| Terra Capital, Inc. Series B, 7%, 2/01/17     | 80  | 77,800    |         |
|   |     | 2,253,782 |         |

### Commercial Banks 2.8%

|  |       |           |
|--|-------|-----------|
| DEPFA ACS Bank, 5.125%, 3/16/37 (e)            | 3,775 | 3,583,702 |
| HBOS Treasury Services Plc, 3.75%, 9/30/08 (e) | 825   | 824,073   |
| HSBC Bank USA NA, 5.875%, 11/01/34             | 775   | 679,165   |
| HSBC Finance Corp., 6.50%, 5/02/36             | 300   | 276,934   |

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|  |       |           |
|--|-------|-----------|
| SunTrust Bank Series CD, 4.415%, 6/15/09 | 1,265 | 1,271,321 |
| SunTrust Banks, Inc., 4%, 10/15/08       | 995   | 994,955   |
| Wachovia Bank NA, 6.60%, 1/15/38         | 1,925 | 1,508,139 |
| Wells Fargo & Co., 4.875%, 1/12/11       | 435   | 442,144   |

9,580,433

**Commercial Services & Supplies 0.7%**

|                                      |       |         |
|--------------------------------------|-------|---------|
| DI Finance Series B, 9.50%, 2/15/13  | 598   | 593,515 |
| Sally Holdings LLC, 10.50%, 11/15/16 | 281   | 282,405 |
| Waste Services, Inc., 9.50%, 4/15/14 | 590   | 595,900 |
| West Corp., 11%, 10/15/16            | 1,100 | 860,750 |

2,332,570

**Communications Equipment 0.2%**

|   |     |         |
|---|-----|---------|
| Nortel Networks Ltd., 7.041%, 7/15/11 (a) | 670 | 621,425 |
|---|-----|---------|

**Computers & Peripherals 0.9%**

|   |       |           |
|---|-------|-----------|
| International Business Machines Corp., 5.70%, 9/14/17 (d) | 3,125 | 3,186,759 |
|---|-------|-----------|

**Consumer Finance 0.1%**

|  |     |         |
|--|-----|---------|
| SLM Corp. Series A, 3.10%, 1/27/14 (a) | 550 | 436,128 |
|--|-----|---------|

**Containers & Packaging 0.7%**

|  |       |           |
|--|-------|-----------|
| Berry Plastics Holding Corp., 8.875%, 9/15/14        | 95    | 78,850    |
| Crown Americas LLC, 7.75%, 11/15/15                  | 150   | 153,750   |
| Impress Holdings BV, 5.916%, 9/15/13 (a)(e)          | 300   | 270,000   |
| Owens-Brockway Glass Container, Inc., 8.25%, 5/15/13 | 1,500 | 1,545,000 |
| Pregis Corp., 12.375%, 10/15/13                      | 545   | 520,475   |

2,568,075

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock Core Bond Trust (BHK)**  
 (Percentages shown are based on Net Assets)

| Corporate Bonds  |     | Par<br>(000) | Value        |
|--|-----|--------------|--------------|
| <b>Diversified Financial Services 7.1%</b>                       |     |              |              |
| Bank of America Corp.:   |     |              |              |
| 6%, 9/01/17  | USD | 1,590        | \$ 1,513,550 |
| 5.75%, 12/01/17  |     | 1,355        | 1,264,028    |
| Bank of America NA, 6.10%, 6/15/17 (h)                           |     | 1,975        | 1,894,600    |
| Citigroup, Inc.:   |     |              |              |
| 3.625%, 2/09/09 (f)  |     | 3,950        | 3,943,348    |
| 4.25%, 7/29/09 (d)   |     | 1,020        | 1,019,253    |
| 4.125%, 2/22/10 (f)(h)   |     | 4,790        | 4,745,031    |
| 6.875%, 2/15/98  |     | 525          | 454,043      |
| Ford Motor Credit Co. LLC:                                       |     |              |              |
| 5.538%, 1/13/12 (a)  |     | 125          | 92,288       |
| 7.80%, 6/01/12   |     | 340          | 252,506      |
| General Electric Capital Corp.:                                  |     |              |              |
| 6.15%, 8/07/37 (d)   |     | 6,855        | 6,500,836    |
| 5.875%, 1/14/38  |     | 1,525        | 1,373,163    |
| JPMorgan Chase & Co. 6%, 1/15/18                                 |     | 125          | 121,048      |
| Structured Asset Repackaged Trust, 3.761%, 1/21/10               |     | 1,510        | 1,462,908    |
|  |     |              | 24,636,602   |
| <b>Diversified Telecommunication Services 5.9%</b>               |     |              |              |
| AT&T, Inc.:  |     |              |              |
| 6.45%, 6/15/34   |     | 780          | 745,271      |
| 6.50%, 9/01/37 (d)   |     | 2,875        | 2,767,090    |
| 6.30%, 1/15/38   |     | 600          | 565,778      |
| Bellsouth Telecommunications, Inc., 6.027%, 12/15/95 (g)         |     | 1,700        | 844,274      |
| Cincinnati Bell, Inc., 7.25%, 7/15/13                            |     | 210          | 201,863      |
| Comcast Cable Holdings LLC, 7.875%, 8/01/13                      |     | 10           | 10,882       |
| Deutsche Telekom International Finance BV,<br>5.75%, 3/23/16 (d) |     | 3,000        | 2,882,088    |
| Qwest Communications International, Inc. 7.50%, 2/15/14          |     | 180          | 163,800      |
| Qwest Corp., 6.026%, 6/15/13 (a)                                 |     | 470          | 434,750      |
| Telecom Italia Capital SA:                                       |     |              |              |
| 4.95%, 9/30/14   |     | 1,075        | 974,160      |
| 6%, 9/30/34  |     | 1,550        | 1,263,092    |
| Telefonica Emisiones SAU, 7.045%, 6/20/36                        |     | 1,975        | 2,005,496    |
| Telefonica Europe BV, 7.75%, 9/15/10                             |     | 725          | 764,287      |
| Verizon Communications, Inc., 6.40%, 2/15/38 (h)                 |     | 2,125        | 1,977,215    |
| Verizon Global Funding Corp., 7.75%, 12/01/30                    |     | 70           | 74,485       |
| Verizon Maryland, Inc. Series B, 5.125%, 6/15/33                 |     | 125          | 96,769       |
| Verizon New Jersey, Inc.:  |     |              |              |
| 5.875%, 1/17/12  |     | 335          | 340,621      |
| 7.85%, 11/15/29  |     | 230          | 239,239      |
| Verizon Virginia, Inc. Series A, 4.625%, 3/15/13 (d)(e)          |     | 3,150        | 3,031,941    |
| Wind Acquisition Finance SA, 10.75%, 12/01/15 (e)                |     | 350          | 358,750      |
| Windstream Corp.:  |     |              |              |
| 8.125%, 8/01/13  |     | 500          | 495,000      |
| 8.625%, 8/01/16  |     | 230          | 227,700      |
|  |     |              | 20,464,551   |
| <b>Electric Utilities 3.7%</b>                                   |     |              |              |
| Duke Energy Carolinas LLC:                                       |     |              |              |
| 6.10%, 6/01/37   |     | 315          | 299,916      |



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|   |       |           |
|---|-------|-----------|
| 6%, 1/15/38                                       | 825   | 798,632   |
| E.ON International Finance BV, 6.65%, 4/30/38 (e) | 1,525 | 1,547,073 |
| EDP Finance BV, 6%, 2/02/18 (e)                   | 1,125 | 1,115,850 |
| Edison Mission Energy, 7.50%, 6/15/13             | 115   | 115,288   |
| Elwood Energy LLC, 8.159%, 7/05/26                | 116   | 109,396   |
| Florida Power & Light Co., 4.95%, 6/01/35         | 950   | 816,975   |
| Florida Power Corp., 6.40%, 6/15/38               | 875   | 890,389   |
| Midwest Generation LLC Series B, 8.56%, 1/02/16   | 75    | 77,574    |
| PacifiCorp., 6.25%, 10/15/37                      | 575   | 558,607   |
| Progress Energy Florida, Inc., 6.35%, 9/15/37     | 1,325 | 1,339,408 |
| Public Service Co. of Colorado, 6.25%, 9/01/37    | 1,200 | 1,205,120 |

| Corporate Bonds                                       | Par<br>(000) | Value      |
|---|--------------|------------|
| <b>Electric Utilities (concluded)</b>                 |              |            |
| Southern California Edison Co.:                       |              |            |
| 5.625%, 2/01/36                                       | USD 625      | \$ 592,984 |
| Series 05-E, 5.35%, 7/15/35                           | 125          | 114,091    |
| Series 08-A, 5.95%, 2/01/38                           | 1,075        | 1,066,372  |
| The Toledo Edison Co., 6.15%, 5/15/37                 | 350          | 303,055    |
| Virginia Electric and Power Co. Series A, 6%, 5/15/37 | 2,000        | 1,890,772  |
|   |              | 12,841,502 |
| <b>Electrical Equipment 0.3%</b>                      |              |            |
| Superior Essex Communications LLC, 9%, 4/15/12        | 945          | 987,525    |
| <b>Electronic Equipment &amp; Instruments 0.3%</b>    |              |            |
| Sanmina-SCI Corp., 8.125%, 3/01/16                    | 1,190        | 1,073,975  |
| <b>Energy Equipment &amp; Services 0.6%</b>           |              |            |
| Compagnie Generale de Geophysique-Veritas:            |              |            |
| 7.50%, 5/15/15  | 55           | 54,725     |
| 7.75%, 5/15/17  | 90           | 89,550     |
| Grant Prideco, Inc. Series B, 6.125%, 8/15/15         | 80           | 77,755     |
| North American Energy Partners, Inc., 8.75%, 12/01/11 | 85           | 84,575     |
| Transocean, Inc., 6.80%, 3/15/38                      | 1,100        | 1,097,461  |
| Weatherford International, Inc., 6.80%, 6/15/37       | 625          | 619,455    |
|   |              | 2,023,521  |
| <b>Food &amp; Staples Retailing 1.4%</b>              |              |            |
| CVS Caremark Corp., 6.25%, 6/01/27                    | 775          | 736,402    |
| The Pantry, Inc., 7.75%, 2/15/14                      | 1,000        | 835,000    |
| Rite Aid Corp., 7.50%, 3/01/17                        | 695          | 576,850    |
| Wal-Mart Stores, Inc.:                                |              |            |
| 6.50%, 8/15/37  | 1,900        | 1,945,089  |
| 6.20%, 4/15/38  | 850          | 840,835    |
|   |              | 4,934,176  |
| <b>Food Products 0.4%</b>                             |              |            |
| Kraft Foods, Inc., 7%, 8/11/37                        | 1,455        | 1,447,751  |
| <b>Gas Utilities 0.2%</b>                             |              |            |
| El Paso Natural Gas Co.:                              |              |            |
| 8.625%, 1/15/22                                       | 265          | 291,788    |
| 8.375%, 6/15/32                                       | 225          | 248,850    |
| Targa Resources, Inc., 8.50%, 11/01/13                | 320          | 304,000    |
|   |              | 844,638    |

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**Health Care Equipment & Supplies 0.6%**

|                                    |       |           |
|------------------------------------|-------|-----------|
| Biomet, Inc.:                      |       |           |
| 10.375%, 10/15/17 (i)              | 340   | 358,700   |
| 11.625%, 10/15/17                  | 340   | 357,425   |
| DJO Finance LLC, 10.875%, 11/15/14 | 1,380 | 1,383,450 |
|                                    |       | 2,099,575 |

**Health Care Providers & Services 0.5%**

|  |       |           |
|--|-------|-----------|
| Tenet Healthcare Corp., 6.50%, 6/01/12   | 1,020 | 986,850   |
| UnitedHealth Group, Inc., 5.80%, 3/15/36 | 870   | 705,586   |
| WellPoint, Inc., 5.95%, 12/15/34         | 85    | 73,243    |
|  |       | 1,765,679 |

**Hotels, Restaurants & Leisure 1.5%**

|  |       |           |
|--|-------|-----------|
| American Real Estate Partners LP:                    |       |           |
| 8.125%, 6/01/12                                      | 3,165 | 2,947,406 |
| 7.125%, 2/15/13                                      | 320   | 279,600   |
| Circus and Eldorado Joint Venture, 10.125%, 3/01/12  | 1,000 | 915,000   |
| Gaylord Entertainment Co., 6.75%, 11/15/14           | 150   | 130,875   |
| Greektown Holdings, LLC, 10.75%, 12/01/13 (e)(j)     | 315   | 237,825   |
| Harrah s Operating Co., Inc., 10.75%, 2/01/18 (e)(i) | 880   | 519,774   |
| Seneca Gaming Corp. Series B, 7.25%, 5/01/12         | 260   | 232,050   |
| Wynn Las Vegas LLC, 6.625%, 12/01/14                 | 40    | 36,450    |
|  |       | 5,298,980 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock Core Bond Trust (BHK)**  
 (Percentages shown are based on Net Assets)

| Corporate Bonds   |     | Par<br>(000) | Value      |
|---|-----|--------------|------------|
| <b>Household Durables 0.7%</b>                                |     |              |            |
| Belvoir Land LLC Series A-1, 5.27%, 12/15/47                  | USD | 350          | \$ 256,498 |
| Irwin Land LLC:   |     |              |            |
| Series A-1, 5.03%, 12/15/25                                   |     | 525          | 457,044    |
| Series A-2, 5.40%, 12/15/47                                   |     | 1,500        | 1,211,730  |
| Ohana Military Communities LLC Series 04I,<br>6.193%, 4/01/49 |     | 350          | 322,063    |
|   |     |              | 2,247,335  |
| <b>Household Products 0.3%</b>                                |     |              |            |
| Kimberly-Clark, Corp., 6.625%, 8/01/37                        |     | 850          | 895,861    |
| <b>IT Services 0.4%</b>                                       |     |              |            |
| iPayment, Inc., 9.75%, 5/15/14                                |     | 240          | 201,000    |
| iPayment Investors LP, 12.75%, 7/15/14 (e)(i)                 |     | 904          | 897,607    |
| SunGard Data Systems, Inc., 9.125%, 8/15/13                   |     | 205          | 208,075    |
|   |     |              | 1,306,682  |
| <b>Independent Power Producers &amp; Energy Traders 0.1%</b>  |     |              |            |
| NRG Energy, Inc.:   |     |              |            |
| 7.25%, 2/01/14  |     | 50           | 49,312     |
| 7.375%, 2/01/16   |     | 285          | 281,437    |
|   |     |              | 330,749    |
| <b>Industrial Conglomerates 0.6%</b>                          |     |              |            |
| Sequa Corp. (e):  |     |              |            |
| 11.75%, 12/01/15  |     | 690          | 607,200    |
| 13.50%, 12/01/15 (i)  |     | 1,644        | 1,338,995  |
|   |     |              | 1,946,195  |
| <b>Insurance 2.6%</b>   |     |              |            |
| Berkshire Hathaway Finance Corp., 4.75%, 5/15/12              |     | 1,075        | 1,093,455  |
| Chubb Corp., 6%, 5/11/37                                      |     | 1,100        | 974,401    |
| Hartford Life Global Funding Trusts, 2.946%, 9/15/09 (a)      |     | 925          | 921,618    |
| MetLife, Inc., 5.70%, 6/15/35                                 |     | 1,525        | 1,315,315  |
| Metropolitan Life Global Funding I, 4.25%, 7/30/09 (e)        |     | 1,150        | 1,140,706  |
| Monument Global Funding Ltd., 2.646%, 6/16/10 (a)             |     | 1,810        | 1,795,071  |
| New York Life Global Funding, 3.875%, 1/15/09 (e)             |     | 850          | 851,380    |
| Prudential Financial, Inc.:                                   |     |              |            |
| 5.70%, 12/14/36   |     | 675          | 548,496    |
| Series D, 5.90%, 3/17/36                                      |     | 500          | 420,500    |
|   |     |              | 9,060,942  |
| <b>Machinery 0.3%</b>   |     |              |            |
| AGY Holding Corp., 11%, 11/15/14                              |     | 360          | 334,800    |
| Accuride Corp., 8.50%, 2/01/15                                |     | 265          | 170,925    |
| Sunstate Equipment Co. LLC, 10.50%, 4/01/13 (e)               |     | 950          | 693,500    |

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1,199,225

**Marine 0.3%**

|   |       |           |
|---|-------|-----------|
| Nakilat, Inc. Series A, 6.067%, 12/31/33 (e)    | 1,050 | 916,828   |
| Navios Maritime Holdings, Inc., 9.50%, 12/15/14 | 141   | 134,655   |
|   |       | 1,051,483 |

**Media 6.0%**

|  |       |           |
|--|-------|-----------|
| Affinion Group, Inc., 10.125%, 10/15/13                  | 695   | 684,575   |
| CMP Susquehanna Corp., 9.875%, 5/15/14                   | 645   | 403,125   |
| Cablevision Systems Corp. Series B, 7.133%, 4/01/09 (a)  | 180   | 180,900   |
| Charter Communications Holdings I, LLC, 11%, 10/01/15    | 175   | 134,313   |
| Charter Communications Holdings II, LLC, 10.25%, 9/15/10 | 1,450 | 1,391,350 |
| Comcast Cable Holdings LLC, 7.125%, 2/15/28              | 200   | 194,967   |
| Comcast Corp.:   |       |           |
| 6.50%, 1/15/17   | 1,750 | 1,765,076 |
| 6.50%, 11/15/35  | 625   | 588,010   |
| 6.45%, 3/15/37   | 790   | 728,613   |
| 6.95%, 8/15/37   | 25    | 24,397    |
| DirecTV Holdings LLC, 8.375%, 3/15/13                    | 125   | 129,375   |
| EchoStar DBS Corp.:                                      |       |           |
| 5.75%, 10/01/08  | 175   | 175,000   |
| 7%, 10/01/13   | 43    | 40,850    |
| 7.125%, 2/01/16  | 75    | 69,000    |

| Corporate Bonds                                      | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Media (concluded)</b>                             |              |            |
| Network Communications, Inc., 10.75%, 12/01/13       | USD 155      | \$ 111,406 |
| News America Holdings, Inc.:                         |              |            |
| 7.70%, 10/30/25                                      | 825          | 885,343    |
| 8.45%, 8/01/34                                       | 625          | 710,362    |
| News America, Inc., 7.625%, 11/30/28                 | 985          | 1,045,827  |
| Nielsen Finance LLC, 10%, 8/01/14                    | 965          | 977,062    |
| R.H. Donnelley Corp., 11.75%, 5/15/15 (e)            | 1,720        | 1,264,200  |
| Rainbow National Services LLC (e):                   |              |            |
| 8.75%, 9/01/12                                       | 200          | 204,000    |
| 10.375%, 9/01/14                                     | 943          | 1,003,116  |
| TCI Communications, Inc., 7.875%, 2/15/26            | 610          | 641,780    |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (b)           | 1,000        | 855,000    |
| Time Warner Cable, Inc., 7.30%, 7/01/38              | 2,525        | 2,537,188  |
| Time Warner Cos., Inc.:                              |              |            |
| 7.57%, 2/01/24 (d)                                   | 3,040        | 3,078,912  |
| 6.95%, 1/15/28                                       | 70           | 66,515     |
| 6.625%, 5/15/29                                      | 90           | 82,319     |
| Time Warner, Inc.:                                   |              |            |
| 7.625%, 4/15/31                                      | 205          | 205,128    |
| 7.70%, 5/01/32                                       | 85           | 85,746     |
| Windstream Regatta Holdings, Inc., 11%, 12/01/17 (e) | 823          | 477,340    |
|  |              | 20,740,795 |

**Metals & Mining 1.5%**

|                                       |       |           |
|---------------------------------------|-------|-----------|
| AK Steel Corp., 7.75%, 6/15/12        | 995   | 1,017,388 |
| Falconbridge Ltd.:                    |       |           |
| 6%, 10/15/15                          | 825   | 782,225   |
| 6.20%, 6/15/35                        | 1,250 | 1,021,918 |
| Freeport-McMoRan Copper & Gold, Inc.: |       |           |
| 5.883%, 4/01/15 (a)                   | 490   | 491,294   |
| 8.375%, 4/01/17                       | 790   | 837,400   |
| Teck Cominco Ltd., 6.125%, 10/01/35   | 1,430 | 1,156,347 |

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5,306,572

**Multi-Utilities 0.6%**

|                                   |       |           |
|-----------------------------------|-------|-----------|
| DTE Energy Co., 6.35%, 6/01/16    | 725   | 722,112   |
| Energy East Corp., 6.75%, 7/15/36 | 1,500 | 1,433,321 |

2,155,433

**Oil, Gas & Consumable Fuels 5.5%**

|  |       |           |
|--|-------|-----------|
| Amerada Hess Corp., 7.125%, 3/15/33                | 425   | 453,535   |
| Anadarko Petroleum Corp., 6.45%, 9/15/36           | 2,350 | 2,159,901 |
| Berry Petroleum Co., 8.25%, 11/01/16               | 140   | 133,700   |
| Burlington Resources Finance Co., 7.40%, 12/01/31  | 875   | 1,000,894 |
| Canadian Natural Resources, Ltd.:                  |       |           |
| 6.25%, 3/15/38                                     | 375   | 345,397   |
| 6.75%, 2/01/39                                     | 1,025 | 1,008,277 |
| Chaparral Energy, Inc., 8.50%, 12/01/15            | 320   | 278,400   |
| Chesapeake Energy Corp., 6.375%, 6/15/15           | 150   | 139,500   |
| Compton Petroleum Finance Corp., 7.625%, 12/01/13  | 115   | 107,956   |
| Conoco Funding Co., 7.25%, 10/15/31                | 125   | 144,044   |
| ConocoPhillips Canada Funding Co., 5.95%, 10/15/36 | 535   | 534,959   |
| ConocoPhillips Holding Co., 6.95%, 4/15/29         | 650   | 711,039   |
| Devon Energy Corp., 7.95%, 4/15/32                 | 625   | 723,520   |
| EXCO Resources, Inc., 7.25%, 1/15/11               | 130   | 128,700   |
| EnCana Corp.:                                      |       |           |
| 6.50%, 8/15/34                                     | 670   | 639,512   |
| 6.625%, 8/15/37                                    | 700   | 666,086   |
| 6.50%, 2/01/38                                     | 325   | 304,522   |
| Encore Acquisition Co., 6%, 7/15/15                | 40    | 34,900    |
| MidAmerican Energy Co., 5.80%, 10/15/36            | 700   | 635,538   |
| MidAmerican Energy Holdings Co.:                   |       |           |
| 5.95%, 5/15/37                                     | 800   | 741,258   |
| 6.50%, 9/15/37                                     | 1,525 | 1,521,396 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock Core Bond Trust (BHK)**  
 (Percentages shown are based on Net Assets)

| Corporate Bonds  |     | Par<br>(000) | Value      |
|--|-----|--------------|------------|
| <b>Oil, Gas &amp; Consumable Fuels (concluded)</b>       |     |              |            |
| Nexen, Inc., 6.40%, 5/15/37                              | USD | 550          | \$ 493,311 |
| OPTI Canada, Inc., 8.25%, 12/15/14                       |     | 450          | 449,437    |
| Pemex Project Funding Master Trust, 9.375%, 12/02/08     |     | 833          | 846,578    |
| Sabine Pass LNG LP, 7.50%, 11/30/16                      |     | 330          | 288,750    |
| Suncor Energy, Inc., 6.50%, 6/15/38                      |     | 645          | 617,336    |
| TransCanada PipeLines Ltd., 5.85%, 3/15/36               |     | 550          | 472,153    |
| Valero Energy Corp., 6.625%, 6/15/37                     |     | 495          | 436,762    |
| Whiting Petroleum Corp.:                                 |     |              |            |
| 7.25%, 5/01/12   |     | 40           | 38,600     |
| 7.25%, 5/01/13   |     | 335          | 321,600    |
| XTO Energy, Inc.:  |     |              |            |
| 6.75%, 8/01/37   |     | 1,925        | 1,815,643  |
| 6.375%, 6/15/38  |     | 900          | 811,318    |
|  |     |              | 19,004,522 |
| <b>Paper &amp; Forest Products 0.5%</b>                  |     |              |            |
| Bowater, Inc., 5.776%, 3/15/10 (a)                       |     | 80           | 65,600     |
| Domtar Corp., 7.125%, 8/15/15                            |     | 60           | 57,900     |
| NewPage Corp., 10%, 5/01/12                              |     | 1,625        | 1,576,250  |
|  |     |              | 1,699,750  |
| <b>Pharmaceuticals 1.9%</b>                              |     |              |            |
| Bristol-Myers Squibb Co., 5.875%, 11/15/36               |     | 340          | 321,443    |
| Eli Lilly & Co., 5.55%, 3/15/37 (d)                      |     | 2,275        | 2,167,056  |
| Schering-Plough Corp., 6.55%, 9/15/37                    |     | 1,125        | 1,073,429  |
| Teva Pharmaceutical Finance LLC, 6.15%, 2/01/36          |     | 1,445        | 1,301,207  |
| Wyeth:   |     |              |            |
| 6%, 2/15/36  |     | 675          | 663,386    |
| 5.95%, 4/01/37   |     | 925          | 888,195    |
|  |     |              | 6,414,716  |
| <b>Professional Services 0.0%</b>                        |     |              |            |
| FTI Consulting, Inc., 7.75%, 10/01/16                    |     | 100          | 103,750    |
| <b>Real Estate Investment Trusts (REITs) 0.1%</b>        |     |              |            |
| AvalonBay Communities, Inc., 6.625%, 9/15/11             |     | 350          | 354,416    |
| <b>Road &amp; Rail 0.1%</b>                              |     |              |            |
| Canadian National Railway Co., 6.25%, 8/01/34            |     | 350          | 350,064    |
| <b>Semiconductors &amp; Semiconductor Equipment 0.1%</b> |     |              |            |
| Amkor Technology, Inc.:                                  |     |              |            |
| 7.75%, 5/15/13   |     | 80           | 75,000     |
| 9.25%, 6/01/16   |     | 85           | 82,025     |
| Freescale Semiconductor, Inc.:                           |     |              |            |
| 8.875%, 12/15/14   |     | 120          | 97,200     |
| 9.125%, 12/15/14 (i)                                     |     | 290          | 226,200    |
|  |     |              | 480,425    |

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**Software 0.7%**

|  |       |           |
|--|-------|-----------|
| BMS Holdings, Inc., 10.595%, 2/15/12 (a)(e)(i) | 107   | 64,117    |
| Oracle Corp., 5.75%, 4/15/18 (d)               | 2,225 | 2,231,343 |
|  |       | 2,295,460 |

**Specialty Retail 0.9%**

|  |       |           |
|--|-------|-----------|
| AutoNation, Inc.:                                |       |           |
| 4.791%, 4/15/13 (a)                              | 150   | 123,750   |
| 7%, 4/15/14                                      | 150   | 129,750   |
| General Nutrition Centers, Inc.:                 |       |           |
| 7.199%, 3/15/14 (h)                              | 500   | 411,745   |
| 10.75%, 3/15/15                                  | 400   | 347,000   |
| Lazy Days R.V. Center, Inc., 11.75%, 5/15/12     | 314   | 157,000   |
| Michaels Stores, Inc.:                           |       |           |
| 10%, 11/01/14                                    | 380   | 285,000   |
| 11.375%, 11/01/16                                | 110   | 70,400    |
| Sonic Automotive, Inc. Series B, 8.625%, 8/15/13 | 2,100 | 1,617,000 |
|  |       | 3,141,645 |

| Corporate Bonds  | Par<br>(000) | Value       |
|--|--------------|-------------|
| <b>Textiles, Apparel &amp; Luxury Goods 0.0%</b>       |              |             |
| Quiksilver, Inc., 6.875%, 4/15/15                      | USD 175      | \$ 140,438  |
| <b>Wireless Telecommunication Services 1.8%</b>        |              |             |
| Cricket Communications, Inc., 9.375%, 11/01/14         | 100          | 99,125      |
| Digicel Group Ltd. (e):                                |              |             |
| 8.875%, 1/15/15  | 240          | 225,312     |
| 9.125%, 1/15/15 (i)                                    | 560          | 506,100     |
| MetroPCS Wireless, Inc., 9.25%, 11/01/14               | 80           | 79,300      |
| Nordic Telephone Co. Holdings ApS, 8.875%, 5/01/16 (e) | 770          | 741,125     |
| Rogers Communications, Inc., 7.50%, 8/15/38            | 1,150        | 1,180,882   |
| Sprint Capital Corp., 6.875%, 11/15/28                 | 915          | 777,750     |
| Vodafone Group Plc, 7.75%, 2/15/10 (d)                 | 2,504        | 2,619,850   |
|  |              | 6,229,444   |
| <b>Total Corporate Bonds 58.4%</b>                     |              | 202,317,696 |

**Foreign Government Obligations**

|  |     |       |           |
|--|-----|-------|-----------|
| Bundesrepublik Deutschland Series 07, 4.25%, 7/04/39 | EUR | 1,290 | 1,792,363 |
| France Government Bond, 3.15%, 7/25/32               |     | 584   | 1,012,228 |
| Israel Government AID Bond:                          |     |       |           |
| 5.50%, 4/26/24                                       | USD | 825   | 886,652   |
| 5.50%, 9/18/33                                       |     | 845   | 915,864   |
| <b>Total Foreign Government Obligations 1.3%</b>     |     |       | 4,607,107 |

**Non-Government Agency Mortgage-Backed Securities**

**Collateralized Mortgage Obligations 4.3%**

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|   |       |            |
|---|-------|------------|
| American Home Mortgage Assets Series 2006-6 Class A1A,<br>2.662%, 12/25/46 (a)                      | 354   | 215,452    |
| Bear Stearns Adjustable Rate Mortgage Series 2004-8<br>Class 14A1, 5.473%, 11/25/34 (a)             | 784   | 722,161    |
| Citigroup Mortgage Loan Trust, Inc. Series 2005-4<br>Class A, 5.344%, 8/25/35 (a)                   | 718   | 630,949    |
| Countrywide Alternative Loan Trust:   |       |            |
| Series 2005-64CB Class 1A15, 5.50%, 12/25/35  | 1,600 | 1,111,486  |
| Series 2006-01A0 Class 1A1, 4.039%, 8/25/46 (a)   | 367   | 231,107    |
| Series 2006-0A19 Class A1, 2.651%, 2/20/47 (a)  | 532   | 329,143    |
| Series 2006-0A21 Class A1, 2.661%, 3/20/47 (a)  | 979   | 609,134    |
| Countrywide Home Loan Mortgage Pass-Through Trust<br>Series 2006-0A5 Class 2A1, 2.672%, 4/25/46 (a) | 424   | 257,664    |
| Deutsche Alt-A Securities, Inc. Alternate Loan Trust:   |       |            |
| Series 2003-3 Class 2A1, 5.50%, 10/25/33  | 1,300 | 1,076,968  |
| Series 2006-0A1 Class A1, 2.672%, 2/25/47 (a)   | 518   | 328,640    |
| GSR Mortgage Loan Trust (a):  |       |            |
| Series 2005-AR4 Class 6A1, 5.25%, 7/25/35   | 717   | 655,080    |
| Series 2006-0A1 Class 2A1, 2.662%, 8/25/46  | 1,096 | 756,121    |
| Harborview Mortgage Loan Trust Series 2006-9<br>Class 2A1A, 2.676%, 11/19/36 (a)                    | 733   | 447,191    |
| Homebanc Mortgage Trust Series 2006-2 Class A1,<br>2.652%, 12/25/36 (a)                             | 1,099 | 730,074    |
| Maryland Insurance Backed Securities Trust<br>Series 2006-1A, 5.55%, 12/10/65                       | 2,500 | 1,750,000  |
| Merrill Lynch Mortgage Investors, Inc. Series 2006-A3<br>Class 3A1, 5.823%, 5/25/36 (a)(k)          | 1,045 | 678,964    |
| Structured Asset Securities Corp. Series 2002-AL1<br>Class A2, 3.45%, 2/25/32                       | 2,096 | 1,738,939  |
| WaMu Mortgage Pass Through Certificates (a):  |       |            |
| Series 2005-AR10 Class 1A3, 4.834%, 9/25/35   | 1,800 | 1,589,221  |
| Series 2007-0A4 Class 1A, 3.849%, 5/25/47   | 501   | 300,468    |
| Series 2007-0A5 Class 1A, 3.829%, 6/25/47   | 860   | 583,748    |
|   |       | 14,742,510 |

See Notes to Financial Statements.



## Schedule of Investments (continued)

**BlackRock Core Bond Trust (BHK)**  
(Percentages shown are based on Net Assets)

| Non-Government Agency Mortgage-Backed Securities  | Par<br>(000) | Value             |
|---|--------------|-------------------|
| <b>Commercial Mortgage-Backed Securities 12.7%</b>  |              |                   |
| Banc of America Commercial Mortgage, Inc.<br>Series 2005-1 Class 4A, 4.988%, 11/10/42 (a)           | USD 2,180    | \$ 2,142,973      |
| CS First Boston Mortgage Securities Corp.<br>Series 2002-CP5 Class A2, 4.94%, 12/15/35              | 2,720        | 2,643,455         |
| Citigroup Commercial Mortgage Trust Series 2008-C7<br>Class A4, 6.299%, 12/10/49 (a)                | 1,370        | 1,283,135         |
| Citigroup/Deutsche Bank Commercial Mortgage Trust<br>Series 2007-CD5 Class A4, 5.886%, 11/15/44 (a) | 2,500        | 2,284,573         |
| Commercial Mortgage Pass-Through Certificates<br>Series 2004-LB3A Class A3, 5.09%, 7/10/37 (a)      | 960          | 950,534           |
| First Union National Bank Commercial Mortgage:<br>Series 2001-C3 Class A3, 6.423%, 8/15/33          | 2,910        | 2,965,044         |
| Series 2001-C4 Class A2, 6.223%, 12/12/33   | 2,265        | 2,298,385         |
| GMAC Commercial Mortgage Securities, Inc. Class A2:<br>Series 1999-C3, 7.179%, 8/15/36 (a)          | 1,302        | 1,321,719         |
| Series 2002-C3, 4.93%, 7/10/39  | 2,350        | 2,279,239         |
| Heller Financial Commercial Mortgage Asset<br>Series 1999-PH1 Class A2, 6.847%, 5/15/31 (a)         | 819          | 819,520           |
| JPMorgan Chase Commercial Mortgage Securities Corp.:<br>Series 2001-C1 Class A3, 5.857%, 10/12/35   | 2,140        | 2,150,813         |
| Series 2004-CB8 Class A1A, 4.158%, 1/12/39  | 976          | 914,922           |
| Series 2004-CBX Class A4, 4.529%, 1/12/37   | 2,180        | 2,118,693         |
| Series 2006-LDP9 Class A3, 5.336%, 5/15/47  | 960          | 866,961           |
| JPMorgan Commercial Mortgage Finance Corp.<br>Series 2000-C10 Class A2, 7.371%, 8/15/32 (a)         | 1,621        | 1,660,008         |
| LB-UBS Commercial Mortgage Trust (a):<br>Series 2007-C6 Class A4, 5.858%, 7/15/40                   | 1,816        | 1,660,552         |
| Series 2007-C7 Class A3, 5.866%, 9/15/45  | 5,000        | 4,563,787         |
| Merrill Lynch Mortgage Trust Series 2007-C1 Class AM,<br>6.022%, 6/12/50 (a)(k)                     | 925          | 792,051           |
| Morgan Stanley Capital I:<br>Series 2005-HQ6 Class A4A, 4.989%, 8/13/42                             | 1,475        | 1,376,293         |
| Series 2007-IQ16 Class A4, 5.809%, 12/12/49   | 618          | 561,011           |
| Series 2007-T27 Class A4, 5.804%, 6/13/42 (a)   | 995          | 903,414           |
| Series 2008-T29 Class A4, 6.458%, 1/11/43 (a)   | 1,370        | 1,293,780         |
| Salomon Brothers Mortgage Securities VII, Inc.<br>Series 2000-C1 Class A2, 7.52%, 12/18/09 (a)      | 3,265        | 3,335,013         |
| Wachovia Bank Commercial Mortgage Trust (a):<br>Series 2005-C21 Class A3, 5.274%, 10/15/44          | 910          | 906,421           |
| Series 2006-C25 Class A4, 5.926%, 5/15/43   | 1,190        | 1,119,525         |
| Series 2007-C33 Class A4, 6.10%, 2/15/51  | 995          | 920,108           |
|   |              | 44,131,929        |
| <b>Total Non-Government Agency Mortgage-Backed Securities 17.0%</b>                                 |              | <b>58,874,439</b> |

**U.S. Government Agency Mortgage-Backed Securities**

|  |        |            |
|--|--------|------------|
| Fannie Mae Guaranteed Pass Through Certificates:<br>5.00%, 3/01/21 7/01/36 (l) | 7,344  | 7,120,308  |
| 5.50%, 9/15/23 9/15/38 (h)(l)  | 60,991 | 60,374,119 |

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|  |       |                   |
|--|-------|-------------------|
| 6.00%, 8/01/29 3/01/38   | 8,406 | 8,497,446         |
| 7.00%, 1/01/31 7/01/32   | 214   | 225,617           |
| Freddie Mac Mortgage Participation Certificates:                     |       |                   |
| 5.00%, 8/01/33   | 70    | 67,454            |
| 5.50%, 11/01/34 5/01/36 (d)  | 4,502 | 4,451,684         |
| 6.00%, 2/01/13 12/01/18 (h)  | 2,113 | 2,164,347         |
| 6.277%, 5/01/32  | 47    | 47,367            |
| 7.00%, 9/01/31   | 19    | 20,397            |
| Ginnie Mae MBS Certificates:   |       |                   |
| 5.50%, 8/15/33 (d)   | 190   | 190,620           |
| 6.50%, 10/18/37 (l)  | 200   | 204,750           |
| <b>Total U.S. Government Agency Mortgage-Backed Securities 24.1%</b> |       | <b>83,364,109</b> |

| U.S. Government Agency Mortgage-Backed Securities Collateralized Mortgage Obligations                   | Par (000) | Value            |
|---|-----------|------------------|
| Fannie Mae Trust:   |           |                  |
| Series 378 Class 5, 5%, 7/01/36 (b)   | USD 3,984 | \$ 1,000,476     |
| Series 2004-90 Class JH, 1.828%, 11/25/34 (a)(b)  | 20,628    | 1,912,141        |
| Series 2005-5 Class PK, 5%, 12/25/34  | 2,250     | 2,268,900        |
| Freddie Mac Multiclass Certificates:  |           |                  |
| Series 2579 Class HI, 5%, 8/15/17(b)  | 1,736     | 200,646          |
| Series 2611 Class QI, 5.50%, 9/15/32 (b)  | 5,107     | 890,595          |
| Series 2684 Class SP, 4.986%, 1/15/33 (a)(b)  | 395       | 64,189           |
| Series 2825 Class VP, 5.50%, 6/15/15  | 1,189     | 1,215,251        |
| Series 3208 Class PS, 4.586%, 8/15/36 (a)(b)  | 1,942     | 227,571          |
| Series 3316 Class SB, 4.729%, 8/15/35 (a)(b)  | 354       | 47,849           |
| <b>Total U.S. Government Agency Mortgage-Backed Securities Collateralized Mortgage Obligations 2.3%</b> |           | <b>7,827,618</b> |

**U.S. Government Obligations**

|   |        |                   |
|---|--------|-------------------|
| Federal Housing Administration, Hebre Home Hospital, 6.25%, 9/01/28 | 1,007  | 1,028,029         |
| Resolution Funding Corp. (m):                                       |        |                   |
| 6.196%, 7/15/18   | 525    | 343,762           |
| 6.30%, 10/15/18   | 525    | 338,152           |
| U.S. Treasury Bonds, 6.125%, 11/15/27                               | 1,345  | 1,634,071         |
| U.S. Treasury Inflation Indexed Bonds:                              |        |                   |
| 2.375%, 1/15/27 (d)   | 1,534  | 1,587,066         |
| 1.75%, 1/15/28  | 4,727  | 4,429,269         |
| U.S. Treasury Notes:  |        |                   |
| 4%, 8/15/18 (d)   | 17,125 | 17,385,882        |
| 5%, 5/15/37   | 545    | 595,540           |
| 4.375%, 2/15/38 (d)   | 8,115  | 8,057,310         |
| 4.50%, 5/15/38  | 3,000  | 3,034,686         |
| <b>Total U.S. Government Obligations 11.1%</b>                      |        | <b>38,433,767</b> |

**Preferred Securities**

**Capital Trusts**

|   |     |         |
|---|-----|---------|
| <b>Capital Markets 0.1%</b>               |     |         |
| Credit Suisse Guernsey Ltd., 5.86% (a)(c) | 494 | 400,876 |

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### Commercial Banks 1.9%

|  |       |           |
|--|-------|-----------|
| BAC Capital Trust XI, 6.625%, 5/23/36                      | 545   | 482,819   |
| Barclays Bank Plc, 7.434% (a)(c)(e)                        | 1,975 | 1,745,051 |
| Credit Agricole SA, 6.637% (a)(c)(e)                       | 250   | 199,461   |
| RBS Capital Trust IV, 3.496% (a)(c)(d)                     | 475   | 349,518   |
| Royal Bank of Scotland Group Plc, Series MTN, 7.64% (c)(d) | 2,200 | 1,858,461 |
| Wachovia Corp. Series K, 7.98% (a)(c)(d)                   | 2,550 | 1,915,790 |

6,551,100

### Diversified Financial Services 2.4%

|   |       |           |
|---|-------|-----------|
| Bank of America Corp. (a)(c):                   |       |           |
| Series K, 8%                                    | 1,360 | 1,212,010 |
| Series M, 8.125%                                | 1,050 | 947,919   |
| Citigroup, Inc. 8.30%, 12/21/57 (a)(h)          | 2,225 | 2,008,454 |
| JPMorgan Chase & Co., 7.90% (a)(c)              | 1,925 | 1,748,863 |
| JPMorgan Chase Capital XXV, 6.80%, 10/01/37 (d) | 2,780 | 2,373,050 |

8,290,296

### Electric Utilities 0.2%

|  |     |         |
|--|-----|---------|
| PECO Energy Capital Trust IV, 5.75%, 6/15/33 | 790 | 657,741 |
|--|-----|---------|

### Insurance 1.4%

|  |       |           |
|--|-------|-----------|
| The Allstate Corp., 6.50%, 5/15/57 (a)                     | 1,950 | 1,591,512 |
| American International Group, Inc., 8.175%, 5/15/58 (a)(e) | 1,230 | 950,030   |
| Lincoln National Corp., 6.05%, 4/20/67 (a)                 | 675   | 529,291   |
| Progressive Corp., 6.70%, 6/15/37 (a)                      | 605   | 495,684   |
| The Travelers Cos., Inc., 6.25%, 3/15/67 (a)               | 675   | 574,860   |
| ZFS Finance (USA) Trust V, 6.50%, 5/09/67 (a)(e)           | 675   | 581,494   |

4,722,871

### Total Capital Trusts 6.0%

20,622,884

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Core Bond Trust (BHK)  
(Percentages shown are based on Net Assets)

| Preferred Stocks                           | Shares | Value      |
|--|--------|------------|
| <b>Diversified Financial Services 0.1%</b> |        |            |
| Citigroup, Inc. Series AA, 8.125%          | 25,500 | \$ 506,940 |
| <b>Total Preferred Stocks 0.1%</b>         |        | 506,940    |
| <b>Total Preferred Securities 6.1%</b>     |        | 21,129,824 |

| Other Interests (n)  | Beneficial Interest (000) |             |
|--|---------------------------|-------------|
| <b>Health Care Providers &amp; Services 0.0%</b>               |                           |             |
| Critical Care Systems International, Inc. (o)                  | USD 2                     | 637         |
| <b>Total Other Interests 0.0%</b>                              |                           | 637         |
| <b>Total Long-Term Investments (Cost \$478,486,079) 132.3%</b> |                           | 458,231,898 |

| Short-Term Securities                                      | Par (000) |           |
|--|-----------|-----------|
| <b>U.S. Government &amp; Agency Obligations 0.9%</b>       |           |           |
| Federal Home Loan Bank, 2.60%, 9/02/08 (p)                 | USD 400   | 400,000   |
| U.S. Treasury Bills, 1.79%, 9/25/08 (p)                    | 2,600     | 2,597,126 |
| <b>Total Short-Term Securities (Cost \$2,997,126) 0.9%</b> |           | 2,997,126 |

| Options Purchased  | Contracts (q) |         |
|--|---------------|---------|
| <b>Call Swaptions Purchased</b>  |               |         |
| Receive a fixed rate of 5.12% and pay a floating rate based on 3-month LIBOR, expiring November 2010 | 11            | 398,475 |
| Receive a fixed rate of 5.39% and pay a floating rate based on 3-month LIBOR, expiring March 2012    | 6             | 410,758 |
| Receive a fixed rate of 5.47% and pay a floating rate based on 3-month LIBOR, expiring May 2012      | 11            | 729,814 |
| Receive a fixed rate of 6.025% and pay a floating rate based on 3-month LIBOR, expiring June 2012    | 7             | 680,542 |

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2,219,589

**Put Swaptions Purchased**

|  |    |           |
|--|----|-----------|
| Pay a fixed rate of 5.12% and receive a floating rate based on 3-month LIBOR, expiring November 2010 | 11 | 230,549   |
| Pay a fixed rate of 5.39% and receive a floating rate based on 3-month LIBOR, expiring March 2012    | 6  | 272,026   |
| Pay a fixed rate of 5.47% and receive a floating rate based 3-month LIBOR, expiring May 2012         | 11 | 443,363   |
| Pay a fixed rate of 6.025% and receive a floating rate based on 3-month LIBOR, expiring June 2012    | 7  | 201,169   |
|  |    | 1,147,107 |

**Total Options Purchased**

(Cost \$2,586,423) 1.0% 3,366,696

**Total Investments Before TBA Sale Commitments and Options Written (Cost \$484,069,628\*) 134.2%**

464,595,720

**TBA Sale Commitments**

**Par  
(000)**

|  |     |         |             |
|--|-----|---------|-------------|
| Fannie Mae Guaranteed Pass Through Certificates: |     |         |             |
| 5.00%, 3/01/21 7/01/36                           | USD | (4,100) | (3,945,389) |
| 5.50%, 9/15/23 9/15/38                           |     | (9,900) | (9,787,754) |
| 6.00%, 8/01/29 3/01/38                           |     | (2,700) | (2,729,257) |
| Freddie Mac Mortgage Participation Certificates, |     |         |             |
| 5.50%, 11/01/34 5/01/36                          |     | (4,500) | (4,441,955) |
| Ginnie Mae MBS Certificates, 5.50%, 8/15/33      |     | (100)   | (99,531)    |

**Total TBA Sale Commitments**

(Proceeds \$20,649,320) (6.1)% (21,003,886)

**Options Written**

**Contracts**

**Value**

**Call Option Written**

30-Year U.S. Treasury Bonds, expiring November 2008 at \$118 100 \$ (181,250)

**Call Swaptions Written (q)**

|  |    |           |
|--|----|-----------|
| Pay a fixed rate of 4.58% and receive a floating rate based on 3-month LIBOR, expiring May 2009      | 9  | (219,870) |
| Pay a fixed rate of 4.94% and receive floating rate based on 3-month LIBOR, expiring December 2008   | 14 | (524,986) |
| Pay a fixed rate of 5.01% and receive a floating rate based on 3-month LIBOR, expiring November 2008 | 4  | (162,520) |
| Pay a fixed rate of 5.05% and receive a floating rate based on 3-month LIBOR, expiring May 2011      | 10 | (494,250) |
| Pay a fixed rate of 5.08% and receive a floating rate based on 3-month LIBOR, expiring May 2011      | 6  | (307,544) |
| Pay a fixed rate of 5.0825% and receive a floating rate based on 3-month LIBOR, expiring July, 2010  | 3  | (121,990) |
| Pay a fixed rate of 5.325% and receive a floating rate based on 3-month LIBOR, expiring July 2013    | 8  | (322,972) |
| Pay a fixed rate of 5.485% and receive a floating rate based on 3-month LIBOR, expiring October 2009 | 4  | (308,709) |

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|  |    |                |
|--|----|----------------|
| Pay a fixed rate of 5.67% and receive a floating rate based on 3-month LIBOR, expiring January 2010  | 11 | (899,151)      |
|  |    | (3,361,992)    |
| <b>Put Swaptions Written (q)</b>   |    |                |
| Receive a fixed rate of 3.10% and pay a floating rate based on 3-month LIBOR, expiring October 2008  | 20 | (127,745)      |
| Receive a fixed rate of 4.58% and pay a floating rate based on 3-month LIBOR, expiring May 2009      | 9  | (287,325)      |
| Receive a fixed rate of 4.94% and pay a floating rate based on 3-month LIBOR, expiring December 2008 | 14 | (131,320)      |
| Receive a fixed rate of 5.01% and pay a floating rate based on 3-month LIBOR, expiring November 2008 | 4  | (19,310)       |
| Receive a fixed rate of 5.05% and pay a floating rate based on 3-month LIBOR, expiring May 2011      | 10 | (468,630)      |
| Receive a fixed rate of 5.08% and pay a floating rate based on 3-month LIBOR, expiring May 2011      | 6  | (277,904)      |
| Receive a fixed rate of 5.0825% and pay a floating rate based on 3-month LIBOR, expiring July, 2010  | 3  | (91,080)       |
| Receive a fixed rate of 5.325% and pay a floating rate based on 3-month LIBOR, expiring July 2013    | 8  | (248,470)      |
| Receive a fixed rate of 5.485% and pay a floating rate based on 3-month LIBOR, expiring October 2009 | 4  | (68,612)       |
| Receive a fixed rate of 5.67% and pay a floating rate based on 3-month LIBOR, expiring January 2010  | 12 | (163,565)      |
|  |    | (1,883,961)    |
| <b>Total Options Written</b><br><b>(Premiums Received \$5,724,085) (1.5)%</b>                        |    | (5,427,203)    |
| <b>Total Investments, Net of TBA Sale Commitments and Options Written 126.6%</b>                     |    | 438,164,631    |
| <b>Liabilities in Excess of Other Assets (26.6)%</b>   |    | (91,988,005)   |
| <b>Net Assets 100.0%</b>   |    | \$ 346,176,626 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Core Bond Trust (BHK)

\* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2008, as computed for federal income tax purposes, were as follows:

|                               |                 |
|-------------------------------|-----------------|
| Aggregate cost                | \$ 484,079,937  |
| Gross unrealized appreciation | \$ 4,718,525    |
| Gross unrealized depreciation | (24,202,742)    |
| Net unrealized depreciation   | \$ (19,484,217) |

- (a) Variable rate security. Rate shown is as of report date. Maturity shown is the final maturity date.  
 (b) Represents the interest only portion of a mortgage-backed security and has either a nominal or a notional amount of principal.  
 (c) Security is perpetual in nature and has no stated maturity date.  
 (d) All or a portion of the security has been pledged as collateral for reverse repurchase agreements.  
 (e) Security 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 investors.  
 (f) All or a portion of the security has been pledged as collateral in connection with open financial futures contracts.  
 (g) Represents a step bond. Rate shown reflects the effective yield at the time of purchase.  
 (h) All or a portion of the security has been pledged as collateral in connection with swaps.  
 (i) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.  
 (j) Non-income producing security; issuer filed for bankruptcy or is in default of interest payments.  
 (k) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| Affiliate   | Purchase<br>Cost | Sale<br>Cost | Realized<br>Gain | Income    |
|---|------------------|--------------|------------------|-----------|
| Merrill Lynch Mortgage Investors, Inc. Series 2006-A3 Class 3A1, 5.823%,<br>5/25/36 | \$ 720,827       |              |                  | \$ 1,014  |
| Merrill Lynch Mortgage Trust Series 2007-C1 Class AM, 6.022%, 6/12/50               |                  |              |                  | \$ 53,024 |

- (l) Represents or includes a to-be-announced transaction. The Trust has committed to purchasing securities for which all specific information is not available at this time.  
 (m) Represents a zero-coupon bond. Rate shown reflects the effective yield at the time of purchase.  
 (n) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.  
 (o) Security is fair valued.  
 (p) Rate shown is the yield to maturity as of the date of purchase.  
 (q) One contract represents a notional amount of \$1,000,000.

For Trust compliance purposes, the Trust's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Trust management. This definition may not apply for purposes of this report, which may combine industry subclassifications for reporting ease. These industry classifications are unaudited.

Reverse repurchase agreements outstanding as of August 31, 2008 were as follows:

## Counterparty

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|                               | Interest Rate | Trade Date | Maturity Date | Net Closing Amount | Face Amount    |
|-------------------------------|---------------|------------|---------------|--------------------|----------------|
| Credit Suisse Securities LLC  | 2.60%         | 8/14/08    | Open          | \$ 14,179,559      | \$ 14,161,150  |
| Lehman Brothers International | 2.10%         | 7/12/08    | Open          | 1,466,454          | 1,459,219      |
| Lehman Brothers International | 2.75%         | 7/13/08    | Open          | 23,076,597         | 22,934,688     |
| Lehman Brothers International | 2.00%         | 8/07/08    | Open          | 7,893,079          | 7,881,694      |
| Lehman Brothers International | 2.40%         | 8/12/08    | 9/11/08       | 46,298,649         | 46,237,000     |
| Lehman Brothers International | 2.15%         | 8/15/08    | Open          | 6,669,957          | 6,662,794      |
| Lehman Brothers International | 2.03%         | 8/26/08    | Open          | 8,357,047          | 8,353,750      |
| <b>Total</b>                  |               |            |               | \$ 107,941,342     | \$ 107,690,295 |

See Notes to Financial Statements.



## Schedule of Investments (continued)

## BlackRock Core Bond Trust (BHK)

Foreign currency exchange contracts as of August 31, 2008 were as follows:

| Currency Purchased |           | Currency Sold | Settlement Date | Unrealized Appreciation |
|--------------------|-----------|---------------|-----------------|-------------------------|
| USD                | 5,479,338 | EUR 3,501,040 | 10/23/08        | \$ 358,360              |
| USD                | 1,081,352 | EUR 683,500   | 10/23/08        | 81,595                  |
| USD                | 964,232   | EUR 611,500   | 10/23/08        | 69,789                  |
| EUR                | 224,000   | USD 326,786   | 10/23/08        | 859                     |
| <b>Total</b>       |           |               |                 | \$ 510,603              |

Financial futures contracts purchased as of August 31, 2008 were as follows:

| Contracts    | Issue                      | Expiration Date | Face Value     | Unrealized Appreciation (Depreciation) |
|--------------|----------------------------|-----------------|----------------|--|
| 968          | 30-Year U.S. Treasury Bond | September 2008  | \$ 110,702,598 | \$ 3,702,902                           |
| 224          | 30-Year U.S. Treasury Bond | December 2008   | \$ 26,388,643  | (110,643)                              |
| <b>Total</b> |                            |                 |                | \$ 3,592,259                           |

Financial futures contracts sold as of August 31, 2008 were as follows:

| Contracts    | Issue                     | Expiration Date | Face Value     | Unrealized Depreciation |
|--------------|---------------------------|-----------------|----------------|-------------------------|
| 164          | 2-Year U.S. Treasury Bond | September 2008  | \$ 34,479,811  | \$ (441,939)            |
| 253          | 2-Year U.S. Treasury Bond | December 2008   | \$ 53,664,638  | (42,518)                |
| 1,512        | 5-Year U.S. Treasury Bond | September 2008  | \$ 167,884,772 | (2,144,353)             |
| 588          | 5-Year U.S. Treasury Bond | December 2008   | \$ 65,565,600  | (253,650)               |
| <b>Total</b> |                           |                 |                | \$ (2,882,460)          |

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Swaps outstanding as of August 31, 2008 were as follows:

|  | Notional<br>Amount<br>(000) | Unrealized<br>Appreciation<br>(Depreciation) |
|--|-----------------------------|--|
| Receive a fixed rate of 4.88% and pay a floating rate based on 3-month LIBOR<br>Broker, Lehman Brothers Special Financing<br>Expires August 2009   | USD 40,200                  | \$ 729,889                                   |
| Receive a fixed rate of 4.7709% and pay a floating rate based on 3-month LIBOR<br>Broker, Lehman Brothers Special Financing<br>Expires August 2009 | USD 27,800                  | 475,478                                      |
| Receive a fixed rate of 4.62377% and pay a floating rate based on 3-month LIBOR<br>Broker, Credit Suisse First Boston<br>Expires September 2009    | USD 50,000                  | 813,357                                      |
| Receive a fixed rate of 5% and pay a floating rate based on 3-month LIBOR<br>Broker, Deutsche Bank AG London<br>Expires November 2010              | USD 4,600                   | 153,324                                      |
| Pay a fixed rate of 4.922% and receive a floating rate based on 3-month LIBOR<br>Broker, Lehman Brothers Special Financing<br>Expires March 2011   | USD 13,500                  | (451,813)                                    |
| Receive a fixed rate of 5.496% and pay a floating rate based on 3-month LIBOR<br>Broker, Bank of America NA<br>Expires July 2011                   | USD 25,100                  | 1,288,037                                    |
| Receive a fixed rate of 4.95% and pay a floating rate based on 3-month LIBOR<br>Broker, UBS Warburg<br>Expires November 2011                       | USD 2,200                   | 82,144                                       |
| Receive a fixed rate of 5.025% and pay a floating rate based on 3-month LIBOR<br>Broker, Deutsche Bank AG London<br>Expires November 2011          | USD 3,000                   | 118,177                                      |
| Pay a fixed rate of 5.0016% and receive a floating rate based on 3-month LIBOR<br>Broker, UBS Warburg<br>Expires January 2012                      | USD 8,300                   | (327,056)                                    |
| Pay a fixed rate of 5.58875% and receive a floating rate based on 3-month LIBOR<br>Broker, Goldman Sachs & Co.<br>Expires July 2012                | USD 42,000                  | (2,610,056)                                  |
| Receive a fixed rate of 5.07625% and pay a floating rate based on 3-month LIBOR<br>Broker, Citibank NA<br>Expires August 2012                      | USD 82,500                  | 3,644,976                                    |
| Receive a fixed rate of 5.10531% and pay a floating rate based on 3-month LIBOR<br>Broker, Goldman Sachs & Co.<br>Expires August 2012              | USD 19,500                  | 882,193                                      |
| Receive a fixed rate of 5.0565% and pay a floating rate based on 3-month LIBOR<br>Broker, Bank of America NA<br>Expires August 2012                | USD 49,300                  | 2,115,995                                    |

See Notes to Financial Statements.



## Schedule of Investments (continued)

## BlackRock Core Bond Trust (BHK)

|   |     | Notional<br>Amount<br>(000) |    | Unrealized<br>Appreciation<br>(Depreciation) |
|---|-----|-----------------------------|----|--|
| Receive a fixed rate of 4.9034% and pay a floating rate based on 3-month LIBOR<br>Broker, Barclay Bank PLC<br>Expires September 2012                            | USD | 30,000                      | \$ | 1,129,706                                    |
| Receive a fixed rate of 4.856% and pay a floating rate based on 3-month LIBOR<br>Broker, Deutsche Bank AG London<br>Expires October 2012                        | USD | 9,400                       |    | 339,537                                      |
| Receive a fixed rate of 4.32% and pay a floating rate based on 3-month LIBOR<br>Broker, Citibank NA<br>Expires November 2012                                    | USD | 10,500                      |    | 161,228                                      |
| Receive a fixed rate of 4.25% and pay a floating rate based on 3-month LIBOR<br>Broker, Goldman Sachs & Co.<br>Expires November 2012                            | USD | 2,625                       |    | 33,138                                       |
| Pay a fixed rate of 4.2424% and receive a floating rate based on 3-month LIBOR<br>Broker, Lehman Brothers Special Financing<br>Expires December 2012            | USD | 45,000                      |    | (586,230)                                    |
| Receive a fixed rate of 3.66375% and pay a floating rate based on 3-month LIBOR<br>Broker, Citibank NA<br>Expires April 2013                                    | USD | 7,300                       |    | (98,928)                                     |
| Receive a fixed rate of 5.29375% and pay a floating rate based on 6-month British Pound Sterling LIBOR<br>Broker, Deutsche Bank AG London<br>Expires April 2013 | GBP | 2,000                       |    | (12,234)                                     |
| Receive a fixed rate of 5.14% and pay a floating rate based on 6-month British Pound Sterling LIBOR<br>Broker, Deutsche Bank AG London<br>Expires April 2013    | GBP | 2,000                       |    | (23,647)                                     |
| Receive a fixed rate of 4.2825% and pay a floating rate based on 3-month LIBOR<br>Broker, Credit Suisse First Boston<br>Expires July 2013                       | USD | 82,500                      |    | 973,111                                      |
| Receive a fixed rate of 4.2125% and pay a floating rate based on 3-month LIBOR<br>Broker, Morgan Stanley Capital Services<br>Expires August 2013                | USD | 13,200                      |    | 109,287                                      |
| Pay a fixed rate of 4.51% and receive a floating rate based on 3-month LIBOR<br>Broker, Citibank NA<br>Expires October 2014                                     | USD | 41,200                      |    | (718,403)                                    |
| Receive a fixed rate of 5.005% and pay a floating rate based on 3-month LIBOR<br>Broker, JPMorgan Chase<br>Expires October 2014                                 | USD | 9,500                       |    | 421,059                                      |
| Pay a fixed rate of 4.5% and receive a floating rate based on 3-month LIBOR<br>Broker, JPMorgan Chase<br>Expires May 2015                                       | USD | 2,800                       |    | (41,936)                                     |
| Receive a fixed rate of 4.725% and pay a floating rate based on 3-month LIBOR   |     |                             |    |  |

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|   |     | Notional<br>Amount<br>(000) | Unrealized<br>Appreciation<br>(Depreciation) |
|---|-----|-----------------------------|--|
| Broker, Morgan Stanley Capital Services<br>Expires August 2015  | USD | 6,200                       | 173,326                                      |
| Receive a fixed rate of 4.87% and pay a<br>floating rate based on 3-month LIBOR<br>Broker, Goldman Sachs & Co.<br>Expires January 2016                  | USD | 5,000                       | \$ 178,409                                   |
| Receive a fixed rate of 5.723% and pay a<br>floating rate based on 3-month LIBOR<br>Broker, JPMorgan Chase<br>Expires July 2016                         | USD | 4,800                       | 439,916                                      |
| Pay a fixed rate of 5.155% and receive a<br>floating rate based on 3-month LIBOR<br>Broker, Citibank NA<br>Expires September 2017                       | USD | 10,900                      | (577,741)                                    |
| Pay a fixed rate of 5.04015% and receive a<br>floating rate based on 3-month LIBOR<br>Broker, Deutsche Bank AG London<br>Expires September 2017         | USD | 12,500                      | (560,294)                                    |
| Pay a fixed rate of 5.3075% and receive a<br>floating rate based on 3-month LIBOR<br>Broker, Barclay Bank PLC<br>Expires October 2017                   | USD | 13,800                      | (897,403)                                    |
| Pay a fixed rate of 5.115% and receive a<br>floating rate based on 3-month LIBOR<br>Broker, Lehman Brothers Special Financing<br>Expires March 2018     | USD | 6,600                       | (330,034)                                    |
| Receive a fixed rate of 4.311% and pay a<br>floating rate based on 3-month LIBOR<br>Broker, Deutsche Bank AG London<br>Expires May 2018                 | USD | 6,600                       | (90,312)                                     |
| Receive a fixed rate of 4.7058% and pay a<br>floating rate based on 3-month LIBOR<br>Broker, UBS Warburg<br>Expires July 2018                           | USD | 8,700                       | 148,211                                      |
| Pay a fixed rate of 4.52165% and receive a<br>floating rate based on 3-month LIBOR<br>Broker, Goldman Sachs & Co.<br>Expires July 2018                  | USD | 12,300                      | (27,080)                                     |
| Receive a fixed rate of 5.411% and pay a<br>floating rate based on 3-month LIBOR<br>Broker, JPMorgan Chase<br>Expires August 2022                       | USD | 8,545                       | 656,068                                      |
| Pay a fixed rate of 5.365% and receive a<br>floating rate based on 3-month LIBOR<br>Broker, Bank of America NA<br>Expires September 2027                | USD | 8,000                       | (591,485)                                    |
| Pay a fixed rate of 5.0605% and receive a<br>floating rate based on 3-month LIBOR<br>Broker, Goldman Sachs & Co.<br>Expires November 2037               | USD | 6,200                       | (224,788)                                    |
| Pay a fixed rate of 5.06276% and receive a<br>floating rate based on 3-month LIBOR<br>Broker, Citibank NA<br>Expires December 2037                      | USD | 1,300                       | (47,544)                                     |
| Pay a fixed rate of 5.0639% and receive a<br>floating rate based on 3-month LIBOR<br>Broker, Lehman Brothers Special Financing<br>Expires December 2037 | USD | 1,300                       | (47,770)                                     |

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AUGUST 31, 2008

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## Schedule of Investments (concluded)

## BlackRock Core Bond Trust (BHK)

|   |     | Notional<br>Amount<br>(000) |    | Unrealized<br>Appreciation<br>(Depreciation) |
|---|-----|-----------------------------|----|--|
| Pay a fixed rate of 4.785% and receive a floating rate based on 3-month LIBOR<br>Broker, Citibank NA<br>Expires January 2038                          | USD | 2,000                       | \$ | 14,638                                       |
| Pay a fixed rate of 4.601% and receive a floating rate based on 3-month LIBOR<br>Broker, Lehman Brothers Special Financing<br>Expires January 2038    | USD | 5,000                       |    | 181,923                                      |
| Pay a fixed rate of 4.8375% and receive a floating rate based on the 3-month LIBOR<br>Broker, Morgan Stanley Capital Services<br>Expires January 2038 | USD | 6,000                       |    | (5,900)                                      |
| Receive a fixed rate of 5.29750% and pay a floating rate based on 3-month LIBOR<br>Broker, Citibank NA<br>Expires February 2038                       | USD | 700                         |    | 51,907                                       |
| Receive a fixed rate of 5.1575% and pay a floating rate based on 3-month LIBOR<br>Broker, Citibank NA<br>Expires June 2038                            | USD | 1,000                       |    | 51,774                                       |
| <b>Total</b>  |     |                             | \$ | <b>7,096,154</b>                             |

## Currency Abbreviations:

EUR Euro

GBP British Pound

USD U.S. Dollar

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2008

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## Schedule of Investments August 31, 2008

BlackRock High Income Shares (HIS)  
(Percentages shown are based on Net Assets)

| Corporate Bonds   |     | Par<br>(000) | Value      |
|---|-----|--------------|------------|
| <b>Aerospace &amp; Defense 1.7%</b>                     |     |              |            |
| CHC Helicopter Corp., 7.375%, 5/01/14                   | USD | 679          | \$ 707,200 |
| DRS Technologies, Inc.:                                 |     |              |            |
| 6.875%, 11/01/13  |     | 170          | 172,125    |
| 7.625%, 2/01/18   |     | 170          | 178,925    |
| Hawker Beechcraft Acquisitions Co. LLC, 8.875%, 4/01/15 |     | 140          | 139,300    |
| Hexcel Corp., 6.75%, 2/01/15                            |     | 405          | 392,850    |
| L-3 Communications Corp., 5.875%, 1/15/15               |     | 140          | 131,950    |
| TransDigm, Inc., 7.75%, 7/15/14                         |     | 300          | 291,750    |
|   |     |              | 2,014,100  |
| <b>Airlines 0.2%</b>                                    |     |              |            |
| American Airlines, Inc. Series 99-1, 7.324%, 4/15/11    |     | 280          | 254,800    |
| <b>Auto Components 2.5%</b>                             |     |              |            |
| Allison Transmission, Inc.(a):                          |     |              |            |
| 11%, 11/01/15   |     | 265          | 243,800    |
| 11.25%, 11/01/15 (b)                                    |     | 695          | 611,600    |
| The Goodyear Tire & Rubber Co.:                         |     |              |            |
| 7.857%, 8/15/11   |     | 420          | 422,100    |
| 8.625%, 12/01/11  |     | 682          | 702,460    |
| Lear Corp., 8.75%, 12/01/16                             |     | 370          | 278,425    |
| Meritor Automotive Inc., 6.80%, 2/15/09                 |     | 22           | 21,670     |
| Metaldyne Corp., 10%, 11/01/13                          |     | 935          | 252,450    |
| Stanadyne Corp. Series 1, 10%, 8/15/14                  |     | 525          | 493,500    |
|   |     |              | 3,026,005  |
| <b>Automobiles 1.0%</b>                                 |     |              |            |
| Ford Capital BV, 9.50%, 6/01/10                         |     | 1,330        | 1,107,225  |
| Ford Motor Co., 8.90%, 1/15/32                          |     | 300          | 159,000    |
|   |     |              | 1,266,225  |
| <b>Building Products 1.4%</b>                           |     |              |            |
| CPG International I, Inc., 10.50%, 7/01/13              |     | 540          | 415,800    |
| Momentive Performance Materials, Inc., 11.50%, 12/01/16 |     | 945          | 737,100    |
| Ply Gem Industries, Inc., 11.75%, 6/15/13 (a)           |     | 635          | 577,850    |
|   |     |              | 1,730,750  |
| <b>Chemicals 3.2%</b>                                   |     |              |            |
| American Pacific Corp., 9%, 2/01/15                     |     | 400          | 388,000    |
| Ames True Temper, Inc., 6.791%, 1/15/12 (c)             |     | 1,070        | 856,000    |
| Hexion U.S. Finance Corp.:                              |     |              |            |
| 7.304%, 11/15/14 (c)                                    |     | 275          | 209,688    |
| 9.75%, 11/15/14   |     | 250          | 208,125    |
| Innophos, Inc., 8.875%, 8/15/14                         |     | 1,170        | 1,199,250  |
| Key Plastics LLC, 11.75%, 3/15/13 (a)                   |     | 205          | 71,750     |
| MacDermid, Inc., 9.50%, 4/15/17 (a)                     |     | 755          | 690,825    |
| Terra Capital, Inc. Series B, 7%, 2/01/17               |     | 265          | 257,713    |



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3,881,351

**Commercial Services & Supplies 3.3%**

|   |       |           |
|---|-------|-----------|
| ARAMARK Corp., 8.50%, 2/01/15               | 85    | 85,637    |
| Casella Waste Systems, Inc., 9.75%, 2/01/13 | 400   | 396,000   |
| DI Finance Series B, 9.50%, 2/15/13         | 904   | 897,220   |
| Sally Holdings LLC:                         |       |           |
| 9.25%, 11/15/14                             | 90    | 91,013    |
| 10.50%, 11/15/16                            | 529   | 531,645   |
| Waste Services, Inc., 9.50%, 4/15/14        | 800   | 808,000   |
| West Corp.:                                 |       |           |
| 9.50%, 10/15/14                             | 375   | 319,688   |
| 11%, 10/15/16                               | 1,195 | 935,087   |
|   |       | 4,064,290 |

**Communications Equipment 0.4%**

|   |     |         |
|---|-----|---------|
| Nortel Networks Ltd., 7.041%, 7/15/11 (c) | 555 | 514,762 |
|---|-----|---------|

**Construction Materials 1.2%**

|  |       |           |
|--|-------|-----------|
| Nortek Holdings, Inc., 10%, 12/01/13 (a) | 1,580 | 1,477,300 |
|--|-------|-----------|

**Corporate Bonds**

|  | Par<br>(000) | Value |
|--|--------------|-------|
|--|--------------|-------|

**Containers & Packaging 5.5%**

|  |     |       |    |           |
|--|-----|-------|----|-----------|
| Berry Plastics Holding Corp., 6.651%, 9/15/14 (c)      | USD | 300   | \$ | 225,000   |
| Crown Americas LLC, 7.75%, 11/15/15                    |     | 255   |    | 261,375   |
| Graphic Packaging International Corp., 9.50%, 8/15/13  |     | 65    |    | 61,100    |
| Impress Holdings BV, 5.916%, 9/15/13 (a)(c)            |     | 775   |    | 697,500   |
| Jefferson Smurfit Corp. US, 7.50%, 6/01/13             |     | 1,000 |    | 830,000   |
| Owens-Brockway Glass Container, Inc., 8.25%, 5/15/13   |     | 2,600 |    | 2,678,000 |
| Pregis Corp., 12.375%, 10/15/13                        |     | 1,034 |    | 987,470   |
| Smurfit-Stone Container Enterprises, Inc., 8%, 3/15/17 |     | 1,140 |    | 912,000   |
|  |     |       |    | 6,652,445 |

**Diversified Financial Services 4.0%**

|  |     |       |  |           |
|--|-----|-------|--|-----------|
| Axcan Intermediate Holdings, Inc., 12.75%, 3/01/16 (a) |     | 240   |  | 241,200   |
| FCE Bank Plc, 7.125%, 1/16/12                          | EUR | 1,100 |  | 1,345,966 |
| Ford Motor Credit Co LLC:                              |     |       |  |           |
| 8.625%, 11/01/10                                       | USD | 140   |  | 116,957   |
| 5.538%, 1/13/12 (c)                                    |     | 290   |  | 214,108   |
| 7.80%, 6/01/12   |     | 1,500 |  | 1,113,998 |
| GMAC LLC:  |     |       |  |           |
| 6.875%, 8/28/12  |     | 710   |  | 416,518   |
| 5.011%, 12/01/14 (c)                                   |     | 560   |  | 294,082   |
| 6.75%, 12/01/14  |     | 405   |  | 219,901   |
| 8%, 11/01/31   |     | 675   |  | 364,061   |
| Leucadia National Corp., 8.125%, 9/15/15               |     | 600   |  | 603,750   |
|  |     |       |  | 4,930,541 |

**Diversified Telecommunication Services 5.9%**

|  |  |       |  |           |
|--|--|-------|--|-----------|
| Broadview Networks Holdings, Inc., 11.375%, 9/01/12      |  | 440   |  | 378,400   |
| Cincinnati Bell, Inc., 7.25%, 7/15/13                    |  | 2,085 |  | 2,004,206 |
| Qwest Capital Funding, Inc., 7%, 8/03/09                 |  | 230   |  | 229,713   |
| Qwest Communications International, Inc., 7.50%, 2/15/14 |  | 1,280 |  | 1,164,800 |
| Qwest Corp., 6.026%, 6/15/13 (c)                         |  | 850   |  | 786,250   |
| Wind Acquisition Finance SA, 10.75%, 12/01/15 (a)        |  | 1,100 |  | 1,127,500 |
| Windstream Corp.:  |  |       |  |           |
| 8.125%, 8/01/13  |  | 855   |  | 846,450   |
| 8.625%, 8/01/16  |  | 645   |  | 638,550   |

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7,175,869

**Electric Utilities 1.5%**

|   |     |         |
|---|-----|---------|
| Edison Mission Energy, 7.50%, 6/15/13             | 35  | 35,087  |
| Elwood Energy LLC, 8.159%, 7/05/26                | 453 | 427,327 |
| Homer City Funding LLC Series B, 8.734%, 10/01/26 | 150 | 162,499 |
| NSG Holdings LLC, 7.75%, 12/15/25 (a)             | 565 | 542,400 |
| Salton Sea Funding Corp. Series E, 8.30%, 5/30/11 | 619 | 657,639 |

1,824,952

**Electrical Equipment 1.0%**

|  |     |         |
|--|-----|---------|
| Coleman Cable, Inc., 9.875%, 10/01/12          | 400 | 372,000 |
| Superior Essex Communications LLC, 9%, 4/15/12 | 830 | 867,350 |

1,239,350

**Electronic Equipment & Instruments 0.8%**

|                                    |     |         |
|------------------------------------|-----|---------|
| NXP BV, 5.541%, 10/15/13 (c)       | 440 | 342,100 |
| Sanmina-SCI Corp., 8.125%, 3/01/16 | 725 | 654,313 |

996,413

**Energy Equipment & Services 1.6%**

|  |       |           |
|--|-------|-----------|
| Compagnie Generale de Geophysique-Veritas:<br>7.50%, 5/15/15 | 135   | 134,325   |
| 7.75%, 5/15/17   | 220   | 218,900   |
| Grant Prideco, Inc. Series B, 6.125%, 8/15/15                | 100   | 97,193    |
| North American Energy Partners, Inc., 8.75%, 12/01/11        | 1,560 | 1,552,200 |

2,002,618

**Food & Staples Retailing 0.3%**

|                                |     |         |
|--------------------------------|-----|---------|
| Rite Aid Corp., 7.50%, 3/01/17 | 445 | 369,350 |
|--------------------------------|-----|---------|

**Food Products 0.4%**

|                                   |     |         |
|-----------------------------------|-----|---------|
| Del Monte Corp., 8.625%, 12/15/12 | 475 | 479,750 |
|-----------------------------------|-----|---------|

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock High Income Shares (HIS)**  
(Percentages shown are based on Net Assets)

| Corporate Bonds                                      | Par<br>(000) | Value     |
|--|--------------|-----------|
| <b>Gas Utilities 0.3%</b>                            |              |           |
| El Paso Natural Gas Co., 8.375%, 6/15/32             | USD 50       | \$ 55,300 |
| Targa Resources, Inc., 8.50%, 11/01/13               | 345          | 327,750   |
|  |              | 383,050   |
| <b>Health Care Equipment &amp; Supplies 3.0%</b>     |              |           |
| Biomet, Inc.:  |              |           |
| 10.375%, 10/15/17 (b)                                | 120          | 126,600   |
| 11.625%, 10/15/17                                    | 120          | 126,150   |
| Catalent Pharma Solutions, Inc., 9.50%, 4/15/15 (b)  | 610          | 509,350   |
| DJO Finance LLC, 10.875%, 11/15/14                   | 2,400        | 2,406,000 |
| Hologic, Inc., 2%, 12/15/37 (d)(e)                   | 395          | 322,419   |
|  |              | 3,490,519 |
| <b>Health Care Providers &amp; Services 1.9%</b>     |              |           |
| Community Health Systems, Inc.                       |              |           |
| 8.875%, 7/15/15                                      | 250          | 252,500   |
| Tenet Healthcare Corp.:                              |              |           |
| 6.375%, 12/01/11                                     | 125          | 120,625   |
| 6.50%, 6/01/12                                       | 1,735        | 1,678,613 |
| United Surgical Partners International, Inc.,        |              |           |
| 8.875%, 5/01/17                                      | 346          | 297,560   |
|  |              | 2,349,298 |
| <b>Hotels, Restaurants &amp; Leisure 5.2%</b>        |              |           |
| American Real Estate Partners LP, 7.125%, 2/15/13    | 735          | 642,206   |
| Caesars Entertainment, Inc., 7.875%, 3/15/10         | 500          | 426,250   |
| Gaylord Entertainment Co.:                           |              |           |
| 8%, 11/15/13   | 1,000        | 917,500   |
| 6.75%, 11/15/14                                      | 450          | 392,625   |
| Great Canadian Gaming Corp., 7.25%, 2/15/15 (a)      | 1,390        | 1,310,075 |
| Greektown Holdings, LLC, 10.75%, 12/01/13 (a)(f)(g)  | 649          | 489,995   |
| Harrah s Operating Co., Inc., 10.75%, 2/01/18 (a)(b) | 1,470        | 868,258   |
| Seneca Gaming Corp. Series B, 7.25%, 5/01/12         | 630          | 562,275   |
| Travelport LLC, 7.436%, 9/01/14 (c)                  | 170          | 133,875   |
| Tropicana Entertainment LLC, 9.625%, 12/15/14 (f)(g) | 215          | 68,800    |
| Virgin River Casino Corp., 9%, 1/15/12               | 585          | 410,963   |
| Wynn Las Vegas LLC, 6.625%, 12/01/14                 | 100          | 91,125    |
|  |              | 6,313,947 |
| <b>Household Durables 0.6%</b>                       |              |           |
| Jarden Corp., 7.50%, 5/01/17                         | 690          | 614,100   |
| The Yankee Candle Co., Inc., 9.75%, 2/15/17          | 100          | 63,500    |
|  |              | 677,600   |
| <b>IT Services 2.1%</b>                              |              |           |
| First Data Corp., 9.875%, 9/24/15 (a)                | 575          | 495,937   |
| iPayment, Inc., 9.75%, 5/15/14                       | 335          | 280,562   |

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|   |       |           |
|---|-------|-----------|
| iPayment Investors LP, 12.75%, 7/15/14 (a)(b) | 1,507 | 1,496,148 |
| SunGard Data Systems, Inc., 9.125%, 8/15/13   | 310   | 314,650   |
|   |       | 2,587,297 |

### Independent Power Producers & Energy Traders 3.4%

|  |       |           |
|--|-------|-----------|
| AES Red Oak LLC Series B, 9.20%, 11/30/29            | 1,250 | 1,256,250 |
| Energy Future Holding Corp., 11.25%, 11/01/17 (a)(b) | 1,600 | 1,576,000 |
| NRG Energy, Inc.:                                    |       |           |
| 7.25%, 2/01/14                                       | 100   | 98,625    |
| 7.375%, 2/01/16                                      | 570   | 562,875   |
| Texas Competitive Electric Holdings Co. LLC (a):     |       |           |
| 10.50%, 11/01/16 (b)                                 | 430   | 410,650   |
| Series B, 10.25%, 11/01/15                           | 290   | 289,275   |
|  |       | 4,193,675 |

### Industrial Conglomerates 1.8%

|                      |       |           |
|----------------------|-------|-----------|
| Sequa Corp.(a):      |       |           |
| 11.75%, 12/01/15     | 1,150 | 1,012,000 |
| 13.50%, 12/01/15 (b) | 1,499 | 1,221,634 |
|                      |       | 2,233,634 |

| Corporate Bonds                               |     | Par<br>(000) |    | Value   |
|---|-----|--------------|----|---------|
| <b style="color: #0070C0;">Insurance 0.8%</b> |     |              |    |         |
| Alliant Holdings I, Inc., 11%, 5/01/15 (a)    | USD | 800          | \$ | 712,000 |
| USI Holdings Corp., 6.679%, 11/15/14 (a)(c)   |     | 310          |    | 247,225 |
|   |     |              |    | 959,225 |

### Leisure Equipment & Products 0.3%

|  |  |     |  |         |
|--|--|-----|--|---------|
| Easton-Bell Sports, Inc., 8.375%, 10/01/12 |  | 430 |  | 365,500 |
|--|--|-----|--|---------|

### Machinery 2.6%

|   |  |       |  |           |
|---|--|-------|--|-----------|
| AGY Holding Corp., 11%, 11/15/14                |  | 890   |  | 827,700   |
| Accuride Corp., 8.50%, 2/01/15                  |  | 340   |  | 219,300   |
| RBS Global, Inc., 8.875%, 9/01/16               |  | 370   |  | 345,025   |
| Sunstate Equipment Co. LLC, 10.50%, 4/01/13 (a) |  | 1,720 |  | 1,255,600 |
| Terex Corp.:                                    |  |       |  |           |
| 7.375%, 1/15/14                                 |  | 175   |  | 172,375   |
| 8%, 11/15/17                                    |  | 330   |  | 325,875   |
|   |  |       |  | 3,145,875 |

### Marine 0.2%

|   |  |     |  |         |
|---|--|-----|--|---------|
| Navios Maritime Holdings, Inc., 9.50%, 12/15/14 |  | 254 |  | 242,570 |
|---|--|-----|--|---------|

### Media 13.6%

|  |  |       |  |           |
|--|--|-------|--|-----------|
| Affinion Group, Inc., 10.125%, 10/15/13                    |  | 1,045 |  | 1,029,325 |
| CMP Susquehanna Corp., 9.875%, 5/15/14                     |  | 865   |  | 540,625   |
| Cablevision Systems Corp. Series B, 7.133%, 4/01/09 (c)    |  | 750   |  | 753,750   |
| Charter Communications Holdings I, LLC, 11%, 10/01/15      |  | 455   |  | 347,313   |
| Charter Communications Holdings II, LLC, 10.25%, 9/15/10   |  | 2,860 |  | 2,743,025 |
| Charter Communications Operating, LLC, 8.375%, 4/30/14 (a) |  | 500   |  | 481,875   |
| Dex Media West LLC, 9.875%, 8/15/13                        |  | 1,183 |  | 910,910   |
| DirecTV Holdings LLC:                                      |  |       |  |           |
| 8.375%, 3/15/13  |  | 300   |  | 310,500   |
| 7.625%, 5/15/16 (a)  |  | 640   |  | 638,400   |

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|   |       |           |
|---|-------|-----------|
| EchoStar DBS Corp.:   |       |           |
| 7%, 10/01/13  | 192   | 182,400   |
| 7.125%, 2/01/16   | 325   | 299,000   |
| Harland Clarke Holdings Corp.:                              |       |           |
| 7.554%, 5/15/15 (c)   | 160   | 112,800   |
| 9.50%, 5/15/15  | 190   | 149,150   |
| Network Communications, Inc., 10.75%, 12/01/13              | 830   | 596,562   |
| Nielsen Finance LLC, 10%, 8/01/14                           | 1,780 | 1,802,250 |
| ProtoStar I Ltd., 12.50%, 10/15/12 (a)(c)(d)                | 1,382 | 1,340,759 |
| R.H. Donnelley Corp., 11.75%, 5/15/15 (a)                   | 870   | 639,450   |
| Rainbow National Services LLC, 10.375%, 9/01/14 (a)         | 1,653 | 1,758,379 |
| Sinclair Broadcast Group, Inc. Class A, 4.875%, 7/15/18 (e) | 225   | 206,156   |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (a)                  | 1,570 | 1,342,350 |
| Virgin Media, Inc., 6.50%, 11/15/16 (a)(d)                  | 195   | 178,913   |
| Windstream Regatta Holdings, Inc., 11%, 12/01/17 (a)        | 304   | 176,320   |

16,540,212

**Metals & Mining 4.3%**

|   |       |           |
|---|-------|-----------|
| AK Steel Corp., 7.75%, 6/15/12            | 415   | 424,338   |
| Aleris International, Inc.:               |       |           |
| 9%, 12/15/14                              | 200   | 156,000   |
| 10%, 12/15/16                             | 680   | 474,300   |
| FMG Finance Property Ltd. (a):            |       |           |
| 10%, 9/01/13                              | 240   | 256,800   |
| 10.625%, 9/01/16                          | 735   | 823,200   |
| Freeport-McMoRan Copper & Gold, Inc.:     |       |           |
| 5.883%, 4/01/15 (c)                       | 430   | 431,135   |
| 8.375%, 4/01/17                           | 1,720 | 1,823,200 |
| Ryerson, Inc. (a):                        |       |           |
| 10.176%, 11/01/14 (c)                     | 180   | 171,900   |
| 12%, 11/01/15                             | 125   | 122,500   |
| Steel Dynamics, Inc., 7.375%, 11/01/12    | 230   | 227,700   |
| Vedanta Resources Plc, 9.50%, 7/18/18 (a) | 295   | 294,586   |

5,205,659

**Multiline Retail 0.3%**

|   |     |         |
|---|-----|---------|
| Neiman Marcus Group, Inc., 9%, 10/15/15 (b) | 345 | 335,512 |
|---|-----|---------|

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock High Income Shares (HIS)**  
(Percentages shown are based on Net Assets)

| Corporate Bonds                                      | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Oil, Gas &amp; Consumable Fuels 7.8%</b>          |              |            |
| Atlas Energy Resources LLC, 10.75%, 2/01/18 (a)      | USD 575      | \$ 577,875 |
| Berry Petroleum Co., 8.25%, 11/01/16                 | 275          | 262,625    |
| Chaparral Energy, Inc., 8.50%, 12/01/15              | 100          | 87,000     |
| Chesapeake Energy Corp.:                             |              |            |
| 6.375%, 6/15/15                                      | 350          | 325,500    |
| 6.625%, 1/15/16                                      | 235          | 220,312    |
| 7.25%, 12/15/18                                      | 650          | 633,750    |
| 2.25%, 12/15/38 (d)                                  | 375          | 351,563    |
| Compton Petroleum Finance Corp., 7.625%, 12/01/13    | 245          | 229,994    |
| Connacher Oil and Gas Ltd., 10.25%, 12/15/15 (a)     | 605          | 624,662    |
| Corral Finans AB, 7.713%, 4/15/10 (a)(b)             | 928          | 858,692    |
| Denbury Resources, Inc., 7.50%, 12/15/15             | 75           | 73,219     |
| EXCO Resources, Inc., 7.25%, 1/15/11                 | 1,115        | 1,103,850  |
| Encore Acquisition Co., 6%, 7/15/15                  | 130          | 113,425    |
| Forest Oil Corp., 7.25%, 6/15/19                     | 1,035        | 952,200    |
| OPTI Canada, Inc., 8.25%, 12/15/14                   | 980          | 978,775    |
| Petrohawk Energy Corp., 7.875%, 6/01/15 (a)          | 300          | 279,750    |
| Sabine Pass LNG LP, 7.50%, 11/30/16                  | 210          | 183,750    |
| SandRidge Energy, Inc., 8%, 6/01/18 (a)              | 455          | 426,563    |
| Whiting Petroleum Corp.:                             |              |            |
| 7.25%, 5/01/12                                       | 150          | 144,750    |
| 7.25%, 5/01/13                                       | 1,155        | 1,108,800  |
|  |              | 9,537,055  |
| <b>Paper &amp; Forest Products 2.6%</b>              |              |            |
| Abitibi-Consolidated, Inc., 8.85%, 8/01/30           | 80           | 29,600     |
| Bowater, Inc.:                                       |              |            |
| 9%, 8/01/09  | 270          | 251,100    |
| 5.776%, 3/15/10 (c)                                  | 350          | 287,000    |
| Domtar Corp.:  |              |            |
| 7.875%, 10/15/11                                     | 100          | 102,750    |
| 7.125%, 8/15/15                                      | 160          | 154,400    |
| NewPage Corp.:                                       |              |            |
| 10%, 5/01/12   | 1,260        | 1,222,200  |
| 12%, 5/01/13   | 435          | 406,725    |
| Norske Skog Canada Ltd., 7.375%, 3/01/14             | 175          | 122,937    |
| Verso Paper Holdings LLC Series B:                   |              |            |
| 6.551%, 8/01/14 (c)                                  | 130          | 115,700    |
| 9.125%, 8/01/14                                      | 465          | 437,100    |
|  |              | 3,129,512  |
| <b>Pharmaceuticals 0.5%</b>                          |              |            |
| Angiotech Pharmaceuticals, Inc., 6.56%, 12/01/13 (c) | 630          | 557,550    |
| <b>Professional Services 0.2%</b>                    |              |            |
| FTI Consulting, Inc., 7.75%, 10/01/16                | 275          | 285,312    |
| <b>Real Estate Management &amp; Development 0.9%</b> |              |            |
| Realogy Corp.:                                       |              |            |
| 10.50%, 4/15/14                                      | 680          | 401,200    |
| 11%, 4/15/14 (b)                                     | 1,045        | 491,150    |

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|                  |     |           |
|------------------|-----|-----------|
| 12.375%, 4/15/15 | 325 | 149,500   |
|                  |     | 1,041,850 |

**Semiconductors & Semiconductor Equipment 0.9%**

|  |     |           |
|--|-----|-----------|
| Amkor Technology, Inc.:                |     |           |
| 7.75%, 5/15/13                         | 160 | 150,000   |
| 9.25%, 6/01/16                         | 155 | 149,575   |
| Freescale Semiconductor, Inc.:         |     |           |
| 8.875%, 12/15/14                       | 160 | 129,600   |
| 9.125%, 12/15/14 (b)                   | 360 | 280,800   |
| Spansion, Inc., 5.935%, 6/01/13 (a)(c) | 550 | 382,250   |
|  |     | 1,092,225 |

**Software 0.1%**

|  |     |         |
|--|-----|---------|
| BMS Holdings, Inc., 10.595%, 2/15/12 (a)(b)(c) | 198 | 118,705 |
|--|-----|---------|

| Corporate Bonds                                | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Specialty Retail 5.7%</b>                   |              |            |
| Asbury Automotive Group, Inc., 7.625%, 3/15/17 | USD 240      | \$ 171,600 |
| AutoNation, Inc.:                              |              |            |
| 4.791%, 4/15/13 (c)                            | 360          | 297,000    |
| 7%, 4/15/14                                    | 360          | 311,400    |
| General Nutrition Centers, Inc.:               |              |            |
| 7.199%, 3/15/14 (b)(c)                         | 800          | 658,791    |
| 10.75%, 3/15/15                                | 990          | 858,825    |
| Group 1 Automotive, Inc., 2.25%, 6/15/36 (e)   | 470          | 280,238    |
| Lazy Days R.V. Center, Inc., 11.75%, 5/15/12   | 2,307        | 1,153,500  |
| Michaels Stores, Inc.:                         |              |            |
| 10%, 11/01/14                                  | 680          | 510,000    |
| 11.375%, 11/01/16                              | 490          | 313,600    |
| Rent-A-Center, Inc. Series B, 7.50%, 5/01/10   | 1,910        | 1,871,800  |
| United Auto Group, Inc., 7.75%, 12/15/16       | 710          | 575,988    |
|  |              | 7,002,742  |

**Textiles, Apparel & Luxury Goods 0.2%**

|                                   |     |         |
|-----------------------------------|-----|---------|
| Quiksilver, Inc., 6.875%, 4/15/15 | 350 | 280,875 |
|-----------------------------------|-----|---------|

**Wireless Telecommunication Services 8.0%**

|  |       |           |
|--|-------|-----------|
| American Tower Corp., 7.125%, 10/15/12                 | 1,000 | 1,020,000 |
| Centennial Communications Corp.:                       |       |           |
| 8.541%, 1/01/13 (c)                                    | 650   | 646,750   |
| 8.125%, 2/01/14  | 645   | 654,675   |
| Cricket Communications, Inc.:                          |       |           |
| 10.875%, 11/01/14                                      | 540   | 535,275   |
| 10%, 7/15/15 (a)                                       | 40    | 40,200    |
| Digicel Group Ltd. (a):                                |       |           |
| 8.875%, 1/15/15  | 590   | 553,892   |
| 9.125%, 1/15/15 (b)                                    | 1,320 | 1,192,950 |
| FiberTower Corp., 9%, 11/15/12 (d)                     | 300   | 198,000   |
| iPCS, Inc., 4.926%, 5/01/13 (c)                        | 280   | 248,500   |
| MetroPCS Wireless, Inc., 9.25%, 11/01/14               | 1,415 | 1,402,619 |
| Nordic Telephone Co. Holdings ApS, 8.875%, 5/01/16 (a) | 1,980 | 1,905,750 |
| Rural Cellular Corp., 8.25%, 3/15/12                   | 350   | 364,438   |
| Sprint Capital Corp., 7.625%, 1/30/11                  | 1,025 | 1,025,000 |
|  |       | 9,788,049 |

|                                     |  |             |
|-------------------------------------|--|-------------|
| <b>Total Corporate Bonds 103.2%</b> |  | 125,758,319 |
|-------------------------------------|--|-------------|

**Floating Rate Loan Interests****Auto Components 0.6%**

|   |     |         |
|---|-----|---------|
| Dana Corp. Term Advance, 6.75%, 1/31/15         | 724 | 665,302 |
| Delphi Automotive Systems:                      |     |         |
| Initial Tranche C, 8.50%, 12/31/08              | 136 | 112,596 |
| Subsequent Tranche C Term Loan, 8.50%, 12/31/08 | 14  | 11,467  |
|   |     | 789,365 |

**Automobiles 0.5%**

|  |     |         |
|--|-----|---------|
| Ford Motor Term Loan, 5.47%, 12/16/13                    | 425 | 328,978 |
| General Motors Corp. Term Secured Loan, 5.163%, 11/29/13 | 374 | 276,154 |
|  |     | 605,132 |

**Building Products 2.1%**

|  |       |           |
|--|-------|-----------|
| Building Material Corp. of America Term Loan Advance,<br>5.438% - 5.5625%, 2/24/14 | 249   | 213,943   |
| CPG International, I Inc. Term Loan B, 7.85%, 2/28/11                              | 1,500 | 1,470,000 |
| Stile Acquisition (Masonite International):  |       |           |
| Canadian Term Loan, 4.63% - 5.046%, 4/06/13  | 498   | 424,086   |
| U.S. Term Loan, 4.63% - 5.046%, 4/06/13  | 500   | 426,070   |
|  |       | 2,534,099 |

**Chemicals 1.1%**

|   |       |           |
|---|-------|-----------|
| PQ Corp. Second Lien Loan, 9.30%, 7/30/15 | 1,500 | 1,297,500 |
|---|-------|-----------|

See Notes to Financial Statements.



## Schedule of Investments (continued)

**BlackRock High Income Shares (HIS)**  
(Percentages shown are based on Net Assets)

| Floating Rate Loan Interests  | Par<br>(000) | Value             |
|---|--------------|-------------------|
| <b>Health Care Providers &amp; Services 1.2%</b>                                      |              |                   |
| Community Health Systems, Inc. Term Loan B,<br>5.06%, 6/18/14                         | USD 714      | \$ 674,347        |
| Rotech Healthcare, Inc. Term Loan,<br>9.676%, 9/26/11 (b)                             | 808          | 764,352           |
|   |              | 1,438,699         |
| <b>Hotels, Restaurants &amp; Leisure 0.9%</b>   |              |                   |
| Travelport, Inc. Term Loan,<br>9.793%, 3/27/12 (b)                                    | 1,834        | 1,127,704         |
| <b>Household Products 0.2%</b>  |              |                   |
| Spectrum Brands, Inc.:  |              |                   |
| Dollar Term Loan B, 6.669% - 6.804%, 3/30/13  | 271          | 232,982           |
| Letter of Credit, 2.31375%, 3/30/13   | 13           | 11,765            |
|   |              | 244,747           |
| <b>Independent Power Producers &amp; Energy Traders 1.6%</b>                          |              |                   |
| Calpine Corp. First Priority Term Loan, 5.685%, 3/29/14                               | 300          | 278,625           |
| Texas Competitive Electric Holdings Co., LLC (TXU):                                   |              |                   |
| Initial Tranche Term Loan B-2, 5.963% - 6.303%, 10/10/14                              | 249          | 231,821           |
| Initial Tranche Term Loan B-3, 5.963% - 6.303%, 10/10/14                              | 1,489        | 1,384,538         |
|   |              | 1,894,984         |
| <b>Machinery 0.8%</b>   |              |                   |
| Navistar International Transportation Corp.:  |              |                   |
| Revolving Credit, 5.686%, 6/30/12   | 245          | 225,706           |
| Term Loan, 6.292%, 6/30/12  | 680          | 626,450           |
| Rexnord Corp. Loan, 9.676%, 3/01/13 (b)   | 186          | 148,673           |
|   |              | 1,000,829         |
| <b>Media 3.1%</b>   |              |                   |
| Cengage (Thomson Learning, Inc.) Tranche 1<br>Incremental Term Loan 2, 7.50%, 7/05/14 | 750          | 742,500           |
| HMH Publishing (Education Media):   |              |                   |
| Mezzanine Term Loan, 5.50% - 6.46375%, 11/14/14                                       | 2,586        | 2,068,985         |
| Tranche A Term Loan B, 6.46375%, 11/14/14   | 1,098        | 985,890           |
|   |              | 3,797,375         |
| <b>Oil, Gas &amp; Consumable Fuels 0.8%</b>   |              |                   |
| Turbo Beta Limited Dollar Facility, 14.50%, 3/15/18 (h)                               | 1,003        | 983,338           |
| <b>Paper &amp; Forest Products 0.3%</b>   |              |                   |
| Verso Paper Holdings LLC:   |              |                   |
| Term Loan, 9.03313%, 2/01/13  | 421          | 394,800           |
| <b>Total Floating Rate Loan Interests 13.2%</b>                                       |              | <b>16,108,572</b> |

| Common Stocks (g)                               | Shares |                |
|---|--------|----------------|
| <b>Containers &amp; Packaging 0.2%</b>          |        |                |
| Owens-Illinois, Inc.                            | 4,745  | 211,627        |
| <b>Machinery 0.0%</b>                           |        |                |
| Goss Holdings Inc. Class B (h)                  | 64,467 | 1              |
| <b>Wireless Telecommunication Services 0.0%</b> |        |                |
| Crown Castle International Corp.                | 495    | 18,513         |
| <b>Total Common Stocks 0.2%</b>                 |        | <b>230,141</b> |

| Preferred Securities                       | Par (000) | Value            |
|--|-----------|------------------|
| <b>Capital Trusts</b>                      |           |                  |
| <b>Diversified Financial Services 1.1%</b> |           |                  |
| Citigroup, Inc., 8.40% (c)(i)              | USD 1,210 | \$ 1,027,314     |
| JPMorgan Chase & Co., 7.90% (c)(i)         | 350       | 317,975          |
| <b>Total Capital Trusts 1.1%</b>           |           | <b>1,345,289</b> |

| Preferred Stocks   | Shares |                  |
|--|--------|------------------|
| <b>Containers &amp; Packaging 0.4%</b>                       |        |                  |
| Smurfit-Stone Container Corp., 7% (b)(d)                     | 30,000 | 525,000          |
| <b>Independent Power Producers &amp; Energy Traders 0.8%</b> |        |                  |
| NTG Energy, Inc., 4%   | 500    | 954,375          |
| <b>Media 0.2%</b>  |        |                  |
| Emmis Communications Corp. Class A, 6.25% (d)                | 10,300 | 260,075          |
| <b>Wireless Telecommunication Services 0.5%</b>              |        |                  |
| Crown Castle International Corp., 6.25% (d)                  | 10,000 | 547,500          |
| <b>Total Preferred Stocks 1.9%</b>                           |        | <b>2,286,950</b> |
| <b>Total Preferred Securities 3.0%</b>                       |        | <b>3,632,239</b> |

| Other Interests (j) | Beneficial Interest (000) |
|---------------------|---------------------------|
|                     |                           |

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**Health Care Providers & Services 0.0%**

|   |     |   |       |
|---|-----|---|-------|
| Critical Care Systems International, Inc. (h) | USD | 5 | 1,591 |
|---|-----|---|-------|

|                                   |  |  |       |
|-----------------------------------|--|--|-------|
| <b>Total Other Interests 0.0%</b> |  |  | 1,591 |
|-----------------------------------|--|--|-------|

|  |  |  |             |
|--|--|--|-------------|
| <b>Total Long-Term Investments<br/>(Cost \$161,390,640) 119.6%</b> |  |  | 145,730,862 |
|--|--|--|-------------|

---

|                              |  |                      |  |
|------------------------------|--|----------------------|--|
| <b>Short-Term Securities</b> |  | <b>Par<br/>(000)</b> |  |
|------------------------------|--|----------------------|--|

**U.S. Government & Agency Obligations 1.3%**

|  |  |       |           |
|--|--|-------|-----------|
| Federal Home Loan Bank, 2.60%, 9/02/08 (k) |  | 1,600 | 1,600,000 |
|--|--|-------|-----------|

|  |  |  |           |
|--|--|--|-----------|
| <b>Total Short-Term Securities<br/>(Cost \$1,600,000) 1.3%</b> |  |  | 1,600,000 |
|--|--|--|-----------|

|   |  |  |             |
|---|--|--|-------------|
| <b>Total Investments<br/>(Cost \$162,990,640*) 120.9%</b> |  |  | 147,330,862 |
|---|--|--|-------------|

|  |  |  |              |
|--|--|--|--------------|
| <b>Liabilities in Excess of Other Assets (20.9)%</b> |  |  | (25,522,519) |
|--|--|--|--------------|

|                          |  |    |             |
|--------------------------|--|----|-------------|
| <b>Net Assets 100.0%</b> |  | \$ | 121,808,343 |
|--------------------------|--|----|-------------|

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2008

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## Schedule of Investments (concluded)

## BlackRock High Income Shares (HIS)

\* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2008, as computed for federal income tax purposes, were as follows:

|                               |                 |
|-------------------------------|-----------------|
| Aggregate cost                | \$ 163,361,591  |
| Gross unrealized appreciation | \$ 1,367,022    |
| Gross unrealized depreciation | (17,397,751)    |
| Net unrealized depreciation   | \$ (16,030,729) |

- (a) Security 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 investors.
- (b) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (c) Variable rate security. Rate shown is as of report date.
- (d) Convertible security.
- (e) Represents a step bond. Rate shown reflects the effective yield at time of purchase.
- (f) Issuer filed for bankruptcy or is in default of interest payments.
- (g) Non-income producing security.
- (h) Security is fair valued.
- (i) Security is perpetual in nature and has no stated maturity date.
- (j) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (k) Rate shown is yield to maturity as of the date of purchase.
- For Trust compliance purposes, the Trust's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Trust management. This definition may not apply for purposes of this report which may combine industry subclassifications for reporting ease. These industry classifications are unaudited.

Foreign currency exchange contracts as of August 31, 2008 were as follows:

| Currency Purchased | Currency Sold | Settlement Date | Unrealized Appreciation |
|--------------------|---------------|-----------------|-------------------------|
| USD 1,397,924      | EUR 948,000   | 10/23/08        | \$11,282                |

Currency abbreviations:

EUR Euro  
USD U.S. Dollar

Effective January 1, 2008, the Trust adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements ( FAS 157 ). FAS 157 clarifies the definition of fair value, establishes a framework for measuring fair values and requires additional disclosures about the use of fair value measurements. Various inputs are used in determining the fair value of investments, which are as follows:

Level 1 - price quotations in active markets/exchanges for identical securities

Level 2 - other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, and default rates) or other market-corroborated inputs)

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Level 3 - unobservable inputs based on the best information available in the circumstance, to the extent observable inputs are not available (including the Trust's own assumption used in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Trust's policy regarding valuation of investments and other significant accounting policies, please refer to Note 1 of the Notes to Financial Statements.

The following table summarizes the inputs used as of August 31, 2008 in determining the fair valuation of the Trust's investments:

| Valuation Inputs | Investments in Securities | Other Financial Instruments* |
|------------------|---------------------------|------------------------------|
| Level 1          | \$ 230,140                | \$                           |
| Level 2          | 146,115,792               | 11,282                       |
| Level 3          | 984,930                   |                              |
| <b>Total</b>     | <b>\$ 147,330,862</b>     | <b>\$ 11,282</b>             |

\* Other financial instruments are foreign currency exchange contracts.

The following is a reconciliation of investments for unobservable inputs (Level 3):

|  | Investments in Securities |
|--|---------------------------|
| Balance, as of December 31, 2007                 | \$ 1,592                  |
| Accrued discounts/premiums                       |                           |
| Realized gain (loss)                             |                           |
| Change in unrealized appreciation (depreciation) |                           |
| Net purchases (sales)                            | 983,338                   |
| Net transfers in/out of Level 3                  |                           |
| Balance, as of August 31, 2008                   | \$ 984,930                |

See Notes to Financial Statements.

## Schedule of Investments August 31, 2008

BlackRock High Yield Trust (BHY)  
(Percentages shown are based on Net Assets)

| Corporate Bonds   | Par<br>(000) | Value      |
|---|--------------|------------|
| <b>Aerospace &amp; Defense 1.2%</b>                     |              |            |
| CHC Helicopter Corp., 7.375%, 5/01/14                   | \$ 170       | \$ 176,800 |
| DRS Technologies, Inc.:                                 |              |            |
| 6.875%, 11/01/13  | 40           | 40,500     |
| 7.625%, 2/01/18   | 100          | 105,250    |
| Hexcel Corp., 6.75%, 2/01/15                            | 80           | 77,600     |
| L-3 Communications Corp., 5.875%, 1/15/15               | 20           | 18,850     |
| TransDigm, Inc., 7.75%, 7/15/14                         | 100          | 97,250     |
|   |              | 516,250    |
| <b>Air Freight &amp; Logistics 0.2%</b>                 |              |            |
| Park-Ohio Industries, Inc., 8.375%, 11/15/14            | 85           | 70,125     |
| <b>Airlines 0.2%</b>                                    |              |            |
| American Airlines, Inc. Series 99-1, 7.324%, 4/15/11    | 95           | 86,450     |
| <b>Auto Components 2.7%</b>                             |              |            |
| Allison Transmission, Inc. (a):                         |              |            |
| 11%, 11/01/15   | 95           | 87,400     |
| 11.25%, 11/01/15 (b)                                    | 235          | 206,800    |
| The Goodyear Tire & Rubber Co.:                         |              |            |
| 7.857%, 8/15/11   | 135          | 135,675    |
| 8.625%, 12/01/11  | 236          | 243,080    |
| Lear Corp., 8.75%, 12/01/16                             | 135          | 101,587    |
| Metaldyne Corp., 10%, 11/01/13                          | 255          | 68,850     |
| Stanadyne Corp. Series 1, 10%, 8/15/14                  | 350          | 329,000    |
|   |              | 1,172,392  |
| <b>Automobiles 1.1%</b>                                 |              |            |
| Ford Capital BV, 9.50%, 6/01/10                         | 520          | 432,900    |
| Ford Motor Co., 8.90%, 1/15/32                          | 125          | 66,250     |
|   |              | 499,150    |
| <b>Building Products 1.2%</b>                           |              |            |
| CPG International I, Inc., 10.50%, 7/01/13              | 150          | 115,500    |
| Momentive Performance Materials, Inc., 11.50%, 12/01/16 | 285          | 222,300    |
| Ply Gem Industries, Inc., 11.75%, 6/15/13 (a)           | 220          | 200,200    |
|   |              | 538,000    |
| <b>Capital Markets 0.5%</b>                             |              |            |
| Marsico Parent Co., LLC, 10.625%, 1/15/16 (a)           | 174          | 146,160    |
| Marsico Parent Holdco, LLC, 12.50%, 7/15/16 (a)(b)      | 64           | 53,512     |
| Marsico Parent Superholdco, LLC, 14.50%, 1/15/18 (a)(b) | 43           | 36,080     |
|   |              | 235,752    |
| <b>Chemicals 3.3%</b>                                   |              |            |
| American Pacific Corp., 9%, 2/01/15                     | 140          | 135,800    |

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|   |     |         |
|---|-----|---------|
| Ames True Temper, Inc., 6.791%, 1/15/12 (c) | 265 | 212,000 |
| Hexion U.S. Finance Corp.:                  |     |         |
| 7.304%, 11/15/14 (c)                        | 100 | 76,250  |
| 9.75%, 11/15/14                             | 75  | 62,437  |
| Huntsman LLC, 11.50%, 7/15/12               | 95  | 99,275  |
| Innophos, Inc., 8.875%, 8/15/14             | 545 | 558,625 |
| Key Plastics LLC, 11.75%, 3/15/13 (a)       | 70  | 24,500  |
| MacDermid, Inc., 9.50%, 4/15/17 (a)         | 265 | 242,475 |
| Terra Capital, Inc. Series B, 7%, 2/01/17   | 40  | 38,900  |

1,450,262

**Commercial Services & Supplies 2.8%**

|  |     |         |
|--|-----|---------|
| ARAMARK Corp., 8.50%, 2/01/15                          | 55  | 55,412  |
| DI Finance Series B, 9.50%, 2/15/13                    | 201 | 199,492 |
| Sally Holdings LLC:                                    |     |         |
| 9.25%, 11/15/14  | 35  | 35,394  |
| 10.50%, 11/15/16                                       | 179 | 179,895 |
| US Investigations Services, Inc., 10.50%, 11/01/15 (a) | 100 | 89,000  |
| Waste Services, Inc., 9.50%, 4/15/14                   | 185 | 186,850 |
| West Corp.:  |     |         |
| 9.50%, 10/15/14  | 125 | 106,563 |
| 11%, 10/15/16  | 475 | 371,688 |

1,224,294

| Corporate Bonds | Par<br>(000) | Value |
|-----------------|--------------|-------|
|-----------------|--------------|-------|

**Communications Equipment 0.3%**

|   |        |            |
|---|--------|------------|
| Nortel Networks Ltd., 7.041%, 7/15/11 (c) | \$ 145 | \$ 134,487 |
|---|--------|------------|

**Construction Materials 1.1%**

|  |     |         |
|--|-----|---------|
| Nortek Holdings, Inc., 10%, 12/01/13 (a) | 530 | 495,550 |
|--|-----|---------|

**Containers & Packaging 2.6%**

|  |     |         |
|--|-----|---------|
| Berry Plastics Holding Corp., 6.651%, 9/15/14 (c)      | 75  | 56,250  |
| Cascades, Inc., 7.25%, 2/15/13                         | 175 | 147,875 |
| Crown Americas LLC, 7.75%, 11/15/15                    | 85  | 87,125  |
| Graphic Packaging International Corp., 9.50%, 8/15/13  | 30  | 28,200  |
| Impress Holdings BV, 5.916%, 9/15/13 (a)(c)            | 270 | 243,000 |
| Pregis Corp., 12.375%, 10/15/13                        | 310 | 296,050 |
| Smurfit-Stone Container Enterprises, Inc., 8%, 3/15/17 | 375 | 300,000 |

1,158,500

**Diversified Financial Services 3.5%**

|   |     |         |
|---|-----|---------|
| CDX North America High Yield Series 6-T1, 8.625%, 6/29/11 | 490 | 494,596 |
| Ford Motor Credit Co. LLC:                                |     |         |
| 5.538%, 1/13/12 (c)                                       | 110 | 81,213  |
| 7.80%, 6/01/12  | 500 | 371,332 |
| GMAC LLC:   |     |         |
| 5.011%, 12/01/14 (c)                                      | 225 | 118,158 |
| 6.75%, 12/01/14   | 230 | 124,882 |
| 8%, 11/01/31  | 240 | 129,444 |
| Leucadia National Corp., 8.125%, 9/15/15                  | 200 | 201,250 |

1,520,875

**Diversified Telecommunication Services 5.3%**

|   |       |         |
|---|-------|---------|
| Asia Global Crossing Ltd., 13.375%, 10/15/10 (d)(e) | 2,000 | 90,000  |
| Broadview Networks Holdings, Inc., 11.375%, 9/01/12 | 180   | 154,800 |
| Cincinnati Bell, Inc., 7.25%, 7/15/13               | 405   | 389,306 |

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|  |     |         |
|--|-----|---------|
| Qwest Communications International, Inc., 7.50%, 2/15/14 | 875 | 796,250 |
| Qwest Corp., 6.026%, 6/15/13 (c)                         | 230 | 212,750 |
| Wind Acquisition Finance SA, 10.75%, 12/01/15 (a)        | 375 | 384,375 |
| Windstream Corp.:  |     |         |
| 8.125%, 8/01/13  | 200 | 198,000 |
| 8.625%, 8/01/16  | 120 | 118,800 |

2,344,281

### Electric Utilities 1.7%

|   |     |         |
|---|-----|---------|
| Elwood Energy LLC, 8.159%, 7/05/26                      | 449 | 423,908 |
| Homer City Funding LLC Series B, 8.734%, 10/01/26       | 97  | 104,838 |
| NSG Holdings LLC, 7.75%, 12/15/25 (a)                   | 170 | 163,200 |
| Sithe/Independence Funding Corp. Series A, 9%, 12/30/13 | 36  | 37,903  |

729,849

### Electrical Equipment 1.1%

|  |     |         |
|--|-----|---------|
| Coleman Cable, Inc., 9.875%, 10/01/12          | 155 | 144,150 |
| Superior Essex Communications LLC, 9%, 4/15/12 | 305 | 318,725 |

462,875

### Electronic Equipment & Instruments 0.8%

|                                    |     |         |
|------------------------------------|-----|---------|
| NXP BV, 5.541%, 10/15/13 (c)       | 125 | 97,187  |
| Sanmina-SCI Corp., 8.125%, 3/01/16 | 255 | 230,137 |

327,324

### Energy Equipment & Services 1.2%

|   |     |         |
|---|-----|---------|
| Compagnie Generale de Geophysique-Veritas:                  |     |         |
| 7.50%, 5/15/15  | 50  | 49,750  |
| 7.75%, 5/15/17  | 80  | 79,600  |
| Grant Prideco, Inc. Series B, 6.125%, 8/15/15               | 50  | 48,597  |
| Hornbeck Offshore Services, Inc. Series B, 6.125%, 12/01/14 | 5   | 4,650   |
| North American Energy Partners, Inc., 8.75%, 12/01/11       | 335 | 333,325 |

515,922

### Food & Staples Retailing 1.0%

|                                  |     |         |
|----------------------------------|-----|---------|
| The Pantry, Inc., 7.75%, 2/15/14 | 265 | 221,275 |
| Rite Aid Corp., 7.50%, 3/01/17   | 250 | 207,500 |

428,775

See Notes to Financial Statements.



## Schedule of Investments (continued)

BlackRock High Yield Trust (BHY)  
(Percentages shown are based on Net Assets)

| Corporate Bonds   | Par<br>(000) | Value      |
|---|--------------|------------|
| <b>Gas Utilities 0.4%</b>                                     |              |            |
| Targa Resources, Inc., 8.50%, 11/01/13                        | \$ 200       | \$ 190,000 |
| <b>Health Care Equipment &amp; Supplies 3.0%</b>              |              |            |
| Biomet, Inc.:   |              |            |
| 10%, 10/15/17   | 75           | 81,000     |
| 10.375%, 10/15/17 (b)   | 120          | 126,600    |
| 11.625%, 10/15/17   | 100          | 105,125    |
| Catalent Pharma Solutions, Inc., 9.50%, 4/15/15 (b)           | 150          | 125,250    |
| DJO Finance LLC, 10.875%, 11/15/14                            | 760          | 761,900    |
| Hologic, Inc., 2%, 12/15/37 (f)(g)                            | 145          | 118,356    |
|   |              | 1,318,231  |
| <b>Health Care Providers &amp; Services 2.0%</b>              |              |            |
| Community Health Systems, Inc., 8.875%, 7/15/15               | 40           | 40,400     |
| Tenet Healthcare Corp.:                                       |              |            |
| 6.375%, 12/01/11  | 45           | 43,425     |
| 6.50%, 6/01/12  | 615          | 595,012    |
| United Surgical Partners International, Inc., 8.875%, 5/01/17 | 119          | 102,340    |
| Viant Holdings, Inc., 10.125%, 7/15/17 (a)                    | 115          | 97,175     |
|   |              | 878,352    |
| <b>Hotels, Restaurants &amp; Leisure 5.7%</b>                 |              |            |
| American Real Estate Partners LP:                             |              |            |
| 8.125%, 6/01/12   | 185          | 161,644    |
| 7.125%, 2/15/13   | 300          | 279,375    |
| Gaylord Entertainment Co.:                                    |              |            |
| 8%, 11/15/13  | 40           | 36,700     |
| 6.75%, 11/15/14   | 280          | 244,300    |
| Great Canadian Gaming Corp., 7.25%, 2/15/15 (a)               | 320          | 301,600    |
| Greektown Holdings, LLC, 10.75%, 12/01/13 (a)(d)(e)           | 174          | 131,370    |
| Harrah's Operating Co., Inc. (a):                             |              |            |
| 10.75%, 2/01/16   | 525          | 353,063    |
| 10.75%, 2/01/18 (b)   | 702          | 414,638    |
| Seneca Gaming Corp. Series B, 7.25%, 5/01/12                  | 140          | 124,950    |
| Shingle Springs Tribal Gaming Authority, 9.375%, 6/15/15 (a)  | 40           | 32,500     |
| Travelport LLC, 7.436%, 9/01/14 (c)                           | 60           | 47,250     |
| Tropicana Entertainment LLC,                                  |              |            |
| 9.625%, 12/15/14 (d)(e)                                       | 25           | 8,000      |
| Virgin River Casino Corp., 9%, 1/15/12                        | 445          | 312,613    |
| Wynn Las Vegas LLC, 6.625%, 12/01/14                          | 70           | 63,788     |
|   |              | 2,511,791  |
| <b>Household Durables 0.3%</b>                                |              |            |
| Jarden Corp., 7.50%, 5/01/17                                  | 150          | 133,500    |
| The Yankee Candle Co., Inc., 9.75%, 2/15/17                   | 30           | 19,050     |
|   |              | 152,550    |
| <b>IT Services 1.9%</b>                                       |              |            |

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|   |     |         |
|---|-----|---------|
| First Data Corp., 9.875%, 9/24/15 (a)         | 195 | 168,188 |
| iPayment, Inc., 9.75%, 5/15/14                | 120 | 100,500 |
| iPayment Investors LP, 12.75%, 7/15/14 (a)(b) | 500 | 494,450 |
| SunGard Data Systems, Inc., 9.125%, 8/15/13   | 85  | 86,275  |

849,413

### Independent Power Producers & Energy Traders 4.4%

|  |     |         |
|--|-----|---------|
| AES Red Oak LLC:                                     |     |         |
| Series A, 8.54%, 11/30/19                            | 127 | 129,476 |
| Series B, 9.20%, 11/30/29                            | 500 | 502,500 |
| Energy Future Holding Corp., 11.25%, 11/01/17 (a)(b) | 575 | 566,375 |
| NRG Energy, Inc.:                                    |     |         |
| 7.25%, 2/01/14                                       | 130 | 128,212 |
| 7.375%, 2/01/16                                      | 385 | 380,188 |
| Texas Competitive Electric Holdings Co. LLC (a):     |     |         |
| 10.50%, 11/01/16 (b)                                 | 160 | 152,800 |
| Series B, 10.25%, 11/01/15                           | 70  | 69,825  |

1,929,376

| Corporate Bonds | Par<br>(000) | Value |
|-----------------|--------------|-------|
|-----------------|--------------|-------|

### Industrial Conglomerates 1.7%

|                      |        |            |
|----------------------|--------|------------|
| Sequa Corp. (a):     |        |            |
| 11.75%, 12/01/15     | \$ 380 | \$ 334,400 |
| 13.50%, 12/01/15 (b) | 496    | 404,403    |

738,803

### Insurance 0.8%

|   |     |         |
|---|-----|---------|
| Alliant Holdings I, Inc., 11%, 5/01/15 (a)  | 300 | 267,000 |
| USI Holdings Corp., 6.679%, 11/15/14 (a)(c) | 100 | 79,750  |

346,750

### Leisure Equipment & Products 0.2%

|  |     |        |
|--|-----|--------|
| Easton-Bell Sports, Inc., 8.375%, 10/01/12 | 115 | 97,750 |
|--|-----|--------|

### Machinery 2.0%

|   |     |         |
|---|-----|---------|
| AGY Holding Corp., 11%, 11/15/14                | 200 | 186,000 |
| Accuride Corp., 8.50%, 2/01/15                  | 85  | 54,825  |
| RBS Global, Inc., 8.875%, 9/01/16               | 85  | 79,262  |
| Sunstate Equipment Co. LLC, 10.50%, 4/01/13 (a) | 510 | 372,300 |
| Terex Corp.:                                    |     |         |
| 7.375%, 1/15/14                                 | 55  | 54,175  |
| 8%, 11/15/17                                    | 135 | 133,312 |

879,874

### Marine 0.2%

|   |     |         |
|---|-----|---------|
| Navios Maritime Holdings, Inc., 9.50%, 12/15/14 | 106 | 101,230 |
|---|-----|---------|

### Media 12.3%

|  |     |         |
|--|-----|---------|
| Affinion Group, Inc., 10.125%, 10/15/13                  | 390 | 384,150 |
| CMP Susquehanna Corp., 9.875%, 5/15/14                   | 290 | 181,250 |
| CSC Holdings, Inc. Series B, 7.625%, 4/01/11             | 45  | 45,225  |
| Cablevision Systems Corp. Series B, 7.133%, 4/01/09 (c)  | 175 | 175,875 |
| Charter Communications Holdings I, LLC, 11%, 10/01/15    | 190 | 145,301 |
| Charter Communications Holdings II, LLC, 10.25%, 9/15/10 | 850 | 815,625 |
| Dex Media West LLC, 9.875%, 8/15/13                      | 40  | 30,800  |

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|  |     |           |
|--|-----|-----------|
| DirecTV Holdings LLC:                                |     |           |
| 8.375%, 3/15/13                                      | 125 | 129,375   |
| 7.625%, 5/15/16 (a)                                  | 240 | 239,400   |
| EchoStar DBS Corp.:                                  |     |           |
| 7%, 10/01/13   | 40  | 38,000    |
| 7.125%, 2/01/16                                      | 260 | 239,200   |
| Harland Clarke Holdings Corp.:                       |     |           |
| 7.554%, 5/15/15 (c)                                  | 50  | 35,250    |
| 9.50%, 5/15/15                                       | 60  | 47,100    |
| Intelsat Corp., 6.875%, 1/15/28                      | 210 | 161,700   |
| Network Communications, Inc., 10.75%, 12/01/13       | 245 | 176,094   |
| Nielsen Finance LLC, 10%, 8/01/14                    | 560 | 567,000   |
| ProtoStar I Ltd., 12.50%, 10/15/12 (a)(c)(f)         | 401 | 388,922   |
| R.H. Donnelley Corp., 11.75%, 5/15/15 (a)            | 404 | 296,940   |
| Rainbow National Services LLC (a):                   |     |           |
| 8.75%, 9/01/12                                       | 310 | 316,200   |
| 10.375%, 9/01/14                                     | 318 | 338,273   |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (a)           | 590 | 504,450   |
| Virgin Media, Inc., 6.50%, 11/15/16 (a)(f)           | 75  | 68,813    |
| Windstream Regatta Holdings, Inc., 11%, 12/01/17 (a) | 150 | 87,000    |
|  |     | 5,411,943 |

**Metals & Mining 3.6%**

|                                       |     |         |
|---------------------------------------|-----|---------|
| AK Steel Corp., 7.75%, 6/15/12        | 85  | 86,912  |
| Aleris International, Inc.:           |     |         |
| 9%, 12/15/14 (b)                      | 120 | 93,600  |
| 10%, 12/15/16                         | 125 | 87,187  |
| FMG Finance Property Ltd.(a):         |     |         |
| 10%, 9/01/13                          | 85  | 90,950  |
| 10.625%, 9/01/16                      | 205 | 229,600 |
| Freeport-McMoRan Copper & Gold, Inc.: |     |         |
| 5.883%, 4/01/15 (c)                   | 240 | 240,634 |
| 8.375%, 4/01/17                       | 415 | 439,900 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock High Yield Trust (BHY)**  
 (Percentages shown are based on Net Assets)

| Corporate Bonds  | Par<br>(000) | Value     |
|--|--------------|-----------|
| <b>Metals &amp; Mining (concluded)</b>                         |              |           |
| Ryerson, Inc. (a):   |              |           |
| 10.176%, 11/01/14 (c)  | \$ 60        | \$ 57,300 |
| 12%, 11/01/15  | 85           | 83,300    |
| Steel Dynamics, Inc., 7.375%, 11/01/12                         | 80           | 79,200    |
| Vedanta Resources Plc, 9.50%, 7/18/18 (a)                      | 105          | 104,853   |
|  |              | 1,593,436 |
| <b>Multiline Retail 0.3%</b>                                   |              |           |
| Neiman Marcus Group, Inc., 9%, 10/15/15 (b)                    | 115          | 111,837   |
| <b>Oil, Gas &amp; Consumable Fuels 10.8%</b>                   |              |           |
| Atlas Energy Resources LLC, 10.75%, 2/01/18 (a)                | 210          | 211,050   |
| Berry Petroleum Co., 8.25%, 11/01/16                           | 80           | 76,400    |
| Chaparral Energy, Inc., 8.50%, 12/01/15                        | 100          | 87,000    |
| Chesapeake Energy Corp.:                                       |              |           |
| 6.375%, 6/15/15  | 90           | 83,700    |
| 6.625%, 1/15/16  | 250          | 234,375   |
| 7.25%, 12/15/18  | 125          | 121,875   |
| 2.25%, 12/15/38 (f)  | 125          | 117,188   |
| Compton Petroleum Finance Corp., 7.625%, 12/01/13              | 100          | 93,875    |
| Connacher Oil and Gas Ltd., 10.25%, 12/15/15 (a)               | 200          | 206,500   |
| Corral Finans AB, 7.713%, 4/15/10 (a)(b)                       | 338          | 312,250   |
| Denbury Resources, Inc., 7.50%, 12/15/15                       | 30           | 29,287    |
| EXCO Resources, Inc., 7.25%, 1/15/11                           | 370          | 366,300   |
| Encore Acquisition Co., 6%, 7/15/15                            | 40           | 34,900    |
| Forest Oil Corp.:  |              |           |
| 7.25%, 6/15/19   | 190          | 174,800   |
| 7.25%, 6/15/19 (a)   | 175          | 161,000   |
| Frontier Oil Corp., 6.625%, 10/01/11                           | 65           | 63,212    |
| Newfield Exploration Co., 6.625%, 9/01/14                      | 30           | 28,238    |
| OPTI Canada, Inc., 8.25%, 12/15/14                             | 440          | 439,450   |
| Overseas Shipholding Group, Inc., 7.50%, 2/15/24               | 350          | 319,375   |
| Petrohawk Energy Corp., 7.875%, 6/01/15 (a)                    | 50           | 46,625    |
| Range Resources Corp., 7.375%, 7/15/13                         | 185          | 183,150   |
| Sabine Pass LNG LP, 7.50%, 11/30/16                            | 130          | 113,750   |
| SandRidge Energy, Inc., 8%, 6/01/18 (a)                        | 165          | 154,688   |
| Tennessee Gas Pipeline Co., 8.375%, 6/15/32                    | 160          | 176,960   |
| Transcontinental Gas Pipe Line Corp. Series B, 8.875%, 7/15/12 | 400          | 443,852   |
| Whiting Petroleum Corp.:                                       |              |           |
| 7.25%, 5/01/12   | 125          | 120,625   |
| 7.25%, 5/01/13   | 370          | 355,200   |
|  |              | 4,755,625 |
| <b>Paper &amp; Forest Products 2.6%</b>                        |              |           |
| Abitibi-Consolidated, Inc., 8.85%, 8/01/30                     | 35           | 12,950    |
| Ainsworth Lumber Co. Ltd., 11%, 7/29/15 (a)                    | 18           | 14,782    |
| Bowater, Inc.:   |              |           |
| 9%, 8/01/09  | 60           | 55,800    |
| 5.776%, 3/15/10 (c)  | 130          | 106,600   |
| Domtar Corp., 7.125%, 8/15/15                                  | 40           | 38,600    |
| NewPage Corp.:   |              |           |
| 10%, 5/01/12   | 520          | 504,400   |

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|  |     |           |
|--|-----|-----------|
| 12%, 5/01/13                             | 160 | 149,600   |
| Norske Skog Canada Ltd., 7.375%, 3/01/14 | 120 | 84,300    |
| Verso Paper Holdings LLC Series B:       |     |           |
| 6.551%, 8/01/14 (c)                      | 40  | 35,600    |
| 9.125%, 8/01/14                          | 165 | 155,100   |
|  |     | 1,157,732 |

**Pharmaceuticals 0.5%**

|  |     |         |
|--|-----|---------|
| Angiotech Pharmaceuticals, Inc., 6.56%, 12/01/13 (c) | 230 | 203,550 |
|--|-----|---------|

**Professional Services 0.2%**

|                                       |     |         |
|---------------------------------------|-----|---------|
| FTI Consulting, Inc., 7.75%, 10/01/16 | 100 | 103,750 |
|---------------------------------------|-----|---------|

| Corporate Bonds | Par<br>(000) | Value |
|-----------------|--------------|-------|
|-----------------|--------------|-------|

**Real Estate Management & Development 0.7%**

|                  |        |            |
|------------------|--------|------------|
| Realogy Corp.:   |        |            |
| 10.50%, 4/15/14  | \$ 200 | \$ 118,000 |
| 11%, 4/15/14 (b) | 255    | 119,850    |
| 12.375%, 4/15/15 | 105    | 48,300     |
|                  |        | 286,150    |

**Semiconductors & Semiconductor Equipment 1.3%**

|  |     |         |
|--|-----|---------|
| Amkor Technology, Inc.:                |     |         |
| 7.75%, 5/15/13                         | 40  | 37,500  |
| 9.25%, 6/01/16                         | 125 | 120,625 |
| Freescale Semiconductor, Inc.:         |     |         |
| 8.875%, 12/15/14                       | 100 | 81,000  |
| 9.125%, 12/15/14 (b)                   | 235 | 183,300 |
| Spansion, Inc., 5.935%, 6/01/13 (a)(c) | 190 | 132,050 |
|  |     | 554,475 |

**Software 0.1%**

|  |    |        |
|--|----|--------|
| BMS Holdings, Inc., 10.595%, 2/15/12 (a)(b)(c) | 72 | 43,121 |
|--|----|--------|

**Specialty Retail 3.4%**

|  |     |           |
|--|-----|-----------|
| Asbury Automotive Group, Inc., 7.625%, 3/15/17 | 60  | 42,900    |
| AutoNation, Inc.:                              |     |           |
| 4.791%, 4/15/13 (c)                            | 80  | 66,000    |
| 7%, 4/15/14                                    | 90  | 77,850    |
| General Nutrition Centers, Inc.:               |     |           |
| 7.199%, 3/15/14 (b)(c)                         | 250 | 203,852   |
| 10.75%, 3/15/15                                | 280 | 243,600   |
| Group 1 Automotive, Inc., 2.25%, 6/15/36 (g)   | 25  | 14,906    |
| Lazy Days R.V. Center, Inc., 11.75%, 5/15/12   | 475 | 237,500   |
| Michaels Stores, Inc.:                         |     |           |
| 10%, 11/01/14                                  | 150 | 112,500   |
| 11.375%, 11/01/16                              | 130 | 83,200    |
| Rent-A-Center, Inc. Series B, 7.50%, 5/01/10   | 250 | 245,000   |
| United Auto Group, Inc., 7.75%, 12/15/16       | 180 | 146,025   |
|  |     | 1,473,333 |

**Textiles, Apparel & Luxury Goods 0.2%**

|                                   |     |        |
|-----------------------------------|-----|--------|
| Quiksilver, Inc., 6.875%, 4/15/15 | 100 | 80,250 |
|-----------------------------------|-----|--------|

**Thriffs & Mortgage Finance 0.0%**

|   |   |       |
|---|---|-------|
| Residential Capital LLC, 8.50%, 5/15/10 (a) | 7 | 4,830 |
|---|---|-------|

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**Trading Companies & Distributors 0.3%**

|                                      |     |         |
|--------------------------------------|-----|---------|
| Russel Metals, Inc., 6.375%, 3/01/14 | 125 | 117,500 |
|--------------------------------------|-----|---------|

**Wireless Telecommunication Services 6.1%**

|  |     |         |
|--|-----|---------|
| Centennial Communications Corp.:                       |     |         |
| 8.541%, 1/01/13 (c)                                    | 220 | 218,900 |
| 8.125%, 2/01/14  | 455 | 461,825 |
| Cricket Communications, Inc.:                          |     |         |
| 9.375%, 11/01/14                                       | 40  | 39,650  |
| 10.875%, 11/01/14                                      | 180 | 178,425 |
| 10%, 7/15/15 (a)                                       | 10  | 10,050  |
| Digicel Group Ltd.(a):                                 |     |         |
| 8.875%, 1/15/15  | 130 | 122,044 |
| 9.125%, 1/15/15 (b)                                    | 294 | 265,702 |
| iPCS, Inc., 4.926%, 5/01/13 (c)                        | 90  | 79,875  |
| MetroPCS Wireless, Inc., 9.25%, 11/01/14               | 515 | 510,494 |
| Nordic Telephone Co. Holdings ApS, 8.875%, 5/01/16 (a) | 445 | 428,312 |
| Sprint Capital Corp., 7.625%, 1/30/11                  | 355 | 355,000 |

2,670,277

**Total Corporate Bonds 96.8%**

42,473,042

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock High Yield Trust (BHY)**  
(Percentages shown are based on Net Assets)

| Floating Rate Loan Interests  | Par<br>(000) | Value      |
|---|--------------|------------|
| <b>Auto Components 0.8%</b>   |              |            |
| Dana Corp. Term Advance, 6.75%, 1/31/15   | \$ 325       | \$ 298,269 |
| Delphi Automotive Systems<br>Initial Tranche C Loan, 8.50%, 12/31/08  | 50           | 41,354     |
|   |              | 339,623    |
| <b>Automobiles 0.4%</b>   |              |            |
| Ford Motor Term Loan, 5.47%, 12/16/13   | 150          | 116,098    |
| General Motors Corp. Secured Term Loan, 5.163%, 11/29/13  | 100          | 73,641     |
|   |              | 189,739    |
| <b>Building Products 1.1%</b>   |              |            |
| Building Material Corp. of America Term Loan Advance,<br>5.438% - 5.5625%, 2/24/14  | 150          | 128,366    |
| Stile Acquisition (Masonite International):<br>Canadian Term Loan, 4.63% - 5.046%, 4/06/13                                | 198          | 168,851    |
| U.S. Term Loan, 4.63% - 5.046%, 4/06/13   | 200          | 170,149    |
|   |              | 467,366    |
| <b>Chemicals 1.0%</b>   |              |            |
| PQ Corp. Second Lien Loan, 9.30%, 7/30/15   | 500          | 432,500    |
| <b>Health Care Providers &amp; Services 1.2%</b>  |              |            |
| Community Health Systems, Inc. Term Loan B,<br>4.228%, 7/15/14  | 285          | 269,739    |
| Rotech Healthcare, Inc. Term Loan, 9.135%, 9/26/11 (b)  | 288          | 242,330    |
|   |              | 512,069    |
| <b>Hotels, Restaurants &amp; Leisure 0.6%</b>   |              |            |
| Travelport, Inc. Term Loan, 9.793%, 3/27/12 (b)   | 446          | 274,351    |
| <b>Household Products 0.2%</b>  |              |            |
| Spectrum Brands, Inc.:<br>Dollar Term Loan B, 6.669% - 6.804%, 3/30/13  | 80           | 68,524     |
| Letter of Credit, 2.31375%, 3/30/13   | 4            | 3,460      |
|   |              | 71,984     |
| <b>Independent Power Producers &amp; Energy Traders 1.8%</b>  |              |            |
| Calpine Corp. First Priority Term Loan, 5.685%, 3/29/14   | 100          | 92,875     |
| Texas Competitive Electric Holdings Co., LLC (TXU) Term Loan:<br>Initial Tranche Term Loan B-2, 5.963% - 6.303%, 10/10/14 | 248          | 231,239    |
| Initial Tranche Term Loan B-3, 5.963% - 6.303%, 10/10/14  | 496          | 461,513    |
|   |              | 785,627    |
| <b>Machinery 0.8%</b>   |              |            |

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|  |     |         |
|--|-----|---------|
| Navistar International Transportation Corp.: |     |         |
| Revolving Credit, 5.686%, 6/30/12            | 90  | 82,913  |
| Term Loan, 6.292%, 6/30/12                   | 245 | 225,706 |
| Rexnord Corp. Loan, 9.676%, 3/01/13 (b)      | 58  | 46,460  |

355,079

**Media 3.9%**

|   |       |         |
|---|-------|---------|
| Affinion Group, Inc. Loan, 9.3675%, 3/01/12   | 325   | 272,594 |
| Cengage (Thomson Learning, Inc.) Tranche 1<br>Incremental Term Loan 2, 7.50%, 7/05/14 | 250   | 247,500 |
| HMH Publishing (Education Media):<br>Mezzanine Term Loan, 6.46375%, 11/14/14          | 1,034 | 827,594 |
| Tranche A Term Loan, 6.46375%, 11/14/14   | 439   | 394,356 |

1,742,044

**Paper & Forest Products 0.4%**

|  |     |         |
|--|-----|---------|
| Verso Paper Holdings LLC Term Loan,<br>9.033%, 2/01/13 | 179 | 168,000 |
|--|-----|---------|

**Total Floating Rate Loan Interests 12.2%** 5,338,382

**Common Stocks**

**Shares**

**Paper & Forest Products 0.0%**

|                               |       |       |
|-------------------------------|-------|-------|
| Ainsworth Lumber Co. Ltd.     | 2,234 | 6,418 |
| Ainsworth Lumber Co. Ltd. (a) | 2,507 | 7,215 |

13,633

**Common Stocks**

**Shares**

**Value**

**Specialty Retail 0.0%**

|                                   |        |    |
|-----------------------------------|--------|----|
| Mattress Discounters Corp. (d)(h) | 14,992 | \$ |
|-----------------------------------|--------|----|

**Total Common Stocks 0.0%** 13,633

**Preferred Securities**

**Par  
(000)**

**Capital Trusts**

**Diversified Financial Services 1.1%**

|                                    |    |     |         |
|------------------------------------|----|-----|---------|
| Citigroup, Inc., 8.40% (c)(i)      | \$ | 420 | 356,588 |
| JPMorgan Chase & Co., 7.90% (c)(i) |    | 130 | 118,105 |

**Total Capital Trusts 1.1%** 474,693

**Preferred Stocks**

**Shares**

**Capital Markets 0.0%**



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|   |    |         |
|---|----|---------|
| Marsico Parent Superholdco, LLC, 16.75% (a) | 12 | 10,260  |
| <b>Total Preferred Stocks 0.0%</b>          |    | 10,260  |
| <b>Total Preferred Securities 1.1%</b>      |    | 484,953 |

**Warrants (j)**

|  |        |   |
|--|--------|---|
| <b>Communications Equipment 0.0%</b>               |        |   |
| PF Net Communications, Inc. (expires 5/15/10) (a)  | 600    |   |
| <b>Diversified Telecommunication Services 0.0%</b> |        |   |
| NEON Communications, Inc. (expires 12/02/12) (h)   | 53,622 | 1 |
| <b>Total Warrants 0.0%</b>                         |        | 1 |

**Other Interests (k)**

|   |                                  |            |
|---|----------------------------------|------------|
|   | <b>Beneficial Interest (000)</b> |            |
| <b>Health Care Providers &amp; Services 0.0%</b>              |                                  |            |
| Critical Care Systems International, Inc. (h)                 | \$ 5                             | 1,592      |
| <b>Total Other Interests 0.0%</b>                             |                                  | 1,592      |
| <b>Total Long Term Investments (Cost \$56,353,746) 110.1%</b> |                                  | 48,311,603 |

**Short-Term Securities**

|  |                  |           |
|--|------------------|-----------|
|  | <b>Par (000)</b> |           |
| <b>U.S. Government &amp; Agency Obligations 3.4%</b>       |                  |           |
| Federal Home Loan Bank, 2.60%, 9/02/08 (l)                 | 1,500            | 1,500,000 |
| <b>Total Short-Term Securities (Cost \$1,500,000) 3.4%</b> |                  | 1,500,000 |

**Options Purchased**

|  |                  |       |
|--|------------------|-------|
|  | <b>Contracts</b> |       |
| <b>Call Options Purchased</b>                                      |                  |       |
| Marsico Parent Superholdco LLC, expiring December 2019 at \$942.86 | 3                | 5,070 |
| <b>Total Options Purchased (Cost \$2,933) 0.0%</b>                 |                  | 5,070 |

|  |    |             |
|--|----|-------------|
| <b>Total Investments (Cost \$57,856,679*) 113.5%</b> |    | 49,816,673  |
| <b>Liabilities in Excess of Other Assets (13.5)%</b> |    | (5,919,892) |
| <b>Net Assets 100.0%</b>                             | \$ | 43,896,781  |

See Notes to Financial Statements.

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ANNUAL REPORT

AUGUST 31, 2008

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## Schedule of Investments (concluded)

BlackRock High Yield Trust (BHY)

\* The cost and unrealized appreciation (depreciation) of investments, as of August 31, 2008, as computed for federal income tax purposes, were as follows:

|                               |    |             |
|-------------------------------|----|-------------|
| Aggregate cost                | \$ | 57,886,965  |
| Gross unrealized appreciation | \$ | 216,977     |
| Gross unrealized depreciation |    | (8,287,269) |
| Net unrealized depreciation   | \$ | (8,070,292) |

- (a) Security 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 investors.
- (b) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (c) Variable rate security. Rate shown is as of report date.
- (d) Non-income producing security.
- (e) Issuer filed for bankruptcy or is in default of interest payments.
- (f) Convertible security.
- (g) Represents a step bond. Rate shown reflects the effective yield at time of purchase.
- (h) Security is fair valued.
- (i) Security is perpetual in nature and has no stated maturity date.
- (j) Warrants entitle the Trust to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date.
- (k) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (l) Rate shown is the yield to maturity as of the date of purchase.

For Trust compliance purposes, the Trust's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Trust management. This definition may not apply for purposes of this report, which may combine industry subclassifications for reporting ease. These industry classifications are unaudited.

Swaps outstanding as of August 31, 2008 were as follows:

|  | Notional<br>Amount<br>(000) | Unrealized<br>Appreciation |
|--|-----------------------------|----------------------------|
| Sold credit default protection on<br>Cooper Tire & Rubber Co. and received 7.70%<br>Broker, Lehman Brothers Special Financing<br>Expires, September 2013 | \$ 200                      | \$ 61                      |

See Notes to Financial Statements.



## Schedule of Investments August 31, 2008

BlackRock Income Opportunity Trust, Inc. (BNA)  
(Percentages shown are based on Net Assets)

| Corporate Bonds   | Par<br>(000) | Value      |
|---|--------------|------------|
| <b>Aerospace &amp; Defense 0.8%</b>                     |              |            |
| CHC Helicopter Corp., 7.375%, 5/01/14                   | \$ 450       | \$ 468,000 |
| DRS Technologies, Inc.:                                 |              |            |
| 6.875%, 11/01/13  | 80           | 81,000     |
| 7.625%, 2/01/18   | 80           | 84,200     |
| Hexcel Corp., 6.75%, 2/01/15                            | 150          | 145,500    |
| Honeywell International, Inc., 5.70%, 3/15/37           | 915          | 851,808    |
| TransDigm, Inc., 7.75%, 7/15/14                         | 140          | 136,150    |
| United Technologies Corp., 4.875%, 5/01/15 (a)          | 1,250        | 1,255,170  |
|   |              | 3,021,828  |
| <b>Air Freight &amp; Logistics 0.5%</b>                 |              |            |
| Park-Ohio Industries, Inc., 8.375%, 11/15/14            | 165          | 136,125    |
| United Parcel Service, Inc., 6.20%, 1/15/38 (a)         | 1,710        | 1,721,395  |
|   |              | 1,857,520  |
| <b>Airlines 0.0%</b>                                    |              |            |
| American Airlines, Inc. Series 99-1, 7.324%, 4/15/11    | 120          | 109,200    |
| <b>Auto Components 0.1%</b>                             |              |            |
| Lear Corp., 8.75%, 12/01/16                             | 270          | 203,175    |
| Metaldyne Corp., 10%, 11/01/13                          | 295          | 79,650     |
|   |              | 282,825    |
| <b>Biotechnology 0.4%</b>                               |              |            |
| Amgen, Inc. Series WI, 2.889%, 11/28/08 (a)(b)          | 1,325        | 1,322,792  |
| <b>Building Products 0.1%</b>                           |              |            |
| CPG International I, Inc., 10.50%, 7/01/13              | 230          | 177,100    |
| Momentive Performance Materials, Inc., 11.50%, 12/01/16 | 440          | 343,200    |
|   |              | 520,300    |
| <b>Capital Markets 3.4%</b>                             |              |            |
| Credit Suisse (USA) Inc.:                               |              |            |
| 6.125%, 11/15/11 (c)                                    | 700          | 721,003    |
| 7.125%, 7/15/32   | 1,000        | 1,056,473  |
| The Goldman Sachs Group, Inc.:                          |              |            |
| 6.60%, 1/15/12  | 1,000        | 1,034,832  |
| 6.75%, 10/01/37   | 850          | 747,875    |
| Lehman Brothers Holdings, Inc.:                         |              |            |
| 5.625%, 1/24/13   | 1,415        | 1,321,318  |
| 4.80%, 3/13/14  | 100          | 86,665     |
| 6.50%, 7/19/17  | 225          | 199,173    |
| 4.476%, 9/15/22 (b)                                     | 575          | 532,155    |
| Series MTN, 7%, 9/27/27                                 | 550          | 490,430    |
| Morgan Stanley:   |              |            |
| 3.041%, 1/09/12 (b)                                     | 960          | 869,419    |
| 6.25%, 8/28/17  | 1,200        | 1,092,232  |
| 6.25%, 8/09/26 (a)                                      | 2,100        | 1,795,970  |

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|                                      |       |            |
|--------------------------------------|-------|------------|
| UBS AG Series DPNT, 5.875%, 12/20/17 | 1,925 | 1,876,613  |
|                                      |       | 11,824,158 |

### Chemicals 0.6%

|   |     |           |
|---|-----|-----------|
| American Pacific Corp., 9%, 2/01/15         | 280 | 271,600   |
| Ames True Temper, Inc., 6.791%, 1/15/12 (b) | 720 | 576,000   |
| Huntsman LLC, 11.50%, 7/15/12               | 72  | 75,240    |
| Innophos, Inc., 8.875%, 8/15/14             | 975 | 999,375   |
| Key Plastics LLC, 11.75%, 3/15/13 (e)       | 565 | 197,750   |
|   |     | 2,119,965 |

### Commercial Banks 2.8%

|   |       |           |
|---|-------|-----------|
| DEPFA ACS Bank, 5.125%, 3/16/37 (e)     | 4,150 | 3,939,699 |
| HSBC Finance Corp., 6.50%, 5/02/36      | 1,275 | 1,176,969 |
| Wachovia Bank NA, 6.60%, 1/15/38 (a)    | 2,125 | 1,664,829 |
| Wells Fargo & Co., 4.625%, 8/09/10      | 1,000 | 1,012,446 |
| Wells Fargo Bank NA, 7.55%, 6/21/10 (a) | 2,000 | 2,104,410 |
|   |       | 9,898,353 |

### Corporate Bonds

|  | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Commercial Services &amp; Supplies 1.3%</b> |              |              |
| Casella Waste Systems, Inc., 9.75%, 2/01/13    | \$ 2,250     | \$ 2,227,500 |
| DI Finance Series B, 9.50%, 2/15/13            | 679          | 673,908      |
| Sally Holdings LLC, 10.50%, 11/15/16 (e)       | 136          | 136,680      |
| Waste Services, Inc., 9.50%, 4/15/14           | 600          | 606,000      |
| West Corp., 11%, 10/15/16                      | 1,210        | 946,825      |
|  |              | 4,590,913    |

### Communications Equipment 0.2%

|   |     |         |
|---|-----|---------|
| Nortel Networks Ltd., 7.041%, 7/15/11 (b) | 855 | 793,012 |
|---|-----|---------|

### Computers & Peripherals 1.0%

|   |       |           |
|---|-------|-----------|
| International Business Machines Corp., 5.70%, 9/14/17 (a) | 3,450 | 3,518,182 |
|---|-------|-----------|

### Consumer Finance 0.1%

|  |     |         |
|--|-----|---------|
| SLM Corp. Series A, 3.10%, 1/27/14 (b) | 600 | 475,776 |
|--|-----|---------|

### Containers & Packaging 0.3%

|   |     |           |
|---|-----|-----------|
| Berry Plastics Holding Corp., 8.875%, 9/15/14 | 115 | 95,450    |
| Crown Americas LLC, 7.75%, 11/15/15           | 150 | 153,750   |
| Impress Holdings BV, 5.916%, 9/15/13 (b)(e)   | 330 | 297,000   |
| Pregis Corp., 12.375%, 10/15/13               | 535 | 510,925   |
|   |     | 1,057,125 |

### Diversified Financial Services 6.7%

|                                   |       |           |
|-----------------------------------|-------|-----------|
| <b>Bank of America Corp:</b>      |       |           |
| 7.80%, 2/15/10 (a)                | 2,450 | 2,553,250 |
| 6%, 9/01/17                       | 1,795 | 1,708,693 |
| 5.75%, 12/01/17                   | 980   | 914,205   |
| <b>Bank of America NA:</b>        |       |           |
| 5.30%, 3/15/17                    | 600   | 544,465   |
| 6.10%, 6/15/17                    | 1,975 | 1,894,600 |
| <b>Citigroup, Inc.:</b>           |       |           |
| 4.125%, 2/22/10 (a)(c)            | 5,230 | 5,180,901 |
| 6.875%, 2/15/98                   | 550   | 475,664   |
| <b>Ford Motor Credit Co. LLC:</b> |       |           |

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|                                     |       |            |
|-------------------------------------|-------|------------|
| 5.538%, 1/13/12 (b)                 | 120   | 88,597     |
| 7.80%, 6/01/12                      | 380   | 282,213    |
| General Electric Capital Corp. (a): |       |            |
| 6.75%, 3/15/32                      | 3,000 | 3,031,767  |
| 6.15%, 8/07/37                      | 7,610 | 7,216,829  |
|                                     |       | 23,891,184 |

**Diversified Telecommunication Services 4.8%**

|   |       |            |
|---|-------|------------|
| AT&T, Inc., 6.50%, 9/01/37 (a)                            | 4,075 | 3,922,049  |
| Bellsouth Telecommunications, Inc., 6.207%, 12/15/95 (f)  | 1,700 | 844,274    |
| Cincinnati Bell, Inc., 7.25%, 7/15/13                     | 470   | 451,787    |
| Deutsche Telekom International Finance BV, 5.75%, 3/23/16 | 325   | 312,226    |
| Qwest Communications International, Inc., 7.50%, 2/15/14  | 55    | 50,050     |
| Qwest Corp., 6.026%, 6/15/13 (b)                          | 375   | 346,875    |
| Telecom Italia Capital SA, 4.95%, 9/30/14 (a)             | 4,375 | 3,964,603  |
| Telefonica Emisiones SAU, 7.045%, 6/20/36                 | 1,000 | 1,015,441  |
| Verizon Communications, Inc., 6.40%, 2/15/38 (a)          | 2,100 | 1,953,953  |
| Verizon Global Funding Corp., 7.75%, 6/15/32              | 575   | 609,433    |
| Verizon Maryland, Inc.:                                   |       |            |
| Series A, 6.125%, 3/01/12 (c)                             | 1,355 | 1,385,788  |
| Series B, 5.125%, 6/15/33                                 | 540   | 418,043    |
| Verizon Virginia, Inc. Series A, 4.625%, 3/15/13          | 750   | 721,891    |
| Wind Acquisition Finance SA, 10.75%, 12/01/15 (e)         | 360   | 369,000    |
| Windstream Corp.:   |       |            |
| 8.125%, 8/01/13   | 410   | 405,900    |
| 8.625%, 8/01/16   | 250   | 247,500    |
|   |       | 17,018,813 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock Income Opportunity Trust, Inc. (BNA)**  
(Percentages shown are based on Net Assets)

| Corporate Bonds   | Par<br>(000) | Value      |
|---|--------------|------------|
| <b>Electric Utilities 3.8%</b>                            |              |            |
| Duke Energy Carolinas LLC:                                |              |            |
| 6.10%, 6/01/37  | \$ 325       | \$ 309,437 |
| 6%, 1/15/38   | 850          | 822,833    |
| E.ON International Finance BV, 6.65%, 4/30/38 (e)         | 1,575        | 1,597,797  |
| EDP Finance BV, 6%, 2/02/18 (e)                           | 1,250        | 1,239,834  |
| Edison Mission Energy, 7.50%, 6/15/13                     | 130          | 130,325    |
| Elwood Energy LLC, 8.159%, 7/05/26                        | 170          | 160,675    |
| Florida Power & Light Co., 4.95%, 6/01/35                 | 575          | 494,485    |
| Florida Power Corp:                                       |              |            |
| 6.35%, 9/15/37 (a)  | 1,450        | 1,465,767  |
| 6.40%, 6/15/38  | 800          | 814,070    |
| Midwest Generation LLC Series B, 8.56%, 1/02/16           | 84           | 86,193     |
| PacifiCorp., 6.25%, 10/15/37                              | 650          | 631,469    |
| Public Service Co. of Colorado, 6.25%, 9/01/37            | 1,350        | 1,355,760  |
| Southern California Edison Co.:                           |              |            |
| 5.625%, 2/01/36   | 675          | 640,422    |
| Series 05-E, 5.35%, 7/15/35                               | 150          | 136,909    |
| Series 08-A, 5.95%, 2/01/38                               | 1,100        | 1,091,171  |
| Toledo Edison Co./The, 6.15%, 5/15/37                     | 350          | 303,055    |
| Virginia Electric and Power Co. Series A, 6%, 5/15/37 (a) | 2,200        | 2,079,849  |
|   |              | 13,360,051 |
| <b>Electrical Equipment 0.3%</b>                          |              |            |
| Superior Essex Communications LLC, 9%, 4/15/12            | 950          | 992,750    |
| <b>Electronic Equipment &amp; Instruments 0.3%</b>        |              |            |
| Sanmina-SCI Corp., 8.125%, 3/01/16                        | 1,280        | 1,155,200  |
| <b>Energy Equipment &amp; Services 0.6%</b>               |              |            |
| Compagnie Generale de Geophysique-Veritas:                |              |            |
| 7.50%, 5/15/15  | 60           | 59,700     |
| 7.75%, 5/15/17  | 100          | 99,500     |
| Grant Prideco, Inc. Series B, 6.125%, 8/15/15             | 90           | 87,474     |
| North American Energy Partners, Inc., 8.75%, 12/01/11     | 85           | 84,575     |
| Transocean, Inc., 6.80%, 3/15/38                          | 1,175        | 1,172,288  |
| Weatherford International, Inc., 6.80%, 6/15/37 (e)       | 625          | 619,455    |
|   |              | 2,122,992  |
| <b>Food &amp; Staples Retailing 1.2%</b>                  |              |            |
| CVS Caremark Corp., 6.25%, 6/01/27                        | 850          | 807,667    |
| Rite Aid Corp., 7.50%, 3/01/17                            | 770          | 639,100    |
| Wal-Mart Stores, Inc.:                                    |              |            |
| 6.20%, 4/15/38  | 850          | 840,835    |
| 6.50%, 8/15/37 (a)  | 1,975        | 2,021,869  |
|   |              | 4,309,471  |
| <b>Food Products 0.5%</b>                                 |              |            |
| Kraft Foods, Inc., 7%, 8/11/37 (a)                        | 1,670        | 1,661,680  |
| <b>Gas Utilities 0.1%</b>                                 |              |            |



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|  |     |         |
|--|-----|---------|
| El Paso Natural Gas Co., 8.375%, 6/15/32 | 150 | 165,900 |
| Targa Resources, Inc., 8.50%, 11/01/13   | 360 | 342,000 |
|  |     | 507,900 |

**Health Care Equipment & Supplies 0.4%**

|                                    |       |           |
|------------------------------------|-------|-----------|
| DJO Finance LLC, 10.875%, 11/15/14 | 1,530 | 1,533,825 |
|------------------------------------|-------|-----------|

**Health Care Providers & Services 0.4%**

|  |       |           |
|--|-------|-----------|
| Tenet Healthcare Corp., 6.50%, 6/01/12 | 1,640 | 1,586,700 |
|--|-------|-----------|

**Hotels, Restaurants & Leisure 0.3%**

|   |     |           |
|---|-----|-----------|
| American Real Estate Partners LP, 7.125%, 2/15/13   | 350 | 305,813   |
| Gaylord Entertainment Co., 6.75%, 11/15/14          | 250 | 218,125   |
| Greektown Holdings, LLC, 10.75%, 12/01/13 (e)(g)(h) | 305 | 230,275   |
| Seneca Gaming Corp. Series B, 7.25%, 5/01/12        | 290 | 258,825   |
| Wynn Las Vegas LLC, 6.625%, 12/01/14                | 25  | 22,781    |
|   |     | 1,035,819 |

**Corporate Bonds**

Par  
(000)

Value

**Household Durables 0.3%**

|                             |        |            |
|-----------------------------|--------|------------|
| Irwin Land LLC:             |        |            |
| Series A-1, 5.03%, 12/15/25 | \$ 575 | \$ 500,572 |
| Series A-2, 5.30%, 12/15/35 | 780    | 639,304    |
|                             |        | 1,139,876  |

**Household Products 0.3%**

|  |     |           |
|--|-----|-----------|
| Kimberly-Clark, Corp., 6.625%, 8/01/37 | 975 | 1,027,605 |
|--|-----|-----------|

**IT Services 0.4%**

|   |     |           |
|---|-----|-----------|
| iPayment, Inc., 9.75%, 5/15/14                | 270 | 226,125   |
| iPayment Investors LP, 12.75%, 7/15/14 (e)(i) | 994 | 986,734   |
| SunGard Data Systems, Inc., 9.125%, 8/15/13   | 195 | 197,925   |
|   |     | 1,410,784 |

**Independent Power Producers & Energy Traders 0.1%**

|                   |     |         |
|-------------------|-----|---------|
| NRG Energy, Inc.: |     |         |
| 7.25%, 2/01/14    | 50  | 49,312  |
| 7.375%, 2/01/16   | 285 | 281,437 |
|                   |     | 330,749 |

**Industrial Conglomerates 0.4%**

|                      |     |           |
|----------------------|-----|-----------|
| Sequa Corp. (e):     |     |           |
| 11.75%, 12/01/15     | 760 | 668,800   |
| 13.50%, 12/01/15 (i) | 786 | 639,994   |
|                      |     | 1,308,794 |

**Insurance 1.7%**

|  |       |           |
|--|-------|-----------|
| Chubb Corp., 6%, 5/11/37                                 | 1,415 | 1,253,434 |
| Hartford Life Global Funding Trusts, 2.946%, 9/15/09 (b) | 1,020 | 1,016,271 |
| MetLife, Inc., 5.70%, 6/15/35                            | 1,200 | 1,035,002 |
| Monument Global Funding Ltd., 2.646%, 6/16/10 (b)        | 1,990 | 1,973,587 |
| Prudential Financial, Inc., 5.70%, 12/14/36              | 950   | 771,957   |

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6,050,251

**Machinery 0.4%**

|   |       |           |
|---|-------|-----------|
| AGY Holding Corp., 11%, 11/15/14                | 400   | 372,000   |
| Accuride Corp., 8.50%, 2/01/15                  | 305   | 196,725   |
| Sunstate Equipment Co. LLC, 10.50%, 4/01/13 (e) | 1,050 | 766,500   |
|   |       | 1,335,225 |

**Marine 0.3%**

|   |       |           |
|---|-------|-----------|
| Nakilat, Inc. Series A, 6.067%, 12/31/33 (e)        | 1,100 | 960,487   |
| Navios Maritime Holdings, Inc., 9.50%, 12/15/14 (e) | 188   | 179,540   |
|   |       | 1,140,027 |

**Media 6.8%**

|  |       |           |
|--|-------|-----------|
| Affinion Group, Inc., 10.125%, 10/15/13                      | 740   | 728,900   |
| CMP Susquehanna Corp., 9.875%, 5/15/14 (e)                   | 690   | 431,250   |
| Cablevision Systems Corp. Series B, 7.133%, 4/01/09 (b)      | 161   | 161,805   |
| Charter Communications Holdings I, LLC, 11%, 10/01/15        | 115   | 88,262    |
| Charter Communications Holdings II, LLC, 10.25%, 9/15/10     | 1,375 | 1,319,100 |
| Comcast Cable Communications Holdings, Inc., 8.375%, 3/15/13 | 1,415 | 1,562,925 |
| Comcast Cable Communications LLC, 6.75%, 1/30/11             | 1,000 | 1,037,489 |
| Comcast Corp., 6.95%, 8/15/37 (a)                            | 1,805 | 1,761,445 |
| DirecTV Holdings LLC, 8.375%, 3/15/13                        | 140   | 144,900   |
| EchoStar DBS Corp.:  |       |           |
| 5.75%, 10/01/08  | 180   | 180,000   |
| 7%, 10/01/13   | 48    | 45,600    |
| 7.125%, 2/01/16  | 75    | 69,000    |
| Network Communications, Inc., 10.75%, 12/01/13               | 195   | 140,156   |
| News America Holdings, Inc.:                                 |       |           |
| 8.45%, 8/01/34 (a)   | 2,475 | 2,813,035 |
| 8.15%, 10/17/36  | 145   | 160,176   |

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock Income Opportunity Trust, Inc. (BNA)**  
(Percentages shown are based on Net Assets)

| Corporate Bonds                                       | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Media (concluded)</b>                              |              |              |
| Nielsen Finance LLC, 10%, 8/01/14                     | \$ 1,100     | \$ 1,113,750 |
| R.H. Donnelley Corp., 11.75%, 5/15/15 (e)             | 669          | 491,715      |
| Rainbow National Services LLC (e):                    |              |              |
| 8.75%, 9/01/12  | 225          | 229,500      |
| 10.375%, 9/01/14                                      | 1,070        | 1,138,212    |
| TCI Communications, Inc., 8.75%, 8/01/15              | 1,495        | 1,630,676    |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (e)            | 1,100        | 940,500      |
| Time Warner Cable, Inc.:                              |              |              |
| 9.125%, 1/15/13 (a)                                   | 3,000        | 3,274,242    |
| 7.57%, 2/01/24  | 1,635        | 1,655,928    |
| 6.55%, 5/01/37  | 800          | 737,370      |
| 7.30%, 7/01/38  | 1,925        | 1,934,292    |
| Windstream Regatta Holdings, Inc., 11%, 12/01/17 (e)  | 977          | 566,660      |
|   |              | 24,356,888   |
| <b>Metals &amp; Mining 1.7%</b>                       |              |              |
| AK Steel Corp., 7.75%, 6/15/12                        | 1,115        | 1,140,088    |
| Falconbridge Ltd.:                                    |              |              |
| 6%, 10/15/15  | 600          | 568,891      |
| 6.20%, 6/15/35  | 1,550        | 1,267,178    |
| Freeport-McMoRan Copper & Gold, Inc.:                 |              |              |
| 5.883%, 4/01/15 (b)                                   | 660          | 661,742      |
| 8.375%, 4/01/17                                       | 1,225        | 1,298,500    |
| Teck Cominco Ltd., 6.125%, 10/01/35                   | 1,570        | 1,269,555    |
|   |              | 6,205,954    |
| <b>Multi-Utilities 0.6%</b>                           |              |              |
| DTE Energy Co., 6.35%, 6/01/16                        | 450          | 448,208      |
| Energy East Corp., 6.75%, 7/15/36                     | 1,675        | 1,600,541    |
|   |              | 2,048,749    |
| <b>Oil, Gas &amp; Consumable Fuels 5.2%</b>           |              |              |
| Anadarko Petroleum Corp., 6.45%, 9/15/36              | 2,625        | 2,412,656    |
| Berry Petroleum Co., 8.25%, 11/01/16                  | 160          | 152,800      |
| Burlington Resources Finance Co., 7.40%, 12/01/31 (c) | 950          | 1,086,685    |
| Canadian Natural Resources, Ltd.:                     |              |              |
| 6.25%, 3/15/38  | 500          | 460,529      |
| 6.75%, 2/01/39  | 950          | 934,501      |
| Chaparral Energy, Inc., 8.50%, 12/01/15               | 380          | 330,600      |
| Chesapeake Energy Corp., 6.375%, 6/15/15              | 175          | 162,750      |
| Compton Petroleum Finance Corp., 7.625%, 12/01/13     | 90           | 84,488       |
| Conoco Funding Co., 7.25%, 10/15/31                   | 150          | 172,853      |
| ConocoPhillips Canada Funding Co., 5.95%, 10/15/36    | 150          | 149,988      |
| ConocoPhillips Holding Co., 6.95%, 4/15/29            | 700          | 765,734      |
| Devon Energy Corp., 7.95%, 4/15/32                    | 650          | 752,461      |
| EXCO Resources, Inc., 7.25%, 1/15/11                  | 435          | 430,650      |
| EnCana Corp.:   |              |              |
| 6.50%, 8/15/34  | 70           | 66,815       |
| 6.625%, 8/15/37                                       | 775          | 737,452      |
| 6.50%, 2/01/38  | 675          | 632,468      |
| Encore Acquisition Co., 6%, 7/15/15                   | 50           | 43,625       |

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|  |       |            |
|--|-------|------------|
| MidAmerican Energy Co., 5.80%, 10/15/36    | 800   | 726,329    |
| MidAmerican Energy Holdings Co.:           |       |            |
| 5.95%, 5/15/37                             | 950   | 880,244    |
| 6.50%, 9/15/37                             | 1,725 | 1,720,924  |
| Nexen, Inc., 6.40%, 5/15/37                | 600   | 538,157    |
| OPTI Canada, Inc., 8.25%, 12/15/14         | 490   | 489,387    |
| Sabine Pass LNG LP, 7.50%, 11/30/16        | 350   | 306,250    |
| Suncor Energy, Inc., 6.50%, 6/15/38        | 400   | 382,844    |
| TransCanada PipeLines Ltd., 5.85%, 3/15/36 | 600   | 515,076    |
| Valero Energy Corp., 6.625%, 6/15/37       | 550   | 485,291    |
| Whiting Petroleum Corp.:                   |       |            |
| 7.25%, 5/01/12                             | 40    | 38,600     |
| 7.25%, 5/01/13                             | 375   | 360,000    |
| XTO Energy, Inc.:                          |       |            |
| 6.75%, 8/01/37                             | 2,125 | 2,004,281  |
| 6.375%, 6/15/38                            | 925   | 833,854    |
|  |       | 18,658,292 |

| Corporate Bonds                         | Par<br>(000) | Value     |
|---|--------------|-----------|
| <b>Paper &amp; Forest Products 0.2%</b> |              |           |
| Bowater, Inc., 5.776%, 3/15/10 (b)      | \$ 90        | \$ 73,800 |
| Domtar Corp., 7.125%, 8/15/15           | 80           | 77,200    |
| NewPage Corp., 10%, 5/01/12             | 485          | 470,450   |
|   |              | 621,450   |

|   |       |           |
|---|-------|-----------|
| <b>Pharmaceuticals 2.2%</b>                     |       |           |
| Bristol-Myers Squibb Co., 5.875%, 11/15/36      | 1,135 | 1,073,053 |
| Eli Lilly & Co., 5.55%, 3/15/37 (a)             | 2,495 | 2,376,617 |
| Schering-Plough Corp., 6.55%, 9/15/37           | 1,250 | 1,192,699 |
| Teva Pharmaceutical Finance LLC, 6.15%, 2/01/36 | 1,475 | 1,328,221 |
| Wyeth, 5.95%, 4/01/37 (a)                       | 1,775 | 1,704,375 |
|   |       | 7,674,965 |

|                                       |     |         |
|---------------------------------------|-----|---------|
| <b>Professional Services 0.0%</b>     |     |         |
| FTI Consulting, Inc., 7.75%, 10/01/16 | 125 | 129,688 |

|   |       |           |
|---|-------|-----------|
| <b>Real Estate Investment Trusts (REITs) 0.3%</b> |       |           |
| AvalonBay Communities, Inc., 6.625%, 9/15/11      | 1,000 | 1,012,618 |

|   |       |           |
|---|-------|-----------|
| <b>Road &amp; Rail 0.3%</b>                     |       |           |
| Canadian National Railway Co., 6.375%, 10/15/11 | 1,000 | 1,054,686 |

|  |     |         |
|--|-----|---------|
| <b>Semiconductors &amp; Semiconductor Equipment 0.1%</b> |     |         |
| Amkor Technology, Inc.:                                  |     |         |
| 7.75%, 5/15/13   | 90  | 84,375  |
| 9.25%, 6/01/16   | 75  | 72,375  |
| Freescale Semiconductor, Inc.:                           |     |         |
| 8.875%, 12/15/14   | 130 | 105,300 |
| 9.125%, 12/15/14 (i)                                     | 315 | 245,700 |
|  |     | 507,750 |

|  |       |           |
|--|-------|-----------|
| <b>Software 0.7%</b>                           |       |           |
| BMS Holdings, Inc., 10.595%, 2/15/12 (b)(e)(i) | 120   | 72,030    |
| Oracle Corp., 5.75%, 4/15/18                   | 2,300 | 2,306,557 |
|  |       | 2,378,587 |

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|  |       |             |
|--|-------|-------------|
| <b>Specialty Retail 0.5%</b>                           |       |             |
| AutoNation, Inc.:                                      |       |             |
| 4.791%, 4/15/13 (b)                                    | 160   | 132,000     |
| 7%, 4/15/14  | 170   | 147,050     |
| General Nutrition Centers, Inc.:                       |       |             |
| 7.584%, 3/15/14 (b)(i)                                 | 500   | 418,302     |
| 10.75%, 3/15/15  | 450   | 390,375     |
| Lazy Days R.V. Center, Inc., 11.75%, 5/15/12           | 362   | 181,000     |
| Michaels Stores, Inc.:                                 |       |             |
| 10%, 11/01/14  | 435   | 326,250     |
| 11.375%, 11/01/16                                      | 150   | 96,000      |
|  |       | 1,690,977   |
| <b>Textiles, Apparel &amp; Luxury Goods 0.1%</b>       |       |             |
| Quiksilver, Inc., 6.875%, 4/15/15                      | 250   | 200,625     |
| <b>Wireless Telecommunication Services 1.3%</b>        |       |             |
| Cricket Communications, Inc., 9.375%, 11/01/14         | 105   | 104,081     |
| Digicel Group Ltd., 8.875%, 1/15/15 (e)                | 270   | 253,476     |
| MetroPCS Wireless, Inc., 9.25%, 11/01/14               | 80    | 79,300      |
| Nordic Telephone Co. Holdings ApS, 8.875%, 5/01/16 (e) | 935   | 899,937     |
| Rogers Communications, Inc., 7.50%, 8/15/38            | 1,175 | 1,206,553   |
| Sprint Capital Corp.:                                  |       |             |
| 6.875%, 11/15/28                                       | 930   | 790,500     |
| 8.75%, 3/15/32   | 350   | 340,375     |
| Vodafone Group Plc, 7.75%, 2/15/10                     | 1,000 | 1,046,266   |
|  |       | 4,720,488   |
| <b>Total Corporate Bonds 54.9%</b>                     |       | 195,573,362 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Income Opportunity Trust, Inc. (BNA)  
(Percentages shown are based on Net Assets)

| Asset-Backed Securities  | Par<br>(000) | Value             |
|--|--------------|-------------------|
| American Express Issuance Trust Series 2008-2 Class A,<br>4.02%, 1/18/11                             | \$ 2,655     | \$ 2,660,005      |
| Ameriquest Mortgage Securities, Inc. Series 2004-R11<br>Class A1, 2.774%, 11/25/34 (b)               | 1,103        | 809,610           |
| Bank of America Credit Card Trust Series 2008-A9<br>Class A9, 4.07%, 7/16/12                         | 2,555        | 2,563,026         |
| Capital Auto Receivables Asset Trust Series 2006-1<br>Class A3, 5.03%, 10/15/09                      | 582          | 582,790           |
| Chase Issuance Trust Series 2006-A3 Class A3,<br>2.457%, 7/15/11 (b)                                 | 2,650        | 2,634,254         |
| Chase Issuance Trust Series 2007-A17 Class A,<br>5.12%, 10/15/14                                     | 2,600        | 2,593,220         |
| Chase Issuance Trust Series 2008-A9 Class A9,<br>4.26%, 5/15/13                                      | 2,605        | 2,579,098         |
| Chase Manhattan Auto Owner Trust Series 2005-B<br>Class A4, 4.88%, 6/15/12                           | 2,733        | 2,748,917         |
| Citibank Credit Card Issuance Trust Series 2006-A2<br>Class A2, 4.85%, 2/10/11                       | 3,125        | 3,143,251         |
| Citibank Omni Master Trust Series 2007-A9A Class A9,<br>3.571%, 12/23/13 (b)                         | 2,795        | 2,795,655         |
| Daimler Chrysler Auto Trust Series 2006-A Class A3,<br>5%, 5/08/10                                   | 979          | 984,635           |
| Ford Credit Auto Owner Trust Series 2006-A Class A3,<br>5.05%, 3/15/10                               | 871          | 872,862           |
| Harley-Davidson Motorcycle Trust Series 2005-2<br>Class A2, 4.07%, 2/15/12                           | 1,690        | 1,692,358         |
| Home Equity Asset Trust Series 2007-2 Class 2A1,<br>2.582%, 7/25/37 (b)                              | 912          | 835,814           |
| JPMorgan Mortgage Acquisition Corp. Series 2007-CH5<br>Class A3, 2.582%, 6/25/37 (b)                 | 3,730        | 3,200,228         |
| MBNA Credit Card Master Note Trust (e):<br>Series 2006-A1 Class A1, 4.90%, 7/15/11                   | 3,075        | 3,094,573         |
| Series 2006-A4 Class A4, 2.457%, 9/15/11 (b)   | 4,050        | 4,029,295         |
| Morgan Stanley ABS Capital I Series 2006-HE5<br>Class A2A, 2.542%, 8/25/36 (b)                       | 275          | 272,590           |
| SLM Student Loan Trust Series 2008-5 (b):<br>Class A2, 3.90%, 10/25/16                               | 3,300        | 3,303,960         |
| Class A3, 4.10%, 1/25/18   | 840          | 857,648           |
| Class A4, 4.50%, 7/25/23   | 2,250        | 2,316,645         |
| Small Business Administration Participation Certificates<br>Series 1996-20K Class 1, 6.95%, 11/01/16 | 603          | 619,129           |
| Sterling Bank Trust Series 2004-2 Class Note,<br>2.081%, 3/30/30 (j)                                 | 7,844        | 294,135           |
| Sterling Coofs Trust Series 1, 2.362%, 4/15/29 (j)   | 9,834        | 795,891           |
| USAA Auto Owner Trust Series 2006-1 Class A3,<br>5.01%, 9/15/10 (e)                                  | 923          | 928,069           |
| Wachovia Auto Owner Trust Series 2006-A Class A4,<br>5.38%, 3/20/13                                  | 2,275        | 2,173,853         |
| <b>Total Asset-Backed Securities 13.8%</b>   |              | <b>49,381,511</b> |

## Foreign Government Obligations

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|  |     |       |           |
|--|-----|-------|-----------|
| Bundesrepublik Deutschland Series 07, 4.25%, 7/04/39 | EUR | 1,340 | 1,861,834 |
| France Government Bond, 3.15%, 7/25/32               |     | 603   | 1,046,168 |
| <b>Total Foreign Government Obligations 0.8%</b>     |     |       | 2,908,002 |

| U.S. Government Agency Mortgage-Backed Securities                    | Par (000) | Value         |
|--|-----------|---------------|
| Fannie Mae Guaranteed Pass-Through Certificates:                     |           |               |
| 5.00%, 7/1/35  | \$ 12,188 | \$ 11,756,856 |
| 5.50%, 12/01/13 - 9/15/38 (c)(k)                                     | 53,767    | 53,277,712    |
| 6.00%, 3/01/16 - 9/15/38 (k)   | 6,505     | 6,579,568     |
| 7.00%, 2/01/24 - 8/01/36   | 77        | 80,612        |
| Freddie Mac Mortgage Participation Certificates (b):                 |           |               |
| 5.025%, 1/01/35  | 921       | 910,615       |
| 6.148%, 1/01/35  | 280       | 280,313       |
| Ginnie Mae MBS Certificates  |           |               |
| 8.00%, 4/15/24 - 6/15/25   | 95        | 103,727       |
| <b>Total U.S. Government Agency Mortgage-Backed Securities 20.5%</b> |           | 72,989,403    |

**U.S. Government Agency Mortgage-Backed Securities Collateralized Mortgage Obligations**

|   |        |           |
|---|--------|-----------|
| Fannie Mae Trust Series:                    |        |           |
| G-7 Class S, 116.20%, 3/25/21 (b)           | (l)    | 2,497     |
| G-10 Class S, 0.575%, 5/25/21 (j)           | 412    | 7,487     |
| G-12 Class S, 0.608%, 5/25/21 (j)           | 343    | 6,829     |
| G-17 Class S, 0.58%, 6/25/21 (j)            | 206    | 3,400     |
| G-33 Class PV, 1.078%, 10/25/21 (j)         | 269    | 7,118     |
| G-46 Class H, 1.043%, 12/25/09 (j)          | 734    | 3,384     |
| G-49 Class S, 774.80%, 12/25/21 (b)         | (l)    | 1,433     |
| G92-5 Class H, 9%, 1/25/22 (j)              | 66     | 14,223    |
| 7 Class 2, 8.50%, 4/01/17 (j)               | 4      | 936       |
| 89 Class 2, 8%, 10/01/18 (j)                | 8      | 1,739     |
| 94 Class 2, 9.50%, 8/01/21 (j)              | 2      | 494       |
| 203 Class 1, 0%, 2/01/23 (m)                | 17     | 13,784    |
| 228 Class 1, 0%, 6/01/23 (m)                | 12     | 10,274    |
| 378 Class 19, 5%, 6/01/35 (j)               | 4,035  | 1,034,971 |
| 1990-123 Class M, 1.01%, 10/25/20 (j)       | 17     | 410       |
| 1990-136 Class S, 0.015%, 11/25/20 (j)      | 10,456 | 12,291    |
| 1991-38 Class N, 1.009%, 4/25/21 (j)        | 13     | 88        |
| 1991-46 Class S, 1.403%, 5/25/21 (j)        | 76     | 2,828     |
| 1991-87 Class S, 20.058%, 8/25/21 (b)       | 44     | 52,336    |
| 1991-99 Class L, 0.93%, 8/25/21 (j)         | 94     | 1,998     |
| 1991-139 Class PT, 0.648%, 10/25/21 (j)     | 175    | 3,297     |
| 1991-167 Class D, 0%, 10/25/17 (m)          | 13     | 12,759    |
| 1993-51 Class E, 0%, 2/25/23 (m)            | 56     | 45,229    |
| 1993-70 Class A, 0%, 5/25/23 (m)            | 10     | 7,933     |
| 1994-23 Class PS, 10.697%, 4/25/23 (b)      | 529    | 539,384   |
| 1997-50 Class SI, 1.20%, 4/25/23 (j)        | 292    | 11,147    |
| 2004-90 Class JH, 1.828%, 11/25/34 (j)      | 20,628 | 1,912,141 |
| 2005-5 Class PK, 5%, 12/25/34               | 2,390  | 2,409,244 |
| Freddie Mac Multiclass Certificates Series: |        |           |
| 19 Class R, 9.757%, 3/15/20 (j)(n)          | 7      | 1,135     |
| 75 Class R, 9.50%, 1/15/21 (n)              | (l)    | 2         |
| 75 Class RS, 18.554%, 1/15/21 (n)           | (l)    | 2         |
| 173 Class R, 0%, 11/15/21 (j)(n)            | 10     | 9         |
| 173 Class RS, 9.126%, 11/15/21 (n)          | (l)    | 10        |
| 176 Class M, 1.01%, 7/15/21 (j)             | 21     | 476       |
| 192 Class U, 1.009%, 2/15/22 (j)            | 2      | 54        |
| 200 Class R, 98.523%, 12/15/22 (j)(n)       | 1      | 11        |

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|                                    |       |           |
|------------------------------------|-------|-----------|
| 1043 Class H, 0.022%, 2/15/21 (j)  | 5,720 | 8,197     |
| 1054 Class I, 0.435%, 3/15/21 (j)  | 59    | 697       |
| 1056 Class KD, 1.085%, 3/15/21 (j) | 50    | 1,248     |
| 1057 Class J, 1.008%, 3/15/21 (j)  | 62    | 1,439     |
| 1148 Class E, 0.593%, 10/15/21 (j) | 171   | 3,079     |
| 1179 Class O, 1.009%, 11/15/21 (j) | 23    | 120       |
| 1254 Class Z, 8.50%, 4/15/22 (j)   | 127   | 143       |
| 1611 Class JC, 10%, 8/15/23 (b)    | 269   | 276,333   |
| 1739 Class B, 0%, 2/15/24 (m)      | 66    | 58,939    |
| 1831 Class PG, 6.50%, 3/15/11 (j)  | 127   | 7,079     |
| 2611 Class QI, 5.50%, 9/15/32 (j)  | 5,108 | 890,595   |
| 2684 Class SP, 4.986%, 1/15/33 (j) | 410   | 66,626    |
| 3174 Class PZ, 5%, 1/15/36         | 7,487 | 6,476,061 |
| 3208 Class PS, 4.586%, 8/15/36 (j) | 1,983 | 229,855   |
| 3316 Class SB, 4.729%, 8/15/35 (j) | 362   | 48,497    |

**Total U.S. Government Agency Mortgage-Backed Securities  
Collateralized Mortgage Obligations 4.0%**

14,190,261

See Notes to Financial Statements.

ANNUAL REPORT

AUGUST 31, 2008

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## Schedule of Investments (continued)

**BlackRock Income Opportunity Trust, Inc. (BNA)**  
(Percentages shown are based on Net Assets)

| Non-U.S. Government Agency<br>Mortgage-Backed Securities  | Par<br>(000) | Value      |
|---|--------------|------------|
| <b>Collateralized Mortgage Obligations 7.1%</b>   |              |            |
| American Home Mortgage Assets Series 2006-6<br>Class A1A, 2.662%, 12/25/46 (b)                        | \$ 371       | \$ 225,712 |
| Citigroup Mortgage Loan Trust, Inc. Series 2005-4<br>Class A, 5.343%, 8/25/35 (b)(e)                  | 4,785        | 4,206,328  |
| Collateralized Mortgage Obligation Trust Series 40<br>Class R, 0.58%, 4/01/18 (j)(n)                  | 129          | 129        |
| Collateralized Mortgage Obligation Trust Series 42<br>Class R, 6%, 10/01/14 (j)(n)                    | 19           | 1,226      |
| Countrywide Alternative Loan Trust Series 2005-64CB<br>Class 1A15, 5.50%, 12/25/35                    | 1,700        | 1,180,954  |
| Countrywide Alternative Loan Trust Series 2006-01A0<br>Class 1A1, 4.039%, 8/25/46 (b)                 | 387          | 243,947    |
| Countrywide Alternative Loan Trust Series 2006-0A21<br>Class A1, 2.661%, 3/20/47 (b)                  | 1,055        | 655,990    |
| Countrywide Home Loan Mortgage Pass-Through Trust<br>Series 2006-0A5 Class 2A1, 2.672%, 4/25/46 (b)   | 443          | 268,866    |
| Deutsche Alt-A Securities, Inc. Alternate Loan Trust<br>Series 2003-3 Class 2A1, 5.50%, 10/25/33      | 1,300        | 1,076,968  |
| Deutsche Alt-A Securities, Inc. Alternate Loan Trust<br>Series 2006-0A1 Class A1, 2.672%, 2/25/47 (b) | 535          | 339,415    |
| GSMPS Mortgage Loan Trust Series 1998-5 Class IO,<br>0.97%, 6/19/27 (j)                               | 3,398        | 63,878     |
| GSR Mortgage Loan Trust Series 2005-AR4 Class 6A1,<br>5.25%, 7/25/35 (b)                              | 4,878        | 4,454,542  |
| GSR Mortgage Loan Trust Series 2006-0A1 Class 2A1,<br>2.662%, 8/25/46 (b)                             | 1,128        | 778,491    |
| Harborview Mortgage Loan Trust Series 2005-8<br>Class 1A2A, 2.796%, 9/19/35 (b)                       | 121          | 78,263     |
| Harborview Mortgage Loan Trust Series 2006-9<br>Class 2A1A, 2.676%, 11/19/36 (b)                      | 751          | 458,098    |
| Homebanc Mortgage Trust Series 2006-2 Class A1,<br>2.652%, 12/25/36 (b)                               | 1,120        | 744,114    |
| Maryland Insurance Backed Securities Trust<br>Series 2006-1A, 5.55%, 12/10/65                         | 2,500        | 1,750,000  |
| Merrill Lynch Mortgage Investors, Inc. Series 2006-A3<br>Class 3A1, 5.823%, 5/25/36 (b)(o)            | 1,075        | 698,933    |
| Residential Funding Securities LLC Series 2003-RM2<br>Class A15, 8.50%, 5/25/33                       | 6,470        | 6,790,740  |
| Salomon Brothers Mortgage Securities VII, Inc.<br>Series 2000-1 Class IO, 0.492%, 3/25/22 (j)         | 965          | 26         |
| Summit Mortgage Trust Series 2000-1 Class B1,<br>6.647%, 12/28/12 (b)(n)                              | (l)          | 369        |
| WaMu Mortgage Pass-Through Certificates<br>Series 2007-0A4 Class 1A, 3.849%, 5/25/47 (b)              | 501          | 300,467    |
| WaMu Mortgage Pass-Through Certificates<br>Series 2007-0A5 Class 1A, 3.829%, 6/25/47 (b)              | 882          | 599,110    |
| Wells Fargo Mortgage Backed Securities Trust<br>Series 2006-AR4 Class 2A4, 5.772%, 4/25/36 (b)        | 300          | 249,189    |
|   |              | 25,165,755 |
| <b>Commercial Mortgage-Backed Securities 11.8%</b>  |              |            |
| Bear Stearns Commercial Mortgage Securities<br>Series 2005-PWR7 Class A2, 4.945%, 2/11/41             | 2,320        | 2,269,084  |
|   | 2,970        | 2,886,420  |

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|   |       |           |
|---|-------|-----------|
| CS First Boston Mortgage Securities Corp.<br>Series 2002-CP5 Class A2, 4.94%, 12/15/35              |       |           |
| Citigroup Commercial Mortgage Trust Series 2008-C7<br>Class A4, 6.299%, 12/10/49 (b)                | 2,020 | 1,891,922 |
| Citigroup/Deutsche Bank Commercial Mortgage Trust<br>Series 2007-CD5 Class A4, 5.886%, 11/15/44 (b) | 3,075 | 2,810,025 |
| Commercial Mortgage Loan Trust Series 2008-LS1<br>Class A4B, 6.221%, 12/10/49 (b)                   | 1,515 | 1,410,757 |
| Commercial Mortgage Pass-Through Certificates<br>Series 2004-LB3A Class A3, 5.09%, 7/10/37 (b)      | 990   | 980,238   |

**Non-U.S. Government Agency  
Mortgage-Backed Securities**

**Par  
(000)**

**Value**

**Commercial Mortgage-Backed Securities (concluded)**

|   |          |              |
|---|----------|--------------|
| DLJ Commercial Mortgage Corp. Series 2000-CKP1<br>Class A1B, 7.18%, 11/10/33                      | \$ 2,289 | \$ 2,358,390 |
| First Union National Bank Commercial Mortgage<br>Series 2000-C2 Class A2, 7.202%, 10/15/32        | 2,014    | 2,075,075    |
| First Union-Lehman Brothers-Bank of America<br>Series 1998-C2 Class D, 6.778%, 11/18/35           | 2,630    | 2,709,689    |
| GE Capital Commercial Mortgage Corp. Series 2002-1A<br>Class A3, 6.269%, 12/10/35                 | 2,310    | 2,346,744    |
| GMAC Commercial Mortgage Securities, Inc.:<br>Series 2002-C3 Class A2, 4.93%, 7/10/39             | 2,580    | 2,502,313    |
| Series 2004-C3 Class A4, 4.547%, 12/10/41   | 2,475    | 2,380,863    |
| JPMorgan Chase Commercial Mortgage Securities Corp.:<br>Series 2001-C1 Class A3, 5.857%, 10/12/35 | 1,990    | 2,000,055    |
| Series 2004-CBX Class A4, 4.529%, 1/12/37   | 2,380    | 2,313,069    |
| Series 2006-LDP9 Class A3, 5.336%, 5/15/47  | 1,065    | 961,785      |
| LB-UBS Commercial Mortgage Trust Series 2004-C4<br>Class A3, 5.44%, 6/15/29 (b)                   | 2,530    | 2,505,377    |
| Morgan Stanley Capital I:<br>Series 1997-HF1 Class X, 3.438%, 7/15/29 (j)                         | 20       | 2            |
| Series 2005-HQ6 Class A4A, 4.989%, 8/13/42  | 1,520    | 1,418,282    |
| Series 2007-IQ16 Class A4, 5.809%, 12/12/49   | 680      | 617,793      |
| Series 2007-T27 Class A4, 5.803%, 6/13/42 (b)(e)  | 1,105    | 1,003,289    |
| Series 2008-T29 Class A4, 6.458%, 1/11/43 (b)   | 1,520    | 1,435,435    |
| Wachovia Bank Commercial Mortgage Trust (b):<br>Series 2005-C21 Class A3, 5.384%, 10/15/44        | 940      | 936,303      |
| Series 2006-C25 Class A4, 5.926%, 5/15/43   | 1,305    | 1,227,714    |
| Series 2007-C33 Class A4, 6.10%, 2/15/51  | 1,105    | 1,021,829    |
|   |          | 42,062,453   |

**Total Non-U.S. Government Agency  
Mortgage-Backed Securities 18.9%**

67,228,208

**U.S. Government Obligations**

|   |       |           |
|---|-------|-----------|
| Federal Housing Administration, General Motors<br>Acceptance Corp. Projects:<br>Series 37, 7.43%, 5/01/22 | 110   | 111,289   |
| Series 44, 7.43%, 8/01/22   | 73    | 74,642    |
| Federal Housing Administration:<br>Merrill Projects, Series 29, 7.43%, 10/01/20 (o)                       | 48    | 49,010    |
| Merrill Projects, Series 42, 7.43%, 9/25/22 (o)   | 47    | 48,453    |
| Reilly Project, Series B-11, 7.40%, 4/01/21   | 1,647 | 1,680,464 |
| Westmore Project, 7.25%, 4/01/21  | 1,625 | 1,657,563 |
| Overseas Private Investment Corp.:<br>4.09%, 5/29/12  | 371   | 388,303   |
| 4.30%, 5/29/12 (b)  | 933   | 1,014,465 |
| 4.64%, 5/29/12  | 786   | 870,186   |
| 4.68%, 5/29/12  | 444   | 469,371   |
| 4.87%, 5/29/12  | 3,379 | 3,775,286 |

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|   |        |                   |
|---|--------|-------------------|
| Resolution Funding Corp., 0%, 4/15/30                     | 6,055  | 2,153,800         |
| U.S. Treasury Bonds, 6.125%, 11/15/27                     | 1,385  | 1,682,667         |
| U.S. Treasury Inflation Indexed Bonds, 1.75%, 1/15/28 (a) | 5,965  | 5,832,361         |
| U.S. Treasury Notes:                                      |        |                   |
| 4%, 8/15/18 (a)   | 19,695 | 19,995,034        |
| 5%, 5/15/37   | 545    | 595,540           |
| 4.375%, 2/15/38 (a)                                       | 8,110  | 8,052,346         |
| 4.50%, 5/15/38 (a)  | 3,000  | 3,034,686         |
| <b>Total U.S. Government Obligations 14.4%</b>            |        | <b>51,485,466</b> |

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock Income Opportunity Trust, Inc. (BNA)**  
(Percentages shown are based on Net Assets)

**Preferred Securities**

| <b>Capital Trusts</b>   | <b>Par<br/>(000)</b> | <b>Value</b> |
|---|----------------------|--------------|
| <b>Capital Markets 0.6%</b>                                   |                      |              |
| UBS Preferred Funding Trust I, 8.622% (a)(b)(d)               | \$ 2,000             | \$ 1,925,870 |
| <b>Commercial Banks 1.7%</b>                                  |                      |              |
| Barclays Bank Plc. 7.434% (a)(b)(d)(e)                        | 2,175                | 1,921,765    |
| Credit Agricole SA, 6.637% (b)(d)(e)                          | 330                  | 263,289      |
| RBS Capital Trust IV, 3.496% (b)(d)                           | 525                  | 386,309      |
| Royal Bank of Scotland Group Plc. Series MTN, 7.64% (a)(b)(d) | 2,600                | 2,196,363    |
| Wachovia Corp. Series K, 7.98% (a)(b)(d)                      | 1,650                | 1,239,629    |
|   |                      | 6,007,355    |
| <b>Diversified Financial Services 2.2%</b>                    |                      |              |
| Bank of America Corp. (b)(d):                                 |                      |              |
| Series K, 8% (a)  | 1,400                | 1,247,658    |
| Series M, 8.125%  | 1,125                | 1,015,628    |
| Citigroup, Inc. 8.30%, 12/21/77                               | 1,500                | 1,354,014    |
| JPMorgan Chase & Co., 7.90% (b)(d)                            | 1,600                | 1,453,600    |
| JPMorgan Chase Capital XXV, 6.80%, 10/01/37                   | 3,265                | 2,787,053    |
|   |                      | 7,857,953    |
| <b>Insurance 1.4%</b>   |                      |              |
| The Allstate Corp., 6.50%, 5/15/57 (a)(b)                     | 2,150                | 1,754,744    |
| American International Group, Inc., 8.175% 5/15/58 (b)(e)     | 1,390                | 1,073,611    |
| Lincoln National Corp., 6.05%, 4/20/67 (b)                    | 750                  | 588,101      |
| Progressive Corp., 6.70%, 6/15/37 (b)                         | 665                  | 544,842      |
| The Travelers Cos., Inc., 6.25%, 3/15/67 (b)                  | 750                  | 638,734      |
| ZFS Finance (USA) Trust V, 6.50%, 5/09/67 (b)(e)              | 575                  | 495,347      |
|   |                      | 5,095,379    |
| <b>Total Capital Trusts 5.9%</b>                              |                      | 20,886,557   |
| <b>Preferred Stocks</b>                                       |                      |              |
|   | <b>Shares</b>        |              |
| <b>Diversified Financial Services 0.1%</b>                    |                      |              |
| Citigroup, Inc. Series AA, 8.125%                             | 26,000               | 516,880      |
| <b>Total Preferred Stocks 0.1%</b>                            |                      | 516,880      |
| <b>Total Preferred Securities 6.0%</b>                        |                      | 21,403,437   |

**Other Interests (p)**

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|  | Beneficial<br>Interest |                    |
|--|------------------------|--------------------|
| <b>Health Care Providers &amp; Services 0.0%</b>                   |                        |                    |
| Critical Care Systems International, Inc. (n)                      | 1,895                  | 637                |
| <b>Total Other Interests 0.0%</b>                                  |                        | <b>637</b>         |
| <b>Total Long-Term investments<br/>(Cost \$495,200,996) 133.3%</b> |                        | <b>475,160,287</b> |

| Short-Term Securities  | Par<br>(000) |                  |
|--|--------------|------------------|
| <b>U.S. Government &amp; Agency Obligations 1.2%</b>           |              |                  |
| Federal Home Loan Bank, 2.60%, 9/02/08 (q)                     | \$ 4,300     | 4,300,000        |
| <b>Total Short-Term Securities<br/>(Cost \$4,300,000) 1.2%</b> |              | <b>4,300,000</b> |

| Options Purchased  | Contracts(r) |           |
|--|--------------|-----------|
| <b>Call Swaptions Purchased</b>  |              |           |
| Receive a fixed rate of 5.12% and pay a floating rate based on 3-month LIBOR, expiring November 2010 | 14           | 507,150   |
| Receive a fixed rate of 5.39% and pay a floating rate based on 3-month LIBOR, expiring March 2012    | 7            | 454,323   |
| Receive a fixed rate of 5.47% and pay a floating rate based on 3-month LIBOR, expiring May 2012      | 12           | 801,492   |
| Receive a fixed rate of 6.025% and pay a floating rate based on 3-month LIBOR, expiring June 2012    | 8            | 747,045   |
|  |              | 2,510,010 |

| Options Purchased (concluded)  | Contracts(r) | Value            |
|--|--------------|------------------|
| <b>Put Swaptions Purchased</b>   |              |                  |
| Pay a fixed rate of 5.12% and receive a floating rate based on 3-month LIBOR, expiring November 2010 | 14           | \$ 293,426       |
| Pay a fixed rate of 5.39% and receive a floating rate based on 3-month LIBOR, expiring March 2012    | 7            | 300,877          |
| Pay a fixed rate of 5.47% and receive a floating rate based on 3-month LIBOR, expiring May 2012      | 12           | 486,908          |
| Pay a fixed rate of 6.025% and receive a floating rate based on 3-month LIBOR, expiring June 2012    | 8            | 220,828          |
|  |              | 1,302,039        |
| <b>Total Options Purchased<br/>(Cost \$2,945,378) 1.1%</b>   |              | <b>3,812,049</b> |

**Total Investments Before TBA Sale Commitments and  
Options Written (Cost \$502,446,374\*) 135.6%** **483,272,336**

| TBA Sale Commitments | Par<br>(000) |
|----------------------|--------------|
|----------------------|--------------|

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|   |            |              |
|---|------------|--------------|
| Fannie Mae Guaranteed Pass-Through Certificates, 5.5%, 12/01/13 9/15/38 | \$ (2,400) | (2,423,023)  |
| Fannie Mae Guaranteed Pass-Through Certificates, 5%,7/01/35             | (10,800)   | (10,392,732) |

**Total TBA Sale Commitments**  
**(Proceeds \$12,573,559) (3.6)%** (12,815,755)

**Options Written**

**Contracts**

**Call Option Written**

|   |     |           |
|---|-----|-----------|
| 30-Year U.S. Treasury Bonds expiring November 2008 at \$118 | 100 | (181,250) |
|---|-----|-----------|

**Call Swaptions Written (r)**

|   |    |             |
|---|----|-------------|
| Pay a fixed rate of 4.94% and receive floating rate based on 3-month LIBOR, expiring December 2008            | 14 | (524,986)   |
| Pay a fixed rate of 5.01% and receive a floating rate based on 3-month LIBOR, expiring November 2008          | 4  | (178,772)   |
| Pay a fixed rate of 5.05% and receive a floating rate based on 3-month LIBOR, expiring May 2011               | 15 | (741,375)   |
| Pay a fixed rate of 5.08% and receive a floating rate based on 3-month LIBOR, expiring May 2011               | 6  | (317,627)   |
| Pay a fixed rate of 5.0825% and receive a floating rate based on 3-month LIBOR, expiring July, 2010           | 2  | (126,870)   |
| Pay a fixed rate of 5.325% and receive a floating rate based on 3-month LIBOR, expiring July 2013             | 9  | (333,859)   |
| Pay a fixed rate of 4.58% and received a floating rate based on 3-month LIBOR, expiring May 2009              | 9  | (227,199)   |
| Pay a fixed rate of 5.485% and receive a floating rate based on expiring 3-month LIBOR, expiring October 2009 | 5  | (363,591)   |
| Pay a fixed rate of 5.67% and receive a floating rate based on 3-month LIBOR, expiring January 2010           | 12 | (969,519)   |
|   |    | (3,783,798) |

**Put Swaptions Written (r)**

|  |    |           |
|--|----|-----------|
| Receive a fixed rate of 3.10% and pay a floating rate based on 3-month LIBOR, expiring October 2008  | 20 | (131,020) |
| Receive a fixed rate of 4.58% and pay a floating rate based on 3-month LIBOR, expiring May 2009      | 9  | (296,902) |
| Receive a fixed rate of 4.94% and pay a floating rate based on 3-month LIBOR, expiring December 2008 | 14 | (131,320) |
| Receive a fixed rate of 5.01% and pay a floating rate based on 3-month LIBOR, expiring November 2008 | 4  | (21,243)  |
| Receive a fixed rate of 5.05% and pay a floating rate based on 3-month LIBOR, expiring May 2011      | 15 | (702,945) |
| Receive a fixed rate of 5.08% and pay a floating rate based on 3-month LIBOR, expiring May 2011      | 6  | (287,015) |
| Receive a fixed rate of 5.0825% and pay a floating rate based on 3-month LIBOR, expiring July, 2010  | 2  | (94,723)  |
| Receive a fixed rate of 5.325% and pay a floating rate based on 3-month LIBOR, expiring July 2013    | 9  | (256,846) |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Income Opportunity Trust, Inc. (BNA)

| Options Written (concluded)  | Contracts(r) | Value                 |
|--|--------------|-----------------------|
| <b>Put Swaptions Written (concluded)</b>   |              |                       |
| Receive a fixed rate of 5.485% and pay a floating rate based on 3-month LIBOR, expiring October 2009 | 5            | \$ (80,809)           |
| Receive a fixed rate of 5.67% and pay a floating rate based on 3-month LIBOR, expiring January 2010  | 12           | (176,365)             |
|  |              | (2,179,188)           |
| <b>Total Options Written<br/>(Premiums Received \$6,457,698) (1.7)%</b>                              |              | <b>(6,144,236)</b>    |
| <b>Total Investments, Net of TBA Sale Commitments<br/>and Options Written 130.3%</b>                 |              | <b>464,312,345</b>    |
| <b>Liabilities in Excess of Other Assets (30.3)%</b>   |              | <b>107,796,490</b>    |
| <b>Net Assets 100.0%</b>   |              | <b>\$ 356,455,622</b> |

\* The cost and unrealized appreciation (depreciation) of investments, as of August 31, 2008, as computed for federal income tax purposes, were as follows:

|                               |                 |
|-------------------------------|-----------------|
| Aggregate cost                | \$ 502,566,975  |
| Gross unrealized appreciation | \$ 5,441,311    |
| Gross unrealized depreciation | (24,735,950)    |
| Net unrealized depreciation   | \$ (19,294,639) |

- (a) All or a portion of the security has been pledged as collateral for reverse repurchase agreements.
- (b) Variable rate security. Rate shown is as of report date.
- (c) All or a portion of the security has been pledged as collateral in connection with open financial futures contracts or swaps.
- (d) Security is perpetual in nature and has no stated maturity date.
- (e) Security 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 investors.
- (f) Represents a step bond.
- (g) The issuer filed for bankruptcy or is in default of interest payments.
- (h) Non-income producing security.
- (i) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.
- (j) Represents the interest only portion of a mortgage-backed security and has either a nominal or a notional amount of principal.
- (k) Represents or includes a to-be-announced transaction. The Trust has committed to purchasing securities for which all specific information is not available at this time.
- (l) Amount is less than \$1,000.
- (m) Represents the principal-only portion of a mortgage-backed security.
- (n) Security is fair valued.
- (o) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| Affiliate | Purchase<br>Cost | Sale<br>Cost | Realized<br>Loss | Income |
|-----------|------------------|--------------|------------------|--------|
|-----------|------------------|--------------|------------------|--------|

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|  |            |         |           |
|--|------------|---------|-----------|
| Federal Housing Administration,              |            |         |           |
| Merrill Projects:                            |            |         |           |
| Series 29, 7.43%, 10/01/20                   | \$ 2,204   | \$ (93) | \$ 55,852 |
| Series 42, 7.43%, 9/24/22                    | \$ 1,422   | \$ (65) | \$ 54,855 |
| Merrill Lynch Mortgage Investors, Inc.       |            |         |           |
| Series 2006-A3 Class 3A1,<br>5.823%, 5/25/36 | \$ 742,027 |         | \$ 1,044  |

- (p) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.  
(q) Rate shown is the yield to maturity as of the date of purchase.  
(r) One contract represents a notional amount of \$1,000,000.

For Trust compliance purposes, the Trust's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Trust management. This definition may not apply for purposes of this report which may combine industry subclassifications for reporting ease. These industry classifications are unaudited.

Foreign currency exchange contracts as of August 31, 2008 were as follows:

| Currency Purchased | Currency Sold | Settlement Date | Unrealized Appreciation |
|--------------------|---------------|-----------------|-------------------------|
| EUR 191,000        | USD 279,305   | 10/23/08        | \$ 71                   |
| USD1,119,018       | EUR 715,000   | 10/23/08        | 73,186                  |
| USD3,756,435       | EUR 2,395,000 | 10/23/08        | 253,264                 |
| USD1,117,740       | EUR 706,500   | 10/23/08        | 84,341                  |
| USD1,192,872       | EUR 756,500   | 10/23/08        | 86,338                  |
| <b>Total</b>       |               |                 | <b>\$ 497,200</b>       |

Financial future contracts sold as of August 31, 2008 were as follows:

| Contracts    | Issue                     | Expiration Date | Face Value     | Unrealized Depreciation |
|--------------|---------------------------|-----------------|----------------|-------------------------|
| 644          | 5-Year U.S. Treasury Bond | December 2008   | \$ 71,809,943  | \$ (277,807)            |
| 248          | 2-Year U.S. Treasury Bond | December 2008   | \$ 52,604,061  | (41,689)                |
| 1,659        | 5-Year U.S. Treasury Bond | September 2008  | \$ 184,111,667 | (2,448,067)             |
| 161          | 2-Year U.S. Treasury Bond | September 2008  | \$ 33,814,537  | (468,401)               |
| <b>Total</b> |                           |                 |                | <b>\$ (3,235,964)</b>   |

Financial futures contracts purchased as of August 31, 2008 were as follows:

| Contracts    | Issue                      | Expiration Date | Face Value     | Unrealized Appreciation (Depreciation) |
|--------------|----------------------------|-----------------|----------------|--|
| 108          | 30-Year U.S. Treasury Bond | December 2008   | \$ 12,703,825  | \$ (34,075)                            |
| 1,006        | 30-Year U.S. Treasury Bond | September 2008  | \$ 115,126,596 | 3,770,029                              |
| 172          | 10-Year U.S. Treasury Bond | September 2008  | \$ 20,053,650  | 16,600                                 |
| <b>Total</b> |                            |                 |                | <b>\$ 3,752,554</b>                    |



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Reverse repurchase agreements outstanding as of August 31, 2008 were as follows:

| Counterparty                  | Interest Rate | Trade Date | Maturity Date | Net Closing Amount    | Face Amount           |
|-------------------------------|---------------|------------|---------------|-----------------------|-----------------------|
| Lehman Brothers International | 3.0%          | 4/17/08    | Open          | \$ 3,252,716          | \$ 3,216,000          |
| Lehman Brothers International | 3.0%          | 4/17/08    | Open          | 3,920,599             | 3,876,344             |
| Lehman Brothers International | 3.0%          | 4/17/08    | Open          | 1,957,849             | 1,935,750             |
| Lehman Brothers International | 3.0%          | 4/17/08    | Open          | 3,565,092             | 3,524,850             |
| Lehman Brothers International | 3.0%          | 4/17/08    | Open          | 1,798,223             | 1,777,925             |
| Lehman Brothers International | 3.0%          | 4/17/08    | Open          | 7,340,900             | 7,258,037             |
| Lehman Brothers International | 3.0%          | 4/17/08    | Open          | 3,476,302             | 3,437,062             |
| Lehman Brothers International | 3.0%          | 4/17/08    | Open          | 1,670,063             | 1,651,212             |
| Lehman Brothers International | 3.0%          | 4/17/08    | Open          | 2,334,223             | 2,307,875             |
| Lehman Brothers International | 2.77355%      | 4/17/08    | Open          | 2,903,777             | 2,871,000             |
| Lehman Brothers International | 3.0%          | 4/17/08    | Open          | 2,294,398             | 2,268,500             |
| Lehman Brothers International | 3.0%          | 4/17/08    | Open          | 2,102,735             | 2,079,000             |
| Lehman Brothers International | 3.0%          | 4/17/08    | Open          | 1,971,946             | 1,949,688             |
| Credit Suisse Securities LLC  | 2.6%          | 8/14/08    | Open          | 1,789,510             | 1,787,187             |
| Credit Suisse Securities LLC  | 2.6%          | 8/14/08    | Open          | 1,265,643             | 1,264,000             |
| Credit Suisse Securities LLC  | 2.6%          | 8/14/08    | Open          | 2,391,855             | 2,388,750             |
| Credit Suisse Securities LLC  | 2.6%          | 8/14/08    | Open          | 1,279,161             | 1,277,500             |
| Credit Suisse Securities LLC  | 2.6%          | 8/14/08    | Open          | 1,422,847             | 1,421,000             |
| Credit Suisse Securities LLC  | 2.6%          | 8/14/08    | Open          | 2,985,125             | 2,981,250             |
| Credit Suisse Securities LLC  | 2.6%          | 8/14/08    | Open          | 1,695,326             | 1,693,125             |
| Credit Suisse Securities LLC  | 2.6%          | 8/14/08    | Open          | 3,898,811             | 3,893,750             |
| Credit Suisse Securities LLC  | 2.6%          | 8/14/08    | Open          | 1,945,025             | 1,942,500             |
| Credit Suisse Securities LLC  | 2.6%          | 8/14/08    | Open          | 1,641,594             | 1,639,463             |
| Credit Suisse Securities LLC  | 2.6%          | 8/14/08    | Open          | 1,209,383             | 1,207,813             |
| Credit Suisse Securities LLC  | 2.6%          | 8/14/08    | Open          | 1,881,943             | 1,879,500             |
| Credit Suisse Securities LLC  | 2.6%          | 8/14/08    | Open          | 1,276,282             | 1,274,625             |
| Credit Suisse Securities LLC  | 2.6%          | 8/14/08    | Open          | 1,162,509             | 1,161,000             |
| Credit Suisse Securities LLC  | 2.6%          | 8/14/08    | Open          | 1,990,083             | 1,987,500             |
| Credit Suisse Securities LLC  | 2.6%          | 8/14/08    | Open          | 1,650,674             | 1,648,531             |
| Lehman Brothers Inc.          | 2.15%         | 8/15/08    | Open          | 7,891,855             | 7,883,381             |
| Lehman Brothers Inc.          | 2.22%         | 8/15/08    | Open          | 3,029,609             | 3,026,250             |
| Lehman Brothers Inc.          | 2.22%         | 8/15/08    | Open          | 2,252,497             | 2,250,000             |
| Lehman Brothers Inc.          | 2.0%          | 8/7/08     | Open          | 7,888,216             | 7,876,838             |
| Lehman Brothers Inc.          | 2.03%         | 8/26/08    | Open          | 5,503,421             | 5,501,250             |
| Lehman Brothers Inc.          | 2.0%          | 8/28/08    | Open          | 6,602,967             | 6,601,500             |
| <b>Total</b>                  |               |            |               | <b>\$ 101,243,159</b> | <b>\$ 100,739,956</b> |

See Notes to Financial Statements.

## Schedule of Investments (continued)

## BlackRock Income Opportunity Trust, Inc. (BNA)

Swaps outstanding as of August 31, 2008 were as follows:

|   |     | Notional<br>Amount<br>(000) |    | Unrealized<br>Appreciation<br>(Depreciation) |
|---|-----|-----------------------------|----|--|
| Receive a fixed rate of 4.88% and pay a floating rate based on 3-month LIBOR<br>Broker, Lehman Brothers Special Finance<br>Expires August 2009                | USD | 44,500                      | \$ | 801,209                                      |
| Receive a fixed rate of 4.7709% and pay a floating rate based on 3-month LIBOR<br>Broker, Lehman Brothers Special Finance<br>Expires August 2009              | USD | 30,700                      |    | 519,120                                      |
| Receive a fixed rate of 4.62377% and pay a floating rate based on 3-month LIBOR<br>Broker, Credit Suisse First Boston International<br>Expires September 2009 | USD | 50,000                      |    | 831,516                                      |
| Receive a fixed rate of 5% and pay a floating rate based on 3-month LIBOR<br>Broker, Deutsche Bank AG London<br>Expires November 2010                         | USD | 5,000                       |    | 167,822                                      |
| Pay a fixed rate of 4.922% and receive a floating rate based on 3-month LIBOR<br>Broker, Lehman Brothers Special Finance<br>Expires March 2011                | USD | 14,800                      |    | (500,711)                                    |
| Receive a fixed rate of 5.496% and pay a floating rate based on 3-month LIBOR<br>Broker, Bank of America<br>Expires July 2011                                 | USD | 27,900                      |    | 1,433,931                                    |
| Receive a fixed rate of 4.95% and pay a floating rate based on 3-month LIBOR<br>Broker, UBS Warburg<br>Expires November 2011                                  | USD | 3,100                       |    | 116,474                                      |
| Receive a fixed rate of 5.025% and pay a floating rate based on 3-month LIBOR<br>Broker, Deutsche Bank AG London<br>Expires November 2011                     | USD | 3,200                       |    | 126,805                                      |
| Receive a fixed rate of 4.897% and pay a floating rate based on 3-month LIBOR<br>Broker, JPMorgan Chase<br>Expires December 2011                              | USD | 10,000                      |    | 359,538                                      |
| Pay a fixed rate of 5.0016% and receive a floating rate based on 3-month LIBOR<br>Broker, UBS Warburg<br>Expires January 2012                                 | USD | 12,000                      |    | (472,081)                                    |
| Pay a fixed rate of 5.58875% and receive a floating rate based on 3-month LIBOR<br>Broker, Goldman Sachs & Co.<br>Expires July 2012                           | USD | 46,800                      |    | (2,912,289)                                  |
| Receive a fixed rate of 5.07625% and pay a floating rate based on 3-month LIBOR<br>Broker, Citibank N.A.<br>Expires August 2012                               | USD | 91,000                      |    | 4,016,186                                    |
| Receive a fixed rate of 5.10531% and pay a floating rate based on 3-month LIBOR<br>Broker, Goldman Sachs & Co.<br>Expires August 2012                         | USD | 21,600                      |    | 976,119                                      |

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|  |     |                              |    |   |
|--|-----|------------------------------|----|---|
| Receive a fixed rate of 5.0565% and pay a floating rate based on 3-month LIBOR<br>Broker, Bank of America<br>Expires August 2012                             | USD | 54,600                       |    | 2,370,784                                     |
|  |     | <b>Notional Amount (000)</b> |    | <b>Unrealized Appreciation (Depreciation)</b> |
| Receive a fixed rate of 4.9034% and pay a floating rate based on 3-month LIBOR<br>Broker, Barclays London<br>Expires September 2012                          | USD | 35,000                       | \$ | 1,329,405                                     |
| Receive a fixed rate of 4.32% and pay a floating rate based on 3-month LIBOR<br>Broker, Citibank N.A.<br>Expires November 2012                               | USD | 11,700                       |    | 182,393                                       |
| Pay a fixed rate of 4.2424% and receive a floating rate based on 3-month LIBOR<br>Broker, Lehman Brothers Special Finance<br>Expires December 2012           | USD | 50,000                       |    | (620,491)                                     |
| Pay a fixed rate of 3.48375% and receive a floating rate based on 3-month LIBOR<br>Broker, Goldman Sachs & Co.<br>Expires March 2013                         | USD | 5,900                        |    | 115,724                                       |
| Receive a fixed rate of 3.66375% and pay a floating rate based on 3-month LIBOR<br>Broker, Citibank N.A.<br>Expires April 2013                               | USD | 7,500                        |    | (99,947)                                      |
| Receive a fixed rate of 5.29375% and pay a floating rate based on 6-month LIBOR<br>Broker, Deutsche Bank AG London<br>Expires April 2013                     | GBP | 2,100                        |    | (14,650)                                      |
| Receive a fixed rate of 5.14% and pay a floating rate based on 6-month British Pound Sterling LIBOR<br>Broker, Deutsche Bank AG London<br>Expires April 2013 | GBP | 2,100                        |    | (26,506)                                      |
| Receive a fixed rate of 3.78% and pay a floating rate based on 3-month LIBOR<br>Broker, Bank of America<br>Expires May 2013                                  | USD | 13,200                       |    | (118,309)                                     |
| Receive a fixed rate of 4.2825% and pay a floating rate based on 3-month LIBOR<br>Broker, Credit Suisse First Boston International<br>Expires July 2013      | USD | 84,800                       |    | 1,009,802                                     |
| Receive a fixed rate of 4.2125% and pay a floating rate based on 3-month LIBOR<br>Broker, Morgan Stanley Capital Services<br>Expires August 2013             | USD | 13,500                       |    | 111,759                                       |
| Pay a fixed rate of 4.51% and receive a floating rate based on 3-month LIBOR<br>Broker, Citibank N.A.<br>Expires October 2014                                | USD | 13,800                       |    | (245,406)                                     |
| Pay a fixed rate of 4.39919% and receive a floating rate based on 3-month LIBOR<br>Broker, Deutsche Bank AG London<br>Expires October 2014                   | USD | 27,500                       |    | (320,606)                                     |
| Receive a fixed rate of 5.005% and pay a floating rate based on 3-month LIBOR<br>Broker, JPMorgan Chase<br>Expires October 2014                              | USD | 10,500                       |    | 467,761                                       |
| Pay a fixed rate of 4.5% and receive a floating rate based on 3-month LIBOR<br>Broker, JPMorgan Chase<br>Expires May 2015                                    | USD | 3,000                        |    | (45,634)                                      |
|  | USD | 5,200                        |    | 38,474  |

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Receive a fixed rate of 4.3715% and pay a floating  
rate based on 3-month Lehman Brothers Muni Swap Index  
Broker, UBS Warburg  
Expires June 2015

See Notes to Financial Statements.

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AUGUST 31, 2008

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## Schedule of Investments (concluded)

## BlackRock Income Opportunity Trust, Inc. (BNA)

|  |     | Notional<br>Amount<br>(000) |    | Unrealized<br>Appreciation<br>(Depreciation) |
|--|-----|-----------------------------|----|--|
| Receive a fixed rate of 4.67% and pay a floating rate based on 3-month LIBOR<br>Broker, Goldman Sachs & Co.<br>Expires September 2015          | USD | 8,000                       | \$ | 194,605                                      |
| Receive a fixed rate of 5.723% and pay a floating rate based on 3-month LIBOR<br>Broker, JPMorgan Chase<br>Expires July 2016                   | USD | 5,200                       |    | 476,940                                      |
| Pay a fixed rate of 5.071% and receive a floating rate based on 3-month LIBOR<br>Broker, UBS Warburg<br>Expires March 2017                     | USD | 5,000                       |    | (239,530)                                    |
| Pay a fixed rate of 5.85% and receive a floating rate based on 3-month LIBOR<br>Broker, Deutsche Bank AG London<br>Expires June 2017           | USD | 1,000                       |    | (104,511)                                    |
| Pay a fixed rate of 5.6425% and receive a floating rate based on 3-month LIBOR<br>Broker, Citibank N.A.<br>Expires July 2017                   | USD | 7,200                       |    | (644,766)                                    |
| Pay a fixed rate of 5.155% and receive a floating rate based on 3-month LIBOR<br>Broker, Citibank N.A.<br>Expires September 2017               | USD | 12,000                      |    | (640,493)                                    |
| Pay a fixed rate of 5.307% and receive a floating rate based on 3-month LIBOR<br>Broker, Deutsche Bank AG London<br>Expires October 2017       | USD | 6,000                       |    | (391,463)                                    |
| Pay a fixed rate of 5.3075% and receive a floating rate based on 3-month LIBOR<br>Broker, Barclays London<br>Expires October 2017              | USD | 15,300                      |    | (998,528)                                    |
| Pay a fixed rate of 5.115% and receive a floating rate based on 3-month LIBOR<br>Broker, Lehman Brothers Special Finance<br>Expires March 2018 | USD | 7,300                       |    | (367,731)                                    |
| Receive a fixed rate of 4.7058% and pay a floating rate based on 3-month LIBOR<br>Broker, UBS Warburg<br>Expires July 2018                     | USD | 8,900                       |    | 152,515                                      |
| Pay a fixed rate of 4.52165% and receive a floating rate based on 3-month LIBOR<br>Broker, Goldman Sachs & Co.<br>Expires July 2018            | USD | 12,700                      |    | (29,339)                                     |
|  |     | Notional<br>Amount<br>(000) |    | Unrealized<br>Appreciation<br>(Depreciation) |
| Receive a fixed rate of 5.411% and pay a floating rate based on 3-month LIBOR<br>Broker, JPMorgan Chase  | USD | 9,405                       | \$ | 721,452                                      |

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|  |     |       |                     |
|--|-----|-------|---------------------|
| Expires August 2022  |     |       |                     |
| Pay a fixed rate of 5.365% and receive a floating rate based on 3-month LIBOR      |     |       |                     |
| Broker, Bank of America  |     |       |                     |
|  | USD | 8,900 | (661,377)           |
| Expires September 2027   |     |       |                     |
| Pay a fixed rate of 5.0605% and receive a floating rate based on 3-month LIBOR     |     |       |                     |
| Broker, Goldman Sachs & Co.  |     |       |                     |
|  | USD | 6,900 | (251,782)           |
| Expires November 2037  |     |       |                     |
| Pay a fixed rate of 5.06276% and receive a floating rate based on 3-month LIBOR    |     |       |                     |
| Broker, Citibank N.A.  |     |       |                     |
|  | USD | 1,400 | (51,253)            |
| Expires December 2037  |     |       |                     |
| Pay a fixed rate of 5.0639% and receive a floating rate based on 3-month LIBOR     |     |       |                     |
| Broker, Lehman Brothers Special Finance  |     |       |                     |
|  | USD | 1,400 | (51,496)            |
| Expires December 2037  |     |       |                     |
| Pay a fixed rate of 4.785% and receive a floating rate based on 3-month LIBOR      |     |       |                     |
| Broker, Citibank N.A.  |     |       |                     |
|  | USD | 2,100 | 15,157              |
| Expires January 2038   |     |       |                     |
| Pay a fixed rate of 4.601% and receive a floating rate based on 3-month LIBOR      |     |       |                     |
| Broker, Lehman Brothers Special Finance  |     |       |                     |
|  | USD | 5,000 | 181,362             |
| Expires January 2038   |     |       |                     |
| Pay a fixed rate of 4.8375% and receive a floating rate based on the 3-month LIBOR |     |       |                     |
| Broker, Morgan Stanley Capital Services  |     |       |                     |
|  | USD | 6,100 | (6,561)             |
| Expires January 2038   |     |       |                     |
| Receive a fixed rate of 5.29750% and pay a floating rate based on 3-month LIBOR    |     |       |                     |
| Broker, Citibank N.A.  |     |       |                     |
|  | USD | 700   | 51,866              |
| Expires February 2038  |     |       |                     |
| Receive a fixed rate of 5.1575% and pay a floating rate based on 3-month LIBOR     |     |       |                     |
| Broker, Citibank N.A.  |     |       |                     |
|  | USD | 6,000 | 310,922             |
| Expires June 2038  |     |       |                     |
| <b>Total</b>   |     |       | <b>\$ 7,264,181</b> |

### Currency Abbreviations:

EUR Euro  
 GBP British Pound  
 USD U.S. Dollar

See Notes to Financial Statements.

## Schedule of Investments August 31, 2008

**BlackRock Income Trust, Inc. (BKT)**  
(Percentages shown are based on Net Assets)

| Asset-Backed Securities   | Par<br>(000) | Value             |
|---|--------------|-------------------|
| First Franklin Mortgage Loan Asset Backed Certificates                  |              |                   |
| Series 2005-FF2 Class M2, 2.912%, 3/25/35 (a)                           | \$ 5,890     | \$ 3,534,000      |
| GSAA Home Equity Trust Series 2005-1 Class AF2,<br>4.316%, 11/25/34 (a) | 3,587        | 3,365,810         |
| Securitized Asset Backed Receivables LLC Trust                          |              |                   |
| Series 2005-OP2 Class M1, 2.902%, 10/25/35 (a)                          | 1,875        | 1,179,682         |
| Small Business Administration Participation Certificates:               |              |                   |
| Series 1996-20E Class 1, 7.60%, 5/01/16                                 | 464          | 479,292           |
| Series 1996-20F Class 1, 7.55%, 6/01/16                                 | 554          | 571,827           |
| Series 1996-20G Class 1, 7.70%, 7/01/16                                 | 401          | 415,517           |
| Series 1996-20H Class 1, 7.25%, 8/01/16                                 | 651          | 670,715           |
| Series 1996-20K Class 1, 6.95%, 11/01/16                                | 1,142        | 1,172,275         |
| Series 1997-20C Class 1, 7.15%, 3/01/17                                 | 528          | 543,584           |
| Sterling Bank Trust Series 2004-2 Class Note,<br>2.081%, 3/30/30 (b)    | 8,025        | 300,921           |
| Sterling Coofs Trust Series 1, 2.362%, 4/15/29 (b)                      | 12,237       | 990,442           |
| <b>Total Asset-Backed Securities 3.0%</b>                               |              | <b>13,224,065</b> |

## Corporate Bonds

## Diversified Financial Services 0.4%

|  |       |           |
|--|-------|-----------|
| Structured Asset Repackaged Trust, 3.761%, 1/21/10 | 1,703 | 1,650,459 |
|--|-------|-----------|

## U.S. Government Agency Mortgage-Backed Securities

|  |         |             |
|--|---------|-------------|
| Fannie Mae Guaranteed Pass-Through Certificates: |         |             |
| 5.00%, 4/01/19 - 9/15/38 (c)(d)                  | 52,811  | 50,964,075  |
| 5.50%, 6/01/21 - 9/15/38 (c)(d)                  | 151,631 | 150,214,027 |
| 5.97%, 8/01/16                                   | 3,125   | 3,250,888   |
| 6.00%, 10/01/36 - 7/01/37 (c)(d)                 | 21,288  | 21,516,787  |
| 6.50%, 7/01/36 - 9/15/38                         | 28,106  | 28,918,888  |
| 7.50%, 2/01/22                                   | (e)     | 196         |
| 8.00%, 10/01/09 - 5/01/22                        | 12      | 12,835      |
| 9.50%, 1/01/19 - 9/01/19                         | 4       | 4,027       |
| Freddie Mac Mortgage Participation Certificates: |         |             |
| 4.991%, 10/01/34 (a)                             | 790     | 792,352     |
| 5.50%, 12/01/21 - 3/01/22 (d)                    | 7,545   | 7,616,047   |
| 5.983%, 1/01/35 (a)(d)                           | 219     | 217,920     |
| 6.01%, 11/01/17                                  | 25      | 24,988      |
| 6.50%, 9/15/38 (c)                               | 100     | 102,719     |
| 8.00%, 11/01/15                                  | 3       | 3,537       |
| 9.00%, 9/01/20 (d)                               | 106     | 116,024     |
| Ginnie Mae MBS Certificates:                     |         |             |
| 5.50%, 9/15/38 (c)                               | 6,000   | 5,988,750   |
| 6.50%, 9/15/38 (c)                               | 10,800  | 11,124,000  |
| 7.00%, 10/15/17                                  | 33      | 34,983      |
| 7.50%, 8/15/21 - 12/15/23                        | 364     | 391,950     |
| 8.00%, 10/15/22 - 2/15/29                        | 167     | 182,373     |

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9.00%, 6/15/18 - 9/15/21

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14,026

**Total U.S. Government Agency Mortgage-Backed Securities 63.4%** 281,491,392

**U.S. Government Agency Mortgage-Backed Securities Collateralized Mortgage Obligations**

|  | Par<br>(000) | Value      |
|--|--------------|------------|
| Fannie Mae Trust:                                |              |            |
| Series 7 Class 2, 8.50%, 4/01/17 (b)             | \$ 9         | \$ 2,010   |
| Series 89 Class 2, 8%, 10/01/18 (b)              | 18           | 3,734      |
| Series 94 Class 2, 9.50%, 8/01/21 (b)            | 5            | 1,062      |
| Series 203 Class 1, 0%, 2/01/23 (f)              | 36           | 29,084     |
| Series 228 Class 1, 0%, 6/01/23 (f)              | 27           | 21,932     |
| Series 273 Class 1, 0%, 8/01/26 (f)              | 199          | 160,364    |
| Series 328 Class 1, 0%, 12/01/32 (f)             | 3,918        | 2,889,880  |
| Series 338 Class 1, 0%, 7/01/33 (f)              | 3,272        | 2,372,474  |
| Series 1990-123 Class M, 1.01%, 10/25/20 (b)     | 36           | 880        |
| Series 1990-136 Class S, 0.015%, 11/25/20 (a)(b) | 22,449       | 26,390     |
| Series 1991-7 Class J, 0%, 2/25/21 (f)           | 37           | 31,412     |
| Series 1991-38 Class F, 8.325%, 4/25/21 (a)      | 36           | 36,446     |
| Series 1991-38 Class N, 1.009%, 4/25/21 (b)      | 27           | 190        |
| Series 1991-38 Class SA, 10.186%, 4/25/21 (a)    | 37           | 37,134     |
| Series 1991-46 Class S, 1.403%, 5/25/21 (b)      | 163          | 6,071      |
| Series 1991-87 Class S, 20.058%, 8/25/21 (a)     | 96           | 114,354    |
| Series 1991-99 Class L, 0.93%, 8/25/21 (b)       | 202          | 4,290      |
| Series 1991-139 Class PT, 0.648%, 10/25/21 (b)   | 377          | 7,080      |
| Series 1991-167 Class D, 0%, 10/25/17 (f)        | 28           | 27,392     |
| Series 1993-51 Class E, 0%, 2/25/23 (f)          | 120          | 97,107     |
| Series 1993-70 Class A, 0%, 5/25/23 (f)          | 21           | 16,667     |
| Series 1993-170 Class SC, 9%, 9/25/08 (a)        | 3            | 2,544      |
| Series 1993-196 Class SC, 8.863%, 10/25/08 (a)   | 15           | 14,555     |
| Series 1993-199 Class SB, 2.625%, 10/25/23 (b)   | 1,913        | 171,531    |
| Series 1993-214 Class SH, 11.842%, 12/25/08 (a)  | 21           | 21,272     |
| Series 1993-247 Class SN, 10%, 12/25/23 (a)      | 770          | 890,228    |
| Series 1993-249 Class B, 0%, 11/25/23 (f)        | 1,717        | 1,316,229  |
| Series 1994-33 Class SG, 3.225%, 3/25/09 (b)     | 195          | 2,691      |
| Series 1996-68 Class SC, 2.257%, 1/25/24 (b)     | 1,504        | 95,930     |
| Series 1997-50 Class SI, 1.20%, 4/25/23 (b)      | 584          | 22,295     |
| Series 1997-90 Class M, 6%, 1/25/28 (b)          | 11,547       | 2,854,025  |
| Series 1999-W4 Class IO, 6.50%, 12/25/28 (b)     | 550          | 130,338    |
| Series 1999-W4 Class PO, 0%, 2/25/29 (f)         | 299          | 227,600    |
| Series 2002-13 Class PR, 0%, 3/25/32 (f)         | 773          | 535,478    |
| Series 2003-9 Class BI, 5.50%, 10/25/22 (b)      | 3,262        | 418,065    |
| Series 2003-32 Class VT, 6%, 9/25/15             | 6,529        | 6,707,451  |
| Series 2003-51 Class IE, 5.50%, 4/25/26 (b)      | 576          | 1,739      |
| Series 2003-55 Class GI, 5%, 7/25/19 (b)         | 4,060        | 326,946    |
| Series 2003-66 Class CI, 5%, 7/25/33 (b)         | 5,223        | 1,257,636  |
| Series 2003-88 Class TI, 4.50%, 11/25/13 (b)     | 1,835        | 25,335     |
| Series 2003-122 Class IC, 5%, 9/25/18 (b)        | 3,741        | 235,217    |
| Series 2003-135 Class PB, 6%, 1/25/34            | 12,264       | 12,118,967 |
| Series 2004-13 Class IG, 5%, 10/25/22 (b)        | 1,883        | 26,865     |
| Series 2004-28 Class PB, 6%, 8/25/28             | 2,745        | 2,782,456  |
| Series 2004-29 Class HC, 7.50%, 7/25/30          | 1,922        | 2,025,910  |
| Series 2004-31 Class ZG, 7.50%, 5/25/34          | 2,534        | 2,996,870  |
| Series 2004-90 Class JH, 1.828%, 11/25/34 (b)    | 25,646       | 2,377,257  |
| Series 2005-43 Class IC, 6%, 3/25/34 (b)         | 705          | 138,187    |
| Series 2005-55 Class SB, 1.278%, 7/25/35 (b)     | 11,017       | 787,420    |
| Series 2005-68 Class PC, 5.50%, 7/25/35          | 2,240        | 2,286,086  |
| Series 2005-73 Class DS, 11.123%, 8/25/35 (a)    | 5,092        | 5,015,317  |
| Series 2005-73 Class ST, 1.258%, 8/25/35 (b)     | 11,711       | 751,761    |
| Series 2006-2 Class KP, 0%, 2/25/35 (a)          | 1,221        | 987,221    |
| Series 2006-8 Class WL, 3.874%, 3/25/36 (b)      | 5,860        | 539,529    |
| Series 2006-36 Class SP, 1.828%, 5/25/36 (b)     | 43,486       | 3,764,494  |
| Series 2006-38 Class Z, 5%, 5/25/36              | 905          | 873,827    |



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|  |        |           |
|--|--------|-----------|
| Series 2006-101 Class SA, 3.204%, 10/25/36 (b) | 32,276 | 2,437,215 |
| Series 3006-8 Class HN, 4.858%, 3/25/36 (b)    | 3,856  | 359,399   |
| Series G-7 Class S, 116.20%, 3/25/21 (a)       |        | (e) 5,361 |
| Series G-10 Class S, 0.575%, 5/25/21 (b)       | 884    | 16,075    |
| Series G-12 Class S, 0.608%, 5/25/21 (b)       | 736    | 14,662    |
| Series G-17 Class S, 0.58%, 6/25/21 (b)        | 443    | 7,299     |
| Series G-33 Class PV, 1.078%, 10/25/21 (b)     | 577    | 15,281    |
| Series G-49 Class S, 778.05%, 12/25/21 (a)     |        | (e) 3,077 |

See Notes to Financial Statements.

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## Schedule of Investments (continued)

**BlackRock Income Trust, Inc. (BKT)**  
(Percentages shown are based on Net Assets)

**U.S. Government Agency  
Mortgage-Backed Securities  
Collateralized Mortgage Obligations**

|  | Par<br>(000) | Value      |
|--|--------------|------------|
| Fannie Mae Trust (concluded)                 |              |            |
| Series G-50 Class G, 1.159%, 12/25/21 (b)    | \$ 358       | \$ 5,550   |
| Series G92-5 Class H, 9%, 1/25/22 (b)        | 169          | 36,573     |
| Series G92-12 Class C, 1.017%, 2/25/22 (b)   | 440          | 11,577     |
| Series G92-59 Class S, 5.023%, 10/25/22 (b)  | 3,208        | 545,153    |
| Series G92-60 Class SB, 1.60%, 10/25/22 (b)  | 484          | 20,584     |
| Series G93-2 Class KB, 0%, 1/25/23 (f)       | 265          | 212,973    |
| Freddie Mac Multiclass Certificates:         |              |            |
| Series 19 Class F, 8.50%, 3/15/20            | 154          | 161,884    |
| Series 19 Class R, 9.757%, 3/15/20 (b)(g)    | 15           | 2,438      |
| Series 40 Class K, 6.50%, 8/17/24            | 640          | 666,874    |
| Series 60 Class HS, 1.125%, 4/25/24 (b)      | 456          | 1,804      |
| Series 75 Class R, 9.50%, 1/15/21 (g)        | (e)          | 4          |
| Series 75 Class RS, 18.477%, 1/15/21 (g)     | (e)          | 4          |
| Series 173 Class R, 0%, 11/15/21 (b)(g)      | 23           | 23         |
| Series 173 Class RS, 9.142%, 11/15/21 (g)    | (e)          | 22         |
| Series 176 Class M, 1.01%, 7/15/21 (b)       | 45           | 1,023      |
| Series 192 Class U, 1.009%, 2/15/22 (b)      | 5            | 116        |
| Series 200 Class R, 98.523%, 12/15/22 (b)(g) | 2            | 24         |
| Series 204 Class IO, 6%, 5/01/29 (b)         | 1,508        | 375,694    |
| Series 1043 Class H, 0.022%, 2/15/21 (b)     | 12,282       | 17,600     |
| Series 1054 Class I, 0.435%, 3/15/21 (b)     | 127          | 1,495      |
| Series 1056 Class KD, 1.085%, 3/15/21 (b)    | 107          | 2,679      |
| Series 1057 Class J, 1.008%, 3/15/21 (b)     | 132          | 3,090      |
| Series 1148 Class E, 0.593%, 10/15/21 (b)    | 368          | 6,611      |
| Series 1160 Class F, 29.678%, 10/15/21 (a)   | 29           | 39,881     |
| Series 1179 Class O, 1.009%, 11/15/21 (b)    | 50           | 258        |
| Series 1418 Class M, 0%, 11/15/22 (f)        | 132          | 105,737    |
| Series 1571 Class G, 0%, 8/15/23 (f)         | 577          | 431,452    |
| Series 1598 Class J, 6.50%, 10/15/08         | 107          | 107,131    |
| Series 1616 Class SB, 8.50%, 11/15/08 (a)(d) | 14           | 13,764     |
| Series 1691 Class B, 0%, 3/15/24 (f)         | 1,786        | 1,463,313  |
| Series 1706 Class IA, 7%, 10/15/23 (b)       | 71           | 1,142      |
| Series 1720 Class PK, 7.50%, 1/15/24 (b)     | 37           | 2,050      |
| Series 1739 Class B, 0%, 2/15/24 (f)         | 148          | 132,081    |
| Series 1914 Class PC, 0.75%, 12/15/11 (b)    | 1,856        | 14,441     |
| Series 1961 Class H, 6.50%, 5/15/12          | 212          | 213,726    |
| Series 2218 Class Z, 8.50%, 3/15/30          | 8,843        | 9,654,562  |
| Series 2296 Class SA, 2.139%, 3/15/16 (b)    | 563          | 40,551     |
| Series 2431 Class Z, 6.50%, 6/15/32          | 11,256       | 11,719,937 |
| Series 2444 Class ST, 2.359%, 9/15/29 (b)    | 225          | 8,408      |
| Series 2542 Class MX, 5.50%, 5/15/22 (b)     | 1,183        | 168,765    |
| Series 2542 Class UC, 6%, 12/15/22           | 10,200       | 10,612,204 |
| Series 2545 Class NI, 5.50%, 3/15/22 (b)     | 2,016        | 238,742    |
| Series 2559 Class IO, 5%, 8/15/30 (b)        | 419          | 6,449      |
| Series 2561 Class EW, 5%, 9/15/16 (b)        | 3,144        | 237,590    |
| Series 2564 Class NC, 5%, 2/15/33            | 928          | 821,497    |
| Series 2611 Class QI, 5.50%, 9/15/32 (b)     | 9,322        | 1,625,457  |
| Series 2630 Class PI, 5%, 8/15/28 (b)        | 4,164        | 381,763    |
| Series 2647 Class IV, 1.959%, 7/15/33 (b)    | 16,307       | 3,356,217  |
| Series 2653 Class MI, 5%, 4/15/26 (b)        | 2,634        | 284,358    |
| Series 2658 Class PI, 4.50%, 6/15/13 (b)     | 1,000        | 5,563      |
| Series 2672 Class TQ, 5%, 3/15/23 (b)        | 1,240        | 13,166     |
| Series 2687 Class IL, 5%, 9/15/18 (b)        | 3,633        | 208,624    |
| Series 2693 Class IB, 4.50%, 6/15/13 (b)     | 774          | 3,596      |
| Series 2694 Class LI, 4.50%, 7/15/19 (b)     | 1,926        | 146,151    |

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|  |        |            |
|--|--------|------------|
| Series 2758 Class KV, 5.50%, 5/15/23       | 11,059 | 11,052,178 |
| Series 2765 Class UA, 4%, 3/15/11          | 1,570  | 1,562,333  |
| Series 2769 Class SQ, 7.237%, 2/15/34 (a)  | 4,359  | 2,598,098  |
| Series 2773 Class OX, 5%, 2/15/18 (b)      | 3,681  | 351,872    |
| Series 2780 Class SM, 1.348%, 4/15/34 (b)  | 15,725 | 1,151,643  |
| Series 2825 Class NI, 5.50%, 3/15/30 (b)   | 6,727  | 1,246,104  |
| Series 2827 Class SR, 1.348%, 1/15/22 (b)  | 10,191 | 866,786    |
| Series 2840 Class SK, 11.121%, 8/15/34 (a) | 1,851  | 1,414,791  |
| Series 2861 Class AX, 7.10%, 9/15/34 (a)   | 562    | 520,301    |

### U.S. Government Agency Mortgage-Backed Securities Collateralized Mortgage Obligations

|  | Par<br>(000) | Value              |
|--|--------------|--------------------|
| Freddie Mac Multiclass Certificates (concluded)  |              |                    |
| Series 2865 Class SR, 1.908%, 10/15/33 (b)   | \$ 17,570    | \$ 2,751,349       |
| Series 2865 Class SV, 2.753%, 10/15/33 (b)   | 11,899       | 2,968,863          |
| Series 2927 Class BZ, 5.50%, 2/15/35   | 2,514        | 2,371,787          |
| Series 2933 Class SL, 2.914%, 2/15/35 (b)  | 1,815        | 166,274            |
| Series 2949 Class IO, 5.50%, 3/15/35 (b)   | 1,554        | 295,302            |
| Series 2990 Class WR, 1.929%, 6/15/35 (b)  | 29,557       | 2,581,607          |
| Series 3010 Class SC, 10.583%, 3/15/34 (a)   | 1,196        | 1,225,779          |
| Series 3061 Class BD, 7.50%, 11/15/35  | 3,641        | 3,922,240          |
| Series 3167 Class SX, 22.699%, 6/15/36 (a)   | 526          | 556,810            |
| Series 3225 Class EY, 1.638%, 10/15/36 (b)   | 80,315       | 7,039,557          |
| Series 3299 Class TI, 5%, 4/15/37 (b)  | 3,092        | 712,441            |
| Series T-8 Class A10, 0%, 11/15/28 (f)   | 203          | 153,674            |
| Series T-11 Class A9, 2.265%, 1/25/28 (a)  | 3,649        | 3,287,280          |
| Ginnie Mae Trust:  |              |                    |
| Series 1996-5 Class Z, 7%, 5/16/26   | 900          | 948,859            |
| Series 2001-33 Class PB, 6.50%, 7/20/31  | 1,488        | 1,542,017          |
| Series 2003-58 Class IT, 5.50%, 7/20/33 (b)  | 1,602        | 206,518            |
| Series 2003-89 Class SA, 0.84%, 10/16/33 (b)   | 14,517       | 894,838            |
| Series 2004-18 Class VC, 5%, 3/16/15   | 6,619        | 6,674,170          |
| Series 2004-39 Class ID, 5%, 5/20/33 (b)   | 1,500        | 374,383            |
| Series 2004-89 Class PE, 6%, 10/20/34  | 3,638        | 3,709,290          |
| Series 2005-18 Class SL, 1.203%, 2/20/35 (b)   | 14,045       | 976,875            |
| Series 2005-47 Class SP, 0.853%, 8/20/32 (b)   | 17,127       | 866,090            |
| <b>Total U.S. Government Agency Mortgage-Backed Securities<br/>Collateralized Mortgage Obligations 38.4%</b> |              | <b>170,596,074</b> |

### Non-U.S. Government Agency Mortgage-Backed Securities

#### Collateralized Mortgage Obligations 22.6%

|  |         |           |
|--|---------|-----------|
| ABN AMRO Mortgage Corp. Series 2003-4<br>Class A2, 5.50%, 3/25/33 (b)                | 316     | 1,925     |
| Banc of America Funding Corp. (b):   |         |           |
| Series 2007-2 Class 1A19, 0%, 3/25/37  | 100,614 | 3,997,631 |
| Series 2007-5 Class 4A3, 3.655%, 7/25/37   | 34,923  | 3,094,736 |
| Banc of America Mortgage Securities Inc.   |         |           |
| Series 2003-3 Class 1AIO, 0.286%, 5/25/18 (b)  | 213,484 | 2,010,727 |
| Bear Stearns Asset Backed Securities Series 2007-AC2<br>Class X, 0.25%, 3/25/37 (b)  | 24,127  | 236,100   |
| Citi Mortgage Alternative Loan Trust Series 2007-A5<br>Class 1A7, 6%, 5/25/37 (b)    | 1,886   | 239,251   |
| Citigroup Mortgage Loan Trust, Inc. Series 2005-12<br>Class 1A2, 1.615%, 8/25/35 (b) | 22,950  | 1,012,910 |
| Collateralized Mortgage Obligation Trust (b)(g):                                     |         |           |
| Series 40 Class R, 0.58%, 4/01/18  | 277     | 277       |
| Series 42 Class R, 6%, 10/01/14  | 41      | 2,632     |
| Countrywide Alternative Loan Trust:  |         |           |
| Series 2005-28CB Class 1A5, 5.50%, 8/25/35   | 3,503   | 3,060,854 |

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|  |         |           |
|--|---------|-----------|
| Series 2005-56 Class 1A1, 3.202%, 11/25/35 (a)         | 4,889   | 3,198,491 |
| Series 2005-72 Class A2, 2.832%, 1/25/36 (a)           | 4,136   | 1,737,087 |
| Series 2005-79C Class A2, 0%, 1/25/36 (b)              | 130,075 | 5,697,131 |
| Countrywide Home Loan Mortgage Pass-Through Trust (f): |         |           |
| Series 2003-26 Class PO, 0%, 8/25/33                   | 4,778   | 3,185,154 |
| Series 2003-J4 Class PO, 0%, 6/25/33                   | 989     | 702,776   |
| Series 2003-J5 Class PO, 0%, 7/25/33                   | 1,291   | 872,098   |
| Series 2003-J8 Class PO, 0%, 9/25/23                   | 1,082   | 693,310   |
| Deutsche Alt-A Securities Inc. Mortgage                |         |           |
| Series 2006-AR5 Class 22A, 5.50%, 10/25/21             | 1,867   | 1,623,764 |
| Drexel Burnham Lambert CMO Trust (f):                  |         |           |
| Series K Class 1, 0%, 9/23/17                          | 18      | 17,796    |
| Series V Class 1, 0%, 9/01/18                          | 200     | 159,958   |
| First Boston Mortgage Securities Corp. Series C        |         |           |
| Class I-O, 10.965%, 4/25/17 (b)                        | 65      | 15,749    |

See Notes to Financial Statements.

## Schedule of Investments (continued)

**BlackRock Income Trust, Inc. (BKT)**  
(Percentages shown are based on Net Assets)

| Non-U.S. Government Agency<br>Mortgage-Backed Securities   | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Collateralized Mortgage Obligations (concluded)</b>   |              |              |
| First Horizon Alternative Mortgage Securities (b):   |              |              |
| Series 2005-FA7 Class 1A7, 0%, 10/25/35  | \$ 68,014    | \$ 3,089,898 |
| Series 2005-FA9 Class A2, 0%, 12/25/35   | 167,184      | 7,157,550    |
| Series 2006-FA2 Class 1A4, 0.628%, 5/25/36   | 19,221       | 1,169,616    |
| GSMPS Mortgage Loan Trust Series 1998-5<br>Class IO, 0.97%, 6/19/27 (b)  | 6,754        | 126,984      |
| Homebanc Mortgage Trust Series 2005-4 Class A1,<br>2.742%, 10/25/35 (a)  | 4,657        | 3,832,763    |
| Indymac Index Mortgage Loan Trust Series 2006-AR33<br>Class 4AX, 0.165%, 1/25/37 (b)                               | 145,063      | 570,198      |
| JPMorgan Mortgage Trust:   |              |              |
| Series 2005-S1 Class 2A1, 8%, 1/25/35  | 5,936        | 5,433,137    |
| Series 2006-A7 Class 2A2, 5.801%, 1/25/37 (a)  | 1,382        | 1,266,305    |
| Kidder Peabody Acceptance Corp Series 1993-1<br>Class A6, 12.031%, 8/25/23 (a)                                     | 105          | 105,148      |
| Kidder Peabody Mortgage Assets Trust Series B<br>Class A2, 9.50%, 4/22/18 (b)                                      | 50           | 9,616        |
| Luminent Mortgage Trust Series 2006-A1 Class 2A1,<br>2.642%, 12/25/36 (a)  | 4,767        | 2,907,548    |
| MASTR Adjustable Rate Mortgages Trust Series 2004-3<br>Class 3AX, 0.977%, 4/25/34 (b)                              | 20,871       | 211,029      |
| MASTR Alternative Loans Trust:   |              |              |
| Series 2003-7 Class 4A3, 8%, 11/25/18  | 1,350        | 1,439,092    |
| Series 2003-9 Class 15X2, 6%, 1/25/19 (b)  | 1,192        | 252,659      |
| MASTR Asset Securitization Trust Series 2004-3<br>Class 4A15, 0%, 3/25/34 (f)                                      | 314          | 110,755      |
| Morgan Stanley Mortgage Loan Trust Series 2004-3<br>Class 1AX, 5%, 5/25/19 (b)                                     | 1,341        | 158,577      |
| Painwebber CMO Trust Series 88M, 13.80%, 9/01/18   | 13           |              |
| Residential Accredit Loans, Inc. (a):  |              |              |
| Series 2005-QS16 Class A2, 0%, 11/25/35 (b)  | 131,328      | 4,897,652    |
| Series 2006-Q03 Class A1, 2.682%, 4/25/46  | 2,991        | 1,893,139    |
| Series 2006-Q04 Class 2A2, 2.712%, 4/25/46   | 3,240        | 1,296,122    |
| Residential Asset Securitization Trust Series 2005-A15<br>Class 1A8, 0%, 2/25/36 (f)                               | 983          | 452,294      |
| Residential Funding Securities LLC Series 2003-RM2<br>Class A15, 8.50%, 5/25/33                                    | 9,057        | 9,507,037    |
| Sequoia Mortgage Trust Series 2005-2 Class XA,<br>0.998%, 3/20/35 (b)  | 49,570       | 604,757      |
| Structured Adjustable Rate Mortgage Loan Trust:  |              |              |
| Series 2004-11 Class A, 5.418%, 8/25/34 (a)  | 1,859        | 1,857,428    |
| Series 2005-18 Class 7AX, 5.50%, 9/25/35 (b)   | 4,725        | 568,079      |
| Series 2005-20 Class 3AX, 5.50%, 10/25/35 (b)  | 3,802        | 537,006      |
| Series 2006-2 Class 4AX, 5.50%, 3/25/36 (b)  | 12,482       | 2,432,828    |
| Series 2006-7 Class 3AS, 2.374%, 8/25/36 (b)   | 40,199       | 4,546,465    |
| Structured Mortgage Asset Residential Trust<br>Series 1993-3C Class CX, 0%, 4/25/24 (f)                            | 11           | 5,767        |
| Summit Mortgage Trust Series 2000-1 Class B1,<br>6.647%, 12/28/12 (a)(g)   | 4            | 3,923        |
| Vendee Mortgage Trust Series 1999-2 Class 11O,<br>0.052%, 5/15/29 (b)  | 77,958       | 192,963      |
| WaMu Mortgage Pass-Through Certificates (a):   |              |              |
| Series 2005-AR4 Class A3, 4.585%, 4/25/35  | 3,000        | 2,912,971    |
| Series 2006-AR1 Class 2A1C, 4.598%, 1/25/46  | 7,004        | 3,151,890    |
| Washington Mutual Alternative Mortgage Pass-Through Certificates:<br>Series 2005-8 Class 1A4, 1.215%, 10/25/35 (b) | 8,654        | 274,932      |

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|  |       |             |
|--|-------|-------------|
| Series 2005-9 Class CP, 0%, 11/25/35 (f)     | 918   | 555,147     |
| Series 2007-1 Class 1A3, 2.842%, 2/25/37 (a) | 7,488 | 5,290,007   |
|  |       | 100,381,639 |

**Non-U.S. Government Agency  
Mortgage-Backed Securities**

|  | Par<br>(000) | Value       |
|--|--------------|-------------|
| <b>Commercial Mortgage-Backed Securities 1.4%</b>  |              |             |
| CS First Boston Mortgage Securities Corp. Series 1997-C1 Class AX, 1.672%, 6/20/29 (b)   | \$ 5,369     | \$ 230,609  |
| Commercial Mortgage Acceptance Corp. Series 1997-ML1 Class IO, 0.705%, 12/15/30 (b)      | 12,238       | 404,491     |
| Credit Suisse Mortgage Capital Certificates Series 2007-C2 Class A3, 5.542%, 1/15/49 (a) | 2,420        | 2,171,110   |
| First Union-Lehman Brothers Commercial Mortgage Series 1997-C2 Class D, 7.12%, 11/18/29  | 3,500        | 3,652,844   |
| Morgan Stanley Capital I Series 1997-HF1 Class X, 3.438%, 7/15/29 (b)                    | 68           | 8           |
|  |              | 6,459,062   |
| <b>Total Non-U.S. Government Agency Mortgage-Backed Securities 24.0%</b>                 |              | 106,840,701 |

**U.S. Government and Agency Obligations**

Federal Housing Administration:

|  |        |            |
|--|--------|------------|
| General Motors Acceptance Corp. Projects, Series 56, 7.43%, 11/01/22 | 340    | 347,040    |
| Merrill Projects, Series 54, 7.43%, 2/01/23 (h)                      | 2      | 2,365      |
| Reilly Project, Series 41, 8.28%, 3/01/20                            | 724    | 738,887    |
| USGI Projects, Series 87, 7.43%, 12/01/22                            | 76     | 77,980     |
| USGI Projects, Series 99, 7.43%, 6/01/21                             | 5,234  | 5,338,872  |
| USGI Projects, Series 99, 7.43%, 10/01/23                            | 80     | 81,978     |
| USGI Projects, Series 99, 7.43%, 10/01/23                            | 237    | 242,207    |
| Overseas Private Investment Corp.:                                   |        |            |
| 4.09%, 5/29/12   | 338    | 353,036    |
| 4.30%, 5/29/12 (a)   | 847    | 922,243    |
| 4.64%, 5/29/12   | 715    | 791,080    |
| 4.68%, 5/29/12   | 404    | 426,702    |
| 4.87%, 5/29/12   | 3,072  | 3,432,089  |
| Resolution Funding Corp., 0%, 4/15/30 (f)                            | 13,000 | 4,624,178  |
| Small Business Administration Series 1, 1%, 4/01/15 (b)              | 4,368  | 43,681     |
| U.S. Treasury Strips, 0%, 11/15/24 (d)(i)                            | 40,000 | 19,235,920 |

**Total U.S. Government and Agency Obligations 8.3%** 36,658,258

**Total Long-Term Securities (Cost \$577,763,665) 137.5%** 610,460,949

**Short-Term Securities**

**U.S. Government & Agency Obligations 0.2%**

|  |     |         |
|--|-----|---------|
| Federal Home Loan Bank, 2.60%, 9/02/08 (j) | 800 | 800,000 |
|--|-----|---------|

**Borrowed Bond Agreement 4.7%**

|  |        |            |
|--|--------|------------|
| Lehman Brothers Inc., 2.08% to 9/15/08 | 20,748 | 20,748,444 |
|--|--------|------------|

|   |            |
|---|------------|
| <b>Total Short-Term Securities (Cost \$21,548,444) 4.9%</b> | 21,548,444 |
|---|------------|

**Options Purchased****Contracts (k)****Call Swaptions Purchased**

|  |    |           |
|--|----|-----------|
| Receive a fixed rate of 5.39% and pay a floating rate based on 3-month LIBOR, expiring March 2012  | 7  | 454,323   |
| Receive a fixed rate of 5.47% and pay a floating rate based on 3-month LIBOR, expiring May 2012    | 12 | 808,009   |
| Receive a fixed rate of 5.78% and pay a floating rate based on 3-month LIBOR, expiring August 2010 | 2  | 228,043   |
| Receive a fixed rate of 6.025% and pay a floating rate based on 3-month LIBOR, expiring June 2012  | 8  | 766,109   |
|  |    | 2,256,484 |

**Put Swaptions Purchased**

|   |   |         |
|---|---|---------|
| Pay a fixed rate of 5.39% and receive a floating rate based on 3-month LIBOR, expiring March 2012 | 7 | 300,877 |
|---|---|---------|

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## Schedule of Investments (continued)

**BlackRock Income Trust, Inc. (BKT)**  
(Percentages shown are based on Net Assets)

| Options Purchased (concluded)   | Contracts<br>(k) | Value       |
|---|------------------|-------------|
| <b>Put Swaptions Purchased (concluded)</b>  |                  |             |
| Pay a fixed rate of 5.47% and receive a floating rate based 3-month LIBOR, expiring May 2012                                | 12               | \$ 490,866  |
| Pay a fixed rate of 5.78% and receive a floating rate based 3-month LIBOR, expiring August 2010                             | 2                | 52,226      |
| Pay a fixed rate of 6.025% and receive a floating rate based on 3-month LIBOR, expiring June 2012                           | 8                | 226,463     |
|   |                  | 1,070,432   |
| <b>Total Options Purchased</b><br>(Cost \$2,446,908) 0.7%   |                  | 3,326,916   |
| <b>Total Investments before Borrowed Bond,<br/>TBA Sale Commitments and Options Written</b><br>(Cost \$601,759,017*) 143.1% |                  | 635,336,309 |

| Borrowed Bond   | Par<br>(000) |              |
|---|--------------|--------------|
| U.S. Treasury Note, 4.75% 5/31/12   | \$ (19,505)  | (20,823,109) |
| <b>Total Borrowed Bond</b><br>(Proceeds \$19,383,094) (4.7)%              |              | (20,823,109) |
| <b>TBA Sale Commitments</b>   |              |              |
| Fannie Mae Guaranteed Pass-Through Certificates, 6.0%, 10/01/36 - 7/01/37 | (14,300)     | (14,454,955) |
| Ginnie Mae MBS Certificates, 5.50%, 9/15/38                               | (6,000)      | (5,971,872)  |
| <b>Total TBA Sale Commitments</b><br>(Proceeds \$20,284,422) (4.6)%       |              | (20,426,827) |

| Options Written   | Contracts<br>(k) |           |
|---|------------------|-----------|
| <b>Call Swaptions Written</b>   |                  |           |
| Pay a fixed rate of 4.7525% and receive a floating rate based on 3-month LIBOR, expiring May 2009 | 30               | (943,020) |



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|   |    |             |
|---|----|-------------|
| Pay a fixed rate of 5.325% and receive a floating rate based on 3-month LIBOR, expiring July 2013             | 11 | (402,808)   |
| Pay a fixed rate of 5.485% and receive a floating rate based on expiring 3-month LIBOR, expiring October 2009 | 5  | (370,451)   |
| Pay a fixed rate of 5.67% and receive a floating rate based on 3-month LIBOR, expiring January 2010           | 12 | (969,519)   |
|   |    | (2,685,798) |

**Put Swaptions Written**

|  |    |             |
|--|----|-------------|
| Receive a fixed rate of 4.7525% and pay a floating rate based on 3-month LIBOR, expiring May 2009    | 30 | (761,670)   |
| Receive a fixed rate of 5.325% and pay a floating rate based on 3-month LIBOR, expiring July 2013    | 11 | (309,890)   |
| Receive a fixed rate of 5.485% and pay a floating rate based on 3-month LIBOR, expiring October 2009 | 5  | (82,334)    |
| Receive a fixed rate of 5.67% and pay a floating rate based on 3-month LIBOR, expiring January 2010  | 12 | (176,365)   |
|  |    | (1,330,259) |

**Total Options Written**

**(Premiums Received \$4,365,959) (0.9)%** (4,016,057)

**Total Investments net of Borrowed Bond,**

**TBA Sale Commitments and Options Written 132.9%** 590,070,316

**Liabilities in Excess of Other Assets (32.9%)** (146,016,406)

**Net Assets 100.0%** \$ 444,053,910

\* The cost and unrealized appreciation (depreciation) of investments, as of August 31, 2008, as computed for federal income tax purposes, were as follows:

|                               |    |              |
|-------------------------------|----|--------------|
| Aggregate cost                | \$ | 601,894,653  |
| Gross unrealized appreciation | \$ | 71,138,420   |
| Gross unrealized depreciation |    | (37,696,764) |
| Net unrealized appreciation   | \$ | 33,441,656   |

- (a) Variable rate security. Rate shown is as of report date.
- (b) Represents the interest-only portion of a mortgage-backed security and has either a nominal or a notional amount of principal.
- (c) Represents or includes a to-be-announced transaction. The Trust has committed to purchasing securities for which all specific information is not available at this time.
- (d) All or a portion of security held as collateral in connection with financial futures contracts and/or swaps.
- (e) Amount is less than \$1,000.
- (f) Represents the principal-only portion of a mortgage-backed security.
- (g) Security is fair valued.
- (h) Investments in companies considered to be an affiliate of the Trust, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| Affiliate | Purchase Cost | Sale Cost | Realized Loss | Income    |
|-----------|---------------|-----------|---------------|-----------|
|           |               | \$ 300    | \$ (13)       | \$ 52,828 |

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Federal Housing Administration,  
Merrill Projects, Series 54, 7.43%,  
2/01/23

- (i) Separately Traded Registered Interest and Principal Securities.
- (j) Rate shown is the yield to maturity as of the date of purchase.
- (k) One contract represents a notional amount of \$1,000,000.

For Trust compliance purposes, the Trust's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or rating group indexes, and/or as defined by Trust management. This definition may not apply for purposes of this report, which may combine industry sub-classifications for reporting ease. These industry classifications are unaudited.

Financial future contracts purchased as of August 31, 2008 were as follows:

| Contracts    | Issue              | Expiration Date | Face Value    | Unrealized Appreciation |
|--------------|--------------------|-----------------|---------------|-------------------------|
| 183          | 5-Year Futures     | September 2008  | \$ 20,560,739 | \$ 18,183               |
| 8            | EuroDollar Futures | March 2010      | \$ 1,918,324  | 6,176                   |
| 11           | EuroDollar Futures | December 2010   | \$ 2,621,821  | 9,791                   |
| 37           | EuroDollar Futures | March 2011      | \$ 8,818,329  | 26,058                  |
| 22           | EuroDollar Futures | June 2011       | \$ 5,234,155  | 20,270                  |
| <b>Total</b> |                    |                 |               | <b>\$ 80,478</b>        |

Interest rate floors outstanding as of August 31, 2008 were as follows:

|  | Notional Amount (000) | Value                 | Unrealized Depreciation |
|--|-----------------------|-----------------------|-------------------------|
| Pay a fixed rate of 5.50% and receive a floating rate based on 3-month LIBOR<br>Broker, UBS AG<br>Expiring March 2010              | \$ 58,000             | \$ (2,116,883)        | \$ (1,246,884)          |
| Pay a fixed rate of 4.80% and receive a floating rate based on 3-month LIBOR<br>Broker, Goldman Sachs & Co.<br>Expiring March 2011 | 115,000               | (3,567,070)           | (2,294,403)             |
| Pay a fixed rate of 4.95% and receive a floating rate based on 3-month LIBOR<br>Broker, JPMorgan Chase<br>Expiring March 2011      | 68,000                | (1,775,616)           | (1,048,016)             |
| Pay a fixed rate of 5.50% and receive a floating rate based on 3-month LIBOR<br>Broker, Citibank<br>Expiring September 2011        | 33,000                | (1,757,118)           | (1,124,618)             |
| <b>Total</b>   |                       | <b>\$ (9,216,687)</b> | <b>\$ (5,713,921)</b>   |

See Notes to Financial Statements.



## Schedule of Investments (continued)

BlackRock Income Trust, Inc. (BKT)

Financial future contracts sold as of August 31, 2008 were as follows:

| Contracts    | Issue                      | Expiration Date | Face Value     | Unrealized Appreciation (Depreciation) |
|--------------|----------------------------|-----------------|----------------|--|
| 408          | 30-Year U.S. Treasury Bond | September 2008  | \$ 46,316,356  | \$ (1,904,144)                         |
| 149          | 10-Year U.S. Treasury Bond | September 2008  | \$ 16,813,068  | (573,369)                              |
| 129          | 2-Year U.S. Treasury Bond  | September 2008  | \$ 27,313,954  | (154,983)                              |
| 88           | EuroDollar Futures         | September 2008  | \$ 21,416,707  | 37,657                                 |
| 777          | 10-Year U.S. Treasury Bond | December 2008   | \$ 89,651,437  | (92,063)                               |
| 479          | 2-Year U.S. Treasury Bond  | December 2008   | \$ 101,596,356 | (86,363)                               |
| 62           | EuroDollar Futures         | December 2008   | \$ 15,119,776  | 80,901                                 |
| 51           | EuroDollar Futures         | March 2009      | \$ 12,429,322  | 56,722                                 |
| 50           | EuroDollar Futures         | June 2009       | \$ 12,157,448  | 43,073                                 |
| 70           | EuroDollar Futures         | September 2009  | \$ 16,956,472  | 32,222                                 |
| 3            | EuroDollar Futures         | December 2009   | \$ 721,520     | (1,705)                                |
| 2            | EuroDollar Futures         | June 2010       | \$ 479,160     | (940)                                  |
| 14           | EuroDollar Futures         | September 2010  | \$ 3,372,372   | 17,622                                 |
| <b>Total</b> |                            |                 |                | \$ (2,545,370)                         |

Swaps outstanding as of August 31, 2008 were as follows:

|  | Notional Amount (000) | Unrealized Appreciation (Depreciation) |
|--|-----------------------|--|
| Receive a fixed rate of 5.38341% and pay a floating rate based on 3-month LIBOR<br>Broker, Credit Suisse First Boston International<br>Expires July 2009 | \$ 200,000            | \$ 4,106,005                           |
| Receive a fixed rate of 4.7775% and pay a floating rate based on 3-month LIBOR<br>Broker, Citibank N.A.<br>Expires August 2009                           | \$ 18,800             | 321,713                                |
| Receive a fixed rate of 4.034% and pay a floating rate based on 3-month LIBOR<br>Broker, Deutsche Bank AG London<br>Expires December 2009                | \$ 16,200             | 192,814                                |
| Receive a fixed rate of 4.1% and pay a floating rate based on 3-month LIBOR<br>Broker, Lehman Brothers Special Finance<br>Expires December 2009          | \$ 12,600             | 160,638                                |
| Receive a fixed rate of 4.05% and pay a floating rate based on 3-month LIBOR<br>Broker, Barclays London<br>Expires December 2009                         | \$ 5,600              | 67,763                                 |
|  | \$ 29,300             | (162,008)                              |

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|  |                              |   |
|--|------------------------------|---|
| Pay a fixed rate of 3.535% and receive a floating rate based on 3-month LIBOR<br>Broker, Lehman Brothers Special Finance<br>Expires January 2010                               |                              |   |
| Receive a fixed rate of 4.31996% and pay a floating rate based on 3-month LIBOR<br>Broker, UBS Warburg<br>Expires September 2010   | \$ 12,000                    | 222,234                                       |
| Receive a fixed rate of 4.95% and pay a floating rate based on 3-month LIBOR<br>Broker, UBS Warburg<br>Expires November 2011   | \$ 4,400                     | 164,026                                       |
| Receive a fixed rate of 5.025% and pay a floating rate based on 3-month LIBOR<br>Broker, Deutsche Bank AG London<br>Expires November 2011                                      | \$ 3,000                     | 117,993                                       |
| Receive a fixed rate of 5.39256% and pay a floating rate based on 3-month LIBOR<br>Broker, Credit Suisse First Boston<br>Expires June 2012                                     | \$ 64,000                    | 3,472,165                                     |
|  | <b>Notional Amount (000)</b> | <b>Unrealized Appreciation (Depreciation)</b> |
| Pay a fixed rate of 4.115% and receive a floating rate based on 3-month LIBOR<br>Broker, Goldman Sachs & Co.<br>Expires August 2013  | \$ 19,700                    | \$ (74,920)                                   |
| Pay a fixed rate of 4.88911% and receive a floating rate based on 3-month LIBOR<br>Broker, Goldman Sachs & Co.<br>Expires August 2014  | \$ 19,000                    | (727,226)                                     |
| Pay a fixed rate of 4.39919% and receive a floating rate based on 3-month LIBOR<br>Broker, Deutsche Bank AG London<br>Expires October 2014                                     | \$ 12,500                    | (142,258)                                     |
| Receive a fixed rate of 4.8834% and pay a floating rate based on 3-month LIBOR<br>Broker, UBS Warburg<br>Expires March 2015  | \$ 25,000                    | 924,374                                       |
| Pay a fixed rate of 4.925% and receive a floating rate based on 3-month LIBOR<br>Lehman Brothers Municipal Swap Index<br>Broker, Deutsche Bank AG London<br>Expires March 2015 | \$ 16,000                    | (631,865)                                     |
| Pay a fixed rate of 4.5% and receive a floating rate based on 3-month LIBOR<br>Broker, JPMorgan Chase<br>Expires May 2015  | \$ 3,000                     | (44,791)                                      |
| Receive a fixed rate of 4.442% and pay a floating rate based on 3-month LIBOR<br>Broker, Morgan Stanley Capital Services Inc.<br>Expires July 2015                             | \$ 4,500                     | 50,400  |
| Receive a fixed rate of 5.94% and pay a floating rate based on 3-month LIBOR<br>Broker, UBS Warburg<br>Expires December 2015   | \$ 2,800                     | 288,169                                       |
| Receive a fixed rate of 4.87% and pay a floating rate based on 3-month LIBOR<br>Lehman Brothers Muni Swap Index<br>Broker, Goldman Sachs & Co.<br>Expires January 2016         | \$ 5,500                     | 195,971                                       |
| Receive a fixed rate of 5.723% and pay a floating rate based on 3-month LIBOR<br>Broker, JPMorgan Chase  | \$ 5,400                     | 494,448                                       |

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|  |           |           |
|--|-----------|-----------|
| Expires July 2016  |           |           |
| Receive a fixed rate of 5.295% and pay a floating rate based on 3-month LIBOR  |           |           |
| Broker, UBS Warburg  |           |           |
| Expires February 2017  | \$ 11,900 | 755,576   |
| Receive a fixed rate of 5.25% and pay a floating rate based on 3-month LIBOR   |           |           |
| Broker, Goldman Sachs & Co.  |           |           |
| Expires April 2017   | \$ 800    | 48,085    |
| Pay a fixed rate of 5.74% and receive a floating rate based on 3-month LIBOR   |           |           |
| Broker, Deutsche Bank AG London  |           |           |
| Expires June 2017  | \$ 1,400  | (135,054) |
| Pay a fixed rate of 5.5451% and receive a floating rate based on 3-month LIBOR |           |           |
| Broker, Deutsche Bank AG London  |           |           |
| Expires June 2017  | \$ 1,800  | (147,942) |

See Notes to Financial Statements.

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## Schedule of Investments (concluded)

## BlackRock Income Trust, Inc. (BKT)

|   | Notional<br>Amount<br>(000)          | Unrealized<br>Appreciation<br>(Depreciation)          |
|---|--------------------------------------|---|
| Pay a fixed rate of 5.85% and receive a floating rate based on 3-month LIBOR<br>Broker, Deutsche Bank AG London<br>Expires June 2017                  | \$ 1,000                             | \$ (104,527)  |
| Receive a fixed rate of 5.505% and pay a floating rate based on 3-month LIBOR<br>Broker, Bank of America<br>Expires August 2017                       | \$ 165,647                           | 13,205,888  |
| Pay a fixed rate of 4.54% and receive a floating rate based on 3-month LIBOR<br>Broker, Morgan Stanley Capital Services Inc.<br>Expires December 2017 | \$ 7,700                             | (50,944)  |
| Pay a fixed rate of 4.4575% and receive a floating rate based on 3-month LIBOR<br>Broker, Goldman Sachs & Co.<br>Expires January 2018                 | \$ 2,600                             | 644   |
| Pay a fixed rate of 5.115% and receive a floating rate based on 3-month LIBOR<br>Broker, Lehman Brothers Special Finance<br>Expires March 2018        | \$ 7,300                             | (364,520)   |
|   | <b>Notional<br/>Amount<br/>(000)</b> | <b>Unrealized<br/>Appreciation<br/>(Depreciation)</b> |
| Pay a fixed rate of 5.135% and receive a floating rate based on 3-month LIBOR<br>Broker, Barclays London<br>Expires April 2018                        | \$ 5,700                             | \$ (44,320)   |
| Pay a fixed rate of 5.88% and receive a floating rate based on 3-month LIBOR<br>Broker, Deutsche Bank AG London<br>Expires June 2018                  | \$ 63,930                            | (5,727,192)   |
| Pay a fixed rate of 5.46% and receive a floating rate based on 3-month LIBOR<br>Broker, JPMorgan Chase<br>Expires August 2018                         | \$ 3,800                             | (196,776)   |
| Receive a fixed rate of 5.411% and pay a floating rate based on 3-month LIBOR<br>Broker, JPMorgan Chase<br>Expires August 2022                        | \$ 9,565                             | 733,550   |
| <b>Total</b>  |                                      | <b>\$ 16,968,113</b>                                  |

See Notes to Financial Statements.





## Schedule of Investments August 31, 2008

BlackRock Limited Duration Income Trust (BLW)  
(Percentages shown are based on Net Assets)

| Asset-Backed Securities  | Par<br>(000) | Value            |
|--|--------------|------------------|
| Sterling Bank Trust Series 2004-2 Class Note,<br>2.081%, 3/30/30 (a) | USD 21,758   | \$ 815,916       |
| Sterling Coofs Trust Series 1, 2.362%, 4/15/29 (a)                   | 17,045       | 1,379,544        |
| <b>Total Asset-Backed Securities 0.4%</b>                            |              | <b>2,195,460</b> |
| <b>Corporate Bonds</b>   |              |                  |
| <b>Aerospace &amp; Defense 0.6%</b>                                  |              |                  |
| CHC Helicopter Corp., 7.375%, 5/01/14                                | 1,715        | 1,783,600        |
| DRS Technologies, Inc.:<br>6.875%, 11/01/13                          | 330          | 334,125          |
| 7.625%, 2/01/18  | 310          | 326,275          |
| Hexcel Corp., 6.75%, 2/01/15   | 650          | 630,500          |
| TransDigm, Inc., 7.75%, 7/15/14                                      | 570          | 554,325          |
|  |              | 3,628,825        |
| <b>Air Freight &amp; Logistics 0.1%</b>                              |              |                  |
| Park-Ohio Industries, Inc., 8.375%, 11/15/14                         | 905          | 746,625          |
| <b>Airlines 0.1%</b>   |              |                  |
| American Airlines, Inc. Series 99-1, 7.324%, 4/15/11                 | 520          | 473,200          |
| <b>Auto Components 0.3%</b>  |              |                  |
| Allison Transmission, Inc. (b):<br>11%, 11/01/15                     | 70           | 64,400           |
| 11.25%, 11/01/15 (c)   | 670          | 589,600          |
| Lear Corp., 8.75%, 12/01/16  | 1,065        | 801,412          |
| Metaldyne Corp., 10%, 11/01/13                                       | 1,000        | 270,000          |
|  |              | 1,725,412        |
| <b>Automobiles 0.1%</b>  |              |                  |
| Ford Capital BV, 9.50%, 6/01/10                                      | 500          | 416,250          |
| <b>Building Products 0.4%</b>  |              |                  |
| CPG International I, Inc., 10.50%, 7/01/13                           | 750          | 577,500          |
| Momentive Performance Materials, Inc., 11.50%, 12/01/16              | 2,590        | 2,020,200        |
|  |              | 2,597,700        |
| <b>Capital Markets 1.0%</b>  |              |                  |
| E*Trade Financial Corp., 12.50%, 11/30/17 (b)                        | 2,500        | 2,675,000        |
| Marsico Parent Co., LLC, 10.625%, 1/15/16 (b)                        | 2,651        | 2,226,840        |
| Marsico Parent Holdco, LLC, 12.50%, 7/15/16 (b)(c)                   | 977          | 810,735          |
| Marsico Parent Superholdco, LLC, 14.50%, 1/15/18 (b)(c)              | 659          | 546,616          |
|  |              | 6,259,191        |

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**Chemicals 1.2%**

|   |           |           |
|---|-----------|-----------|
| American Pacific Corp., 9%, 2/01/15           | 1,100     | 1,067,000 |
| Ames True Temper, Inc., 6.791%, 1/15/12 (d)   | 2,085     | 1,668,000 |
| Huntsman LLC, 11.50%, 7/15/12                 | 310       | 323,950   |
| Ineos Group Holdings Plc, 7.875%, 2/15/16 (b) | EUR 1,490 | 1,344,331 |
| Innophos, Inc., 8.875%, 8/15/14               | USD 2,225 | 2,280,625 |
| Key Plastics LLC, 11.75%, 3/15/13 (b)         | 980       | 343,000   |
| Terra Capital, Inc. Series B, 7%, 2/01/17     | 115       | 111,837   |
|   |           | 7,138,743 |

**Commercial Services & Supplies 1.7%**

|   |       |            |
|---|-------|------------|
| Casella Waste Systems, Inc., 9.75%, 2/01/13 | 2,000 | 1,980,000  |
| DI Finance Series B, 9.50%, 2/15/13         | 2,538 | 2,518,965  |
| Sally Holdings LLC, 10.50%, 11/15/16 (e)    | 990   | 994,950    |
| Waste Services, Inc., 9.50%, 4/15/14        | 2,065 | 2,085,650  |
| West Corp., 11%, 10/15/16 (e)               | 3,595 | 2,813,088  |
|   |       | 10,392,653 |

**Communications Equipment 0.3%**

|   |       |           |
|---|-------|-----------|
| Nortel Networks Ltd., 7.041%, 7/15/11 (d) | 1,970 | 1,827,175 |
|---|-------|-----------|

**Containers & Packaging 0.9%**

|                                     |     |         |
|-------------------------------------|-----|---------|
| Berry Plastics Holding Corp.:       |     |         |
| 6.651%, 9/15/14 (d)                 | 510 | 382,500 |
| 8.875%, 9/15/14                     | 910 | 755,300 |
| Crown Americas LLC, 7.75%, 11/15/15 | 885 | 907,125 |

**Corporate Bonds**

|   | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>Containers &amp; Packaging (concluded)</b> |              |              |
| Impress Holdings BV, 5.916%, 9/15/13 (b)(d)   | USD 1,370    | \$ 1,233,000 |
| Pregis Corp., 12.375%, 10/15/13               | 2,020        | 1,929,100    |
|   |              | 5,207,025    |

**Diversified Financial Services 1.4%**

|  |       |           |
|--|-------|-----------|
| Ford Motor Credit Co., 7.375%, 2/01/11             | 2,800 | 2,253,675 |
| Ford Motor Credit Co. LLC:                         |       |           |
| 5.538%, 1/13/12 (d)                                | 565   | 417,142   |
| 7.241%, 4/15/12 (d)                                | 60    | 57,377    |
| 7.80%, 6/01/12                                     | 1,665 | 1,236,537 |
| GMAC LLC, 6.875%, 8/28/12                          | 2,735 | 1,604,474 |
| Structured Asset Repackaged Trust, 3.761%, 1/21/10 | 3,068 | 2,972,703 |
|  |       | 8,541,908 |

**Diversified Telecommunication Services 3.1%**

|  |       |            |
|--|-------|------------|
| Cincinnati Bell, Inc., 7.25%, 7/15/13                      | 1,420 | 1,364,975  |
| Deutsche Telekom International Finance BV, 8%, 6/15/10 (e) | 5,000 | 5,291,760  |
| Qwest Communications International, Inc.:                  |       |            |
| 6.304%, 2/15/09 (d)  | 1,364 | 1,360,590  |
| 7.50%, 2/15/14   | 3,595 | 3,271,450  |
| Qwest Corp., 6.026%, 6/15/13 (d)(e)                        | 3,000 | 2,775,000  |
| Wind Acquisition Finance SA, 10.75%, 12/01/15 (b)          | 1,500 | 1,537,500  |
| Windstream Corp.:  |       |            |
| 8.125%, 8/01/13  | 2,340 | 2,316,600  |
| 8.625%, 8/01/16  | 1,060 | 1,049,400  |
|  |       | 18,967,275 |

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**Electric Utilities 0.6%**

|   |       |           |
|---|-------|-----------|
| Edison Mission Energy, 7.50%, 6/15/13           | 590   | 591,475   |
| Elwood Energy LLC, 8.159%, 7/05/26              | 149   | 140,163   |
| Midwest Generation LLC Series B, 8.56%, 1/02/16 | 2,676 | 2,762,490 |
|   |       | 3,494,128 |

**Electrical Equipment 0.6%**

|  |       |           |
|--|-------|-----------|
| Superior Essex Communications LLC, 9%, 4/15/12 | 3,765 | 3,934,425 |
|--|-------|-----------|

**Electronic Equipment & Instruments 0.4%**

|                     |       |           |
|---------------------|-------|-----------|
| Sanmina-SCI Corp.:  |       |           |
| 6.75%, 3/01/13      | 315   | 284,287   |
| 8.125%, 3/01/16 (e) | 2,560 | 2,310,400 |
|                     |       | 2,594,687 |

**Energy Equipment & Services 0.2%**

|   |     |           |
|---|-----|-----------|
| Compagnie Generale de Geophysique-Veritas:            |     |           |
| 7.50%, 5/15/15  | 255 | 253,725   |
| 7.75%, 5/15/17  | 420 | 417,900   |
| Grant Prideco, Inc. Series B, 6.125%, 8/15/15         | 380 | 369,335   |
| North American Energy Partners, Inc., 8.75%, 12/01/11 | 270 | 268,650   |
|   |     | 1,309,610 |

**Food & Staples Retailing 0.4%**

|                                |       |           |
|--------------------------------|-------|-----------|
| Rite Aid Corp., 7.50%, 3/01/17 | 2,940 | 2,440,200 |
|--------------------------------|-------|-----------|

**Gas Utilities 0.2%**

|  |     |           |
|--|-----|-----------|
| El Paso Natural Gas Co., 8.375%, 6/15/32 | 400 | 442,400   |
| Targa Resources, Inc., 8.50%, 11/01/13   | 725 | 688,750   |
|  |     | 1,131,150 |

**Health Care Equipment & Supplies 1.3%**

|                                    |       |           |
|------------------------------------|-------|-----------|
| Biomet, Inc.:                      |       |           |
| 10%, 10/15/17                      | 500   | 540,000   |
| 10.375%, 10/15/17 (c)              | 500   | 527,500   |
| 11.625%, 10/15/17                  | 670   | 704,337   |
| DJO Finance LLC, 10.875%, 11/15/14 | 6,420 | 6,436,050 |
|                                    |       | 8,207,887 |

**Health Care Providers & Services 0.7%**

|  |       |           |
|--|-------|-----------|
| Tenet Healthcare Corp., 6.50%, 6/01/12     | 1,985 | 1,920,487 |
| Viant Holdings, Inc., 10.125%, 7/15/17 (b) | 2,948 | 2,491,060 |
|  |       | 4,411,547 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Limited Duration Income Trust (BLW)  
(Percentages shown are based on Net Assets)

| Corporate Bonds  |     | Par<br>(000) | Value        |
|--|-----|--------------|--------------|
| <b>Hotels, Restaurants &amp; Leisure 2.1%</b>                  |     |              |              |
| American Real Estate Partners LP:                              |     |              |              |
| 8.125%, 6/01/12  | USD | 5,860        | \$ 5,457,125 |
| 7.125%, 2/15/13  |     | 1,480        | 1,293,150    |
| Greektown Holdings, LLC, 10.75%, 12/01/13 (b)(f)(g)            |     | 1,344        | 1,014,720    |
| Harrah s Operating Co., Inc. (b):                              |     |              |              |
| 10.75%, 2/01/16  |     | 5,695        | 3,829,887    |
| 10.75%, 2/01/18 (c)  |     | 1,790        | 1,057,268    |
| Tropicana Entertainment LLC Series WI, 9.625%, 12/15/14 (f)(g) |     | 375          | 120,000      |
| Wynn Las Vegas LLC, 6.625%, 12/01/14                           |     | 100          | 91,125       |
|  |     |              | 12,863,275   |
| <b>Household Durables 0.0%</b>                                 |     |              |              |
| Berkline/BenchCraft, LLC, 4.50%, 11/03/12 (c)(f)(g)(h)         |     | 200          |              |
| <b>IT Services 1.0%</b>  |     |              |              |
| First Data Corp., 9.875%, 9/24/15 (b)                          |     | 270          | 232,875      |
| iPayment, Inc., 9.75%, 5/15/14                                 |     | 950          | 795,625      |
| iPayment Investors LP, 12.75%, 7/15/14 (b)(c)                  |     | 4,205        | 4,176,115    |
| SunGard Data Systems, Inc., 9.125%, 8/15/13                    |     | 790          | 801,850      |
|  |     |              | 6,006,465    |
| <b>Independent Power Producers &amp; Energy Traders 0.7%</b>   |     |              |              |
| The AES Corp., 8.75%, 5/15/13 (b)                              |     | 2,803        | 2,901,105    |
| NRG Energy, Inc.:  |     |              |              |
| 7.25%, 2/01/14   |     | 210          | 207,112      |
| 7.375%, 2/01/16  |     | 1,185        | 1,170,187    |
|  |     |              | 4,278,404    |
| <b>Industrial Conglomerates 1.1%</b>                           |     |              |              |
| Sequa Corp. (b):   |     |              |              |
| 11.75%, 12/01/15   |     | 3,210        | 2,824,800    |
| 13.50%, 12/01/15 (c)   |     | 4,972        | 4,050,671    |
|  |     |              | 6,875,471    |
| <b>Machinery 0.9%</b>  |     |              |              |
| AGY Holding Corp., 11%, 11/15/14                               |     | 1,700        | 1,581,000    |
| Accuride Corp., 8.50%, 2/01/15                                 |     | 850          | 548,250      |
| Sunstate Equipment Co. LLC, 10.50%, 4/01/13 (b)                |     | 3,125        | 2,281,250    |
| Synventive Molding Solutions Sub-Series A, 14%, 1/14/11        |     | 650          | 292,491      |
| Terex Corp., 8%, 11/15/17                                      |     | 1,085        | 1,071,438    |
|  |     |              | 5,774,429    |
| <b>Marine 0.1%</b>   |     |              |              |
| Navios Maritime Holdings, Inc., 9.50%, 12/15/14                |     | 676          | 645,580      |
| <b>Media 6.7%</b>  |     |              |              |

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|  |       |            |
|--|-------|------------|
| Affinion Group, Inc., 10.125%, 10/15/13                        | 2,825 | 2,782,625  |
| CMP Susquehanna Corp., 9.875%, 5/15/14                         | 2,425 | 1,515,625  |
| Cablevision Systems Corp. Series B, 7.133%, 4/01/09 (d)        | 800   | 804,000    |
| Charter Communications Holdings I, LLC, 11%, 10/01/15          | 340   | 260,950    |
| Charter Communications Holdings II, LLC,<br>10.25%, 9/15/10    | 3,420 | 3,278,875  |
| Comcast Cable Communications LLC, 6.875%, 6/15/09 (e)          | 6,685 | 6,846,730  |
| Dex Media West LLC, 9.875%, 8/15/13                            | 1,510 | 1,162,700  |
| DirecTV Holdings LLC, 8.375%, 3/15/13                          | 500   | 517,500    |
| EchoStar DBS Corp.:<br>5.75%, 10/01/08                         | 2,800 | 2,800,000  |
| 7%, 10/01/13   | 200   | 190,000    |
| 7.125%, 2/01/16  | 200   | 184,000    |
| Network Communications, Inc., 10.75%, 12/01/13                 | 1,520 | 1,092,500  |
| Nielsen Finance LLC, 10%, 8/01/14                              | 3,825 | 3,872,812  |
| ProtoStar I Ltd., 12.50%, 10/15/12 (b)(d)(i)                   | 3,345 | 3,244,435  |
| R.H. Donnelley Corp., 11.75%, 5/15/15 (b)                      | 2,442 | 1,794,870  |
| Rainbow National Services LLC (b):<br>8.75%, 9/01/12           | 925   | 943,500    |
| 10.375%, 9/01/14   | 3,134 | 3,333,792  |
| Salem Communications Corp., 7.75%, 12/15/10                    | 2,000 | 1,680,000  |
| Sinclair Broadcast Group, Inc. Class A, 4.875%, 7/15/18 (i)(j) | 460   | 421,475    |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (b)                     | 4,500 | 3,847,500  |
| Windstream Regatta Holdings, Inc., 11%, 12/01/17 (b)           | 1,575 | 913,500    |
|  |       | 41,487,389 |

| Corporate Bonds                                    | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Metals &amp; Mining 1.2%</b>                    |              |              |
| AK Steel Corp., 7.75%, 6/15/12                     | USD 2,200    | \$ 2,249,500 |
| Freeport-McMoRan Copper & Gold, Inc.:              |              |              |
| 5.883%, 4/01/15 (d)                                | 1,495        | 1,498,947    |
| 8.375%, 4/01/17 (e)                                | 3,495        | 3,704,700    |
|  |              | 7,453,147    |
| <b>Multiline Retail 0.8%</b>                       |              |              |
| JC Penney Corp. Inc., 8%, 3/01/10 (e)              | 4,400        | 4,536,985    |
| Neiman Marcus Group, Inc., 9%, 10/15/15 (c)        | 73           | 70,992       |
|  |              | 4,607,977    |
| <b>Oil, Gas &amp; Consumable Fuels 2.1%</b>        |              |              |
| Berry Petroleum Co., 8.25%, 11/01/16               | 550          | 525,250      |
| Chaparral Energy, Inc., 8.50%, 12/01/15            | 1,210        | 1,052,700    |
| Chesapeake Energy Corp., 6.375%, 6/15/15           | 650          | 604,500      |
| Compton Petroleum Finance Corp., 7.625%, 12/01/13  | 700          | 657,125      |
| EXCO Resources, Inc., 7.25%, 1/15/11               | 495          | 490,050      |
| Encore Acquisition Co., 6%, 7/15/15                | 250          | 218,125      |
| OPTI Canada, Inc., 8.25%, 12/15/14                 | 1,990        | 1,987,512    |
| Overseas Shipholding Group, Inc., 8.75%, 12/01/13  | 1,650        | 1,716,000    |
| Sabine Pass LNG LP, 7.50%, 11/30/16                | 1,515        | 1,325,625    |
| SandRidge Energy, Inc. (b):<br>6.416%, 4/01/14 (d) | 1,500        | 1,406,731    |
| 8.625%, 4/01/15 (c)                                | 1,500        | 1,451,250    |
| Whiting Petroleum Corp.:                           |              |              |
| 7.25%, 5/01/12                                     | 160          | 154,400      |
| 7.25%, 5/01/13                                     | 1,390        | 1,334,400    |
|  |              | 12,923,668   |

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**Paper & Forest Products 0.5%**

|                                    |       |           |
|------------------------------------|-------|-----------|
| Bowater, Inc., 5.776%, 3/15/10 (d) | 670   | 549,400   |
| Domtar Corp.:                      |       |           |
| 7.875%, 10/15/11                   | 140   | 143,850   |
| 7.125%, 8/15/15                    | 300   | 289,500   |
| NewPage Corp.:                     |       |           |
| 9.051%, 5/01/12 (d)                | 1,500 | 1,406,250 |
| 10%, 5/01/12                       | 665   | 645,050   |
| 12%, 5/01/13                       | 200   | 187,000   |
|                                    |       | 3,221,050 |

**Professional Services 0.1%**

|                                       |     |         |
|---------------------------------------|-----|---------|
| FTI Consulting, Inc., 7.75%, 10/01/16 | 350 | 363,125 |
|---------------------------------------|-----|---------|

**Real Estate Investment Trusts (REITs) 0.2%**

|                                |       |           |
|--------------------------------|-------|-----------|
| Rouse Co. LP, 5.375%, 11/26/13 | 2,000 | 1,523,422 |
|--------------------------------|-------|-----------|

**Semiconductors & Semiconductor Equipment 0.6%**

|                                |       |           |
|--------------------------------|-------|-----------|
| Amkor Technology, Inc.:        |       |           |
| 7.75%, 5/15/13                 | 2,063 | 1,934,062 |
| 9.25%, 6/01/16                 | 310   | 299,150   |
| Freescall Semiconductor, Inc.: |       |           |
| 8.875%, 12/15/14               | 560   | 453,600   |
| 9.125%, 12/15/14 (c)           | 1,305 | 1,017,900 |
|                                |       | 3,704,712 |

**Software 0.1%**

|  |     |         |
|--|-----|---------|
| BMS Holdings, Inc., 10.595%, 2/15/12 (b)(c)(d) | 516 | 309,442 |
|--|-----|---------|

**Specialty Retail 2.5%**

|  |       |            |
|--|-------|------------|
| AutoNation, Inc.:                                |       |            |
| 4.791%, 4/15/13 (d)                              | 690   | 569,250    |
| 7%, 4/15/14                                      | 690   | 596,850    |
| General Nutrition Centers, Inc.:                 |       |            |
| 7.199%, 3/15/14 (c)(d)                           | 2,250 | 1,882,229  |
| 10.75%, 3/15/15                                  | 1,880 | 1,630,900  |
| Group 1 Automotive, Inc., 8.25%, 8/15/13         | 5,000 | 4,550,000  |
| Lazy Days R.V. Center, Inc., 11.75%, 5/15/12     | 1,475 | 737,500    |
| Michaels Stores, Inc. (e):                       |       |            |
| 10%, 11/01/14                                    | 1,895 | 1,421,250  |
| 11.375%, 11/01/16                                | 1,565 | 1,001,600  |
| Sonic Automotive, Inc. Series B, 8.625%, 8/15/13 | 3,500 | 2,695,000  |
|  |       | 15,084,579 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Limited Duration Income Trust (BLW)  
(Percentages shown are based on Net Assets)

| Corporate Bonds  |     | Par<br>(000) |    | Value              |
|--|-----|--------------|----|--------------------|
| <b>Textiles, Apparel &amp; Luxury Goods 0.1%</b>       |     |              |    |                    |
| Quiksilver, Inc., 6.875%, 4/15/15                      | USD | 575          | \$ | 461,437            |
| <b>Tobacco 0.2%</b>                                    |     |              |    |                    |
| Reynolds American, Inc., 7.625%, 6/01/16               |     | 1,000        |    | 1,036,980          |
| <b>Wireless Telecommunication Services 1.2%</b>        |     |              |    |                    |
| Cricket Communications, Inc., 9.375%, 11/01/14         |     | 270          |    | 267,637            |
| Digicel Group Ltd. (b):                                |     |              |    |                    |
| 8.875%, 1/15/15  |     | 1,120        |    | 1,051,456          |
| 9.125%, 1/15/15 (c)                                    |     | 2,466        |    | 2,229,551          |
| MetroPCS Wireless, Inc., 9.25%, 11/01/14               |     | 360          |    | 356,850            |
| Nordic Telephone Co. Holdings ApS, 8.875%, 5/01/16 (b) |     | 3,850        |    | 3,705,625          |
|  |     |              |    | 7,611,119          |
| <b>Total Corporate Bonds 37.6%</b>                     |     |              |    | <b>231,677,287</b> |

## Foreign Government Obligations

|   |  |       |  |                   |
|---|--|-------|--|-------------------|
| Colombia Government International Bond,<br>9.75%, 4/23/09 (e) |  | 5,000 |  | 5,200,000         |
| Peru Government International Bond,<br>8.375%, 5/03/16        |  | 4,871 |  | 5,714,657         |
| Turkey Government International Bond, 7%, 9/26/16             |  | 5,093 |  | 5,213,959         |
| <b>Total Foreign Government Obligations 2.6%</b>              |  |       |  | <b>16,128,616</b> |

## U.S. Government Agency Mortgage-Backed Securities

|  |  |         |  |                    |
|--|--|---------|--|--------------------|
| Fannie Mae Guaranteed Pass-Through Certificates:                     |  |         |  |                    |
| 5.00%, 9/15/23 (k)   |  | 121,000 |  | 119,865,625        |
| 5.50%, 12/01/28 11/01/33 (e)(l)                                      |  | 7,721   |  | 7,669,437          |
| <b>Total U.S. Government Agency Mortgage-Backed Securities 20.7%</b> |  |         |  | <b>127,535,062</b> |

## Floating Rate Loan Interests

|                                     |  |       |  |         |
|-------------------------------------|--|-------|--|---------|
| <b>Aerospace &amp; Defense 1.2%</b> |  |       |  |         |
| Avio Holding SpA:                   |  |       |  |         |
| Term Loan B, 4.594%, 9/25/14        |  | 1,000 |  | 902,143 |
| Term Loan C, 5.219%, 9/25/15        |  | 1,000 |  | 902,143 |

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|   |       |           |
|---|-------|-----------|
| <b>Hawker Beechcraft Acquisition Co. LLC:</b>                                       |       |           |
| Letter of Credit, 2.70%, 3/26/14  | 267   | 248,549   |
| Term Loan, 4.801%, 3/26/14  | 4,569 | 4,254,328 |
| <b>IAP Worldwide Services, Inc. First Lien Term Loan, 8.25%, 12/30/12</b>           |       |           |
|   | 586   | 455,807   |
| <b>Wesco Aircraft Hardware Corp. First Lien Term Loan, 5.06%, 9/29/13</b>           |       |           |
|   | 486   | 466,192   |
|   |       | 7,229,162 |
| <b>Airlines 0.3%</b>  |       |           |
| US Airways Group, Inc. Term Loan, 4.963%, 3/24/14                                   | 2,970 | 2,034,450 |
| <b>Auto Components 0.9%</b>   |       |           |
| Allison Transmission, Inc. Term Loan, 5.22% 5.56%, 8/07/14                          | 4,064 | 3,644,625 |
| Dayco Products LLC (Mark IV, Inc.) Replacement B Term Loan, 7.14% 7.68%, 6/21/11    | 864   | 598,359   |
| <b>Delphi Corp. Second Lien:</b>  |       |           |
| Subsequent Tranche C Term Loan, 8.5%, 12/31/08                                      | 79    | 64,979    |
| Term Loan, 8.50%, 1/11/16   | 771   | 638,041   |
| <b>Metaldyne Co. LLC:</b>   |       |           |
| Initial Tranche B Term Loan, 6.50%, 4/09/12   | 667   | 373,060   |
| Letter of Credit Deposit Funded Tranche, 2.35% 6.56%, 1/11/14                       | 98    | 54,862    |
| Rallyparts LLC (Motorsport Aftermarket) Group Tranche B Term Loan, 5.301%, 11/30/13 | 493   | 310,275   |
|   |       | 5,684,201 |

| Floating Rate Loan Interests   | Par (000) | Value        |
|--|-----------|--------------|
| <b>Beverages 0.3%</b>  |           |              |
| Culligan International Co. Second Lien Term Loan, 9.229% 9.615%, 4/24/13 | EUR 1,500 | \$ 1,100,288 |
| Le-Nature s, Inc. Term Loan B, 10.25%, 9/01/11 (f)(g)                    | USD 1,000 | 570,000      |
|  |           | 1,670,288    |

|  |     |         |
|--|-----|---------|
| <b>Biotechnology 0.2%</b>  |     |         |
| Talecris Biotherapeutics, Holdings Corp. First Lien Term Loan, 5.97% 6.31%, 12/06/13 | 995 | 962,614 |

|   |           |           |
|---|-----------|-----------|
| <b>Building Products 1.5%</b>   |           |           |
| Armstrong World Industries Tranche B Term Loan, 4.221%, 10/02/13              | 195       | 189,657   |
| Building Materials Corp. of America Term Loan Advance, 5.438% 5.563%, 2/22/14 | 2,888     | 2,477,436 |
| Custom Building Products Second Lien Term Loan, 7.801%, 4/20/12               | 1,500     | 1,170,000 |
| <b>Financiere (Lafarge Roofing) SA:</b>                                       |           |           |
| Term Loan B1, 6.856%, 6/14/15   | EUR 725   | 610,930   |
| Term Loan B2, 6.856%, 6/14/15   | 296       | 249,534   |
| Term Loan B4, 4.594%, 6/14/15   | USD 278   | 158,218   |
| Term Loan C1, 7.106%, 3/14/16   | EUR 673   | 567,038   |
| Term Loan C2, 7.106%, 3/14/16   | USD 346   | 291,693   |
| Term Loan C4, 4.838%, 3/14/16   | 285       | 162,023   |
| <b>Momentive Performance Materials, Inc.:</b>                                 |           |           |
| Tranche B-1, 4.75%, 12/04/13  | USD 967   | 890,911   |
| Tranche B-2, 6.73%, 12/14/13  | EUR 1,000 | 1,285,503 |
| United Subcontractors Inc. Tranche B Term Loan, 7.79% 8.14%, 12/27/12         | USD 1,811 | 1,014,458 |



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9,067,401

**Capital Markets 0.1%**

|  |     |         |
|--|-----|---------|
| Marsico Parent Co., LLC Term Loan,<br>5.50% 6.813%, 12/16/14 | 498 | 425,363 |
|--|-----|---------|

**Chemicals 4.0%**

|  |     |       |            |
|--|-----|-------|------------|
| <b>Brenntag Holdings:</b>  |     |       |            |
| Term Loan Facility B6 A, 6.793%, 3/01/12                                 | EUR | 282   | 382,763    |
| Term Loan Facility B6 B, 6.793%, 3/01/12                                 |     | 218   | 296,331    |
| <b>Cognis Deutschland:</b>   |     |       |            |
| Facility A (German), 6.961%, 9/16/13                                     |     | 803   | 1,070,180  |
| Facility B (French), 6.961%, 9/16/13                                     |     | 197   | 262,085    |
| Edwards (Cayman Islands II) Ltd. First Lien Term Loan,<br>4.81%, 5/31/14 |     | 495   | 429,413    |
| Electricinvest Holding Co. Ltd.,<br>Junior 8.735% 9.625%, 12/19/12       | GBP | 1,793 | 2,616,541  |
| Flint Group Term Loan B, 4.88%, 12/31/14                                 | USD | 2,000 | 1,613,334  |
| Huish Detergents, Inc. Term Loan Tranche B,<br>4.81%, 4/26/14            |     | 1,250 | 1,132,291  |
| ISP Chemco LLC Term Loan, 4% 4.313%, 6/04/14                             |     | 1,485 | 1,369,913  |
| <b>Ineos U.S. Finance Group Plc Term Loan Facility:</b>                  |     |       |            |
| A4, 4.721% 4.885%, 12/16/12  |     | 1,016 | 883,526    |
| B2, 4.885%, 12/16/13   |     | 1,715 | 1,449,175  |
| C2, 5.385%, 12/23/14   |     | 1,715 | 1,449,175  |
| <b>Invista Canada Co. Term Loan:</b>                                     |     |       |            |
| B1, 4.301%, 4/29/11  |     | 1,274 | 1,213,114  |
| B2, 4.301%, 4/29/11  |     | 675   | 643,041    |
| Lucite International Finance Plc,<br>13.96%, 7/14/13 (c)                 | EUR | 1,105 | 923,795    |
| <b>PQ Corp.:</b>   |     |       |            |
| First Lien Term Loan, 5.92% 6.05%, 7/30/14                               | USD | 4,000 | 3,742,500  |
| Second Lien Term Loan, 9.30%, 7/30/14                                    |     | 3,250 | 2,811,250  |
| Rockwood Specialties Group, Inc. Tranche E Term Loan,<br>4.299%, 7/30/12 |     | 965   | 924,677    |
| Solutia, Inc. Term Loan, 8.50%, 2/28/14                                  |     | 1,750 | 1,686,017  |
|  |     |       | 24,899,121 |

**Commercial Services & Supplies 1.7%**

|                                  |  |       |           |
|----------------------------------|--|-------|-----------|
| <b>ARAMARK Corp.:</b>            |  |       |           |
| Letter of Credit, 2.44%, 1/26/14 |  | 185   | 174,918   |
| Term Loan B, 4.676%, 1/26/14     |  | 2,907 | 2,753,329 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Limited Duration Income Trust (BLW)  
(Percentages shown are based on Net Assets)

| Floating Rate Loan Interests   |     | Par<br>(000) | Value        |
|--|-----|--------------|--------------|
| <b>Commercial Services &amp; Supplies (concluded)</b>                                  |     |              |              |
| Brickman Group Holdings, Inc. Term Loan Tranche B,<br>4.801%, 1/23/14                  | USD | 1,234        | \$ 1,104,766 |
| EnviroSolutions Term Loan, 11.50% 12.25%, 7/07/12                                      |     | 501          | 457,982      |
| Kion Group GmbH:   |     |              |              |
| Term Loan B, 4.469%, 12/28/14  |     | 250          | 216,298      |
| Term Loan C, 4.969%, 12/28/15  |     | 250          | 216,298      |
| Language Line Services Term Loan B1, 6.06%, 6/11/11                                    |     | 729          | 685,510      |
| Sirva Second Lien Facility Loan,<br>12%, 5/15/15                                       |     | 229          | 186,326      |
| Synagro Technologies, Inc. Term Loan, 4.81%, 4/02/14                                   |     | 2,743        | 2,317,897    |
| West Corp. Term Loan B2, 4.844% 5.171%, 10/24/13                                       |     | 2,955        | 2,592,634    |
|  |     |              | 10,705,958   |
| <b>Communications Equipment 1.4%</b>   |     |              |              |
| Alltel Corp. Initial Tranche:  |     |              |              |
| Term Loan B2, 5.064%, 5/16/15  |     | 1,744        | 1,723,239    |
| Term Loan B3, 4.966%, 5/18/15  |     | 5,219        | 5,199,435    |
| SafeNet, Inc. Term Loan B, 5.788%, 4/11/14   |     | 1,980        | 1,702,800    |
|  |     |              | 8,625,474    |
| <b>Computers &amp; Peripherals 0.6%</b>  |     |              |              |
| Intergraph Corp.:  |     |              |              |
| Initial Term Loan, First Lien, 4.809%, 5/29/14   |     | 1,431        | 1,359,292    |
| Second Lien Term Loan, 8.809%, 11/29/14  |     | 750          | 720,000      |
| Dealer Computer Services (Reynolds and Reynolds) Term Loan,<br>4.801%, 10/26/12        |     | 1,889        | 1,747,366    |
|  |     |              | 3,826,658    |
| <b>Construction &amp; Engineering 0.2%</b>   |     |              |              |
| Brand Energy & Infrastructure Services, Inc.:  |     |              |              |
| First Lien Term Loan B, 5.063%, 2/07/14  |     | 993          | 908,422      |
| Second Lien Term Loan, 8.813%, 2/07/15   |     | 500          | 460,000      |
|  |     |              | 1,368,422    |
| <b>Containers &amp; Packaging 1.2%</b>   |     |              |              |
| Atlantis Plastics Second Lien Term Loan, 12%, 3/22/12 (f)(g)                           |     | 250          | 43,750       |
| Consolidated Container Co. LLC Second Lien Term Loan,<br>7.969% 8.31%, 9/28/14         |     | 350          | 171,500      |
| Graham Packaging Co. LP New Term Loan E,<br>4.938% 5.063%, 10/07/11                    |     | 2,095        | 1,990,289    |
| Graphic Packaging International Corp. Incremental Term Loan,<br>5.535% 5.884%, 5/16/14 |     | 2,363        | 2,278,939    |
| Mivisa Envases SAU:  |     |              |              |
| Term Loan B1   | EUR | 826          | 1,054,549    |
| Term Loan B2   |     | 174          | 221,785      |
| Smurfit-Stone Container Enterprises, Inc. Deposit Account,<br>4.913%, 11/01/10         |     | 568          | 548,645      |
| Solo Cup Co. Term B1 Loan, 5.97% 6.31%, 2/27/11  | USD | 1,198        | 1,163,086    |



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### Matinvest (Deutsch Connectors):

|                               |     |         |
|-------------------------------|-----|---------|
| Term Loan B2, 5.384%, 6/22/14 | 491 | 430,103 |
| Term Loan C2, 5.634%, 6/22/15 | 851 | 746,220 |

5,707,945

### Energy Equipment & Services 0.8%

|   |       |           |
|---|-------|-----------|
| Dresser, Inc. Term Loan B,<br>4.713% 5.057%, 5/04/14      | 3,432 | 3,273,621 |
| MEG Energy Corp. Initial Term Loan, 4.80%, 4/03/13        | 489   | 466,604   |
| Trinidad U.S.A. Partnership LP Term Loan, 4.964%, 5/01/11 | 1,465 | 1,391,750 |

5,131,975

### Food & Staples Retailing 1.4%

|  |     |       |           |
|--|-----|-------|-----------|
| AB Acquisition Term Loan B, 8.091%, 7/15/15                          | GBP | 4,000 | 6,466,578 |
| Advantage Sales & Marketing, Inc. Term Loan,<br>4.47% 4.81%, 3/29/13 | USD | 973   | 899,429   |
| DS Waters of America Term Loan B, 6.469%, 3/07/12                    |     | 500   | 462,500   |
| WM Bolthouse Farms, Inc. First Lien Term Loan,<br>5.063%, 12/16/12   |     | 975   | 933,563   |

8,762,070

### Food Products 2.0%

|  |  |       |           |
|--|--|-------|-----------|
| Dole Food Co., Inc.:                                 |  |       |           |
| Linked Deposit, 2.65%, 4/12/13                       |  | 280   | 256,702   |
| Term Loan B, 4.5% 6%, 4/12/13                        |  | 511   | 468,875   |
| Term Loan C, 4.50% 6%, 4/12/13                       |  | 2,050 | 1,881,950 |
| Eight O'Clock Coffee Co. Term Loan, 5.25%, 11/14/11  |  | 1,813 | 1,740,696 |
| Michael Foods Term Loan B-1, 4.845% 5.194%, 11/21/10 |  | 2,167 | 2,123,436 |
| Osi Funds GMBH-German Term Loan, 4.801%, 9/2/11      |  | 531   | 522,597   |
| Osi Group LLC.-U.S. Term Loan B, 4.801%, 9/2/11      |  | 1,194 | 1,175,844 |
| Osi Holland Finance-Dutch Term Loan, 4.801%, 9/2/11  |  | 663   | 653,247   |
| Sturm Foods, Inc.:                                   |  |       |           |
| First Lien Term Loan 5.25% 5.375%, 1/31/14           |  | 1,355 | 1,104,564 |
| Initial First Lien Term Loan 5.375%, 1/31/14 (c)(h)  |  | 500   | 407,500   |
| Second Lien Term Loan, 8.875%, 7/31/14               |  | 500   | 305,000   |
| Wrigley Co. Term Loan B, 0%, 8/11/14                 |  | 1,500 | 1,505,894 |

12,146,305

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Limited Duration Income Trust (BLW)  
(Percentages shown are based on Net Assets)

| Floating Rate Loan Interests   |     | Par<br>(000) | Value        |
|--|-----|--------------|--------------|
| <b>Health Care Equipment &amp; Supplies 1.2%</b>                                     |     |              |              |
| Biomet, Inc. Dollar Term Loan, 5.801%, 3/25/15                                       | USD | 4,466        | \$ 4,374,134 |
| DJO Finance LLC Term Loan,<br>5.469% 5.801%, 5/20/14                                 |     | 2,488        | 2,425,313    |
| Select Medical Term Loan B, 4.472% 6.0%, 2/24/12                                     |     | 966          | 895,140      |
|  |     |              | 7,694,587    |
| <b>Health Care Providers &amp; Services 2.3%</b>                                     |     |              |              |
| CCS Medical First Lien Term Loan (Chronic Care),<br>6.06%, 9/30/12                   |     | 840          | 673,758      |
| Cardinal Health Euro Term Loan, 7.205%, 4/15/14                                      | EUR | 1,980        | 2,556,188    |
| Community Health Systems, Inc. Term Loan,<br>4.719% 5.06%, 7/25/14                   | USD | 8,188        | 7,738,726    |
| Health Management Associates, Inc. Term Loan B,<br>4.551%, 2/28/14                   |     | 886          | 811,432      |
| HealthSouth Corp. Term Loan, 5.29%, 3/10/13  |     | 801          | 757,575      |
| Surgical Care Affiliates LLC Term Loan B,<br>5.051%, 12/29/14                        |     | 1,987        | 1,748,961    |
|  |     |              | 14,286,640   |
| <b>Health Care Technology 0.2%</b>   |     |              |              |
| Sunquest Holdings Inc. (Misys Hospital Systems),<br>Term Loan, 5.72% 6.05%, 10/13/14 |     | 1,489        | 1,403,147    |
| <b>Hotels, Restaurants &amp; Leisure 2.2%</b>  |     |              |              |
| CCM Merger Inc. (MotorCity Casino) Term Loan B,<br>4.808% 4.815%, 7/13/12            |     | 1,665        | 1,494,422    |
| Green Valley Ranch Gaming LLC:<br>First Lien Term Loan, 4.469% 4.801%, 2/16/14       |     | 476          | 364,285      |
| Second Lien, 5.719%, 8/16/14   |     | 1,500        | 753,750      |
| Harrah's Operating Co., Inc.:<br>Term Loan B1, 5.80% 5.801%, 1/28/15                 |     | 554          | 486,221      |
| Term Loan B2, 5.80%, 1/28/15   |     | 698          | 611,580      |
| Term Loan B3, 5.801%, 1/28/15  |     | 810          | 709,546      |
| OSI Restaurant Partners, Inc.:<br>Incremental Term Loan, 5.125%, 5/15/13             |     | 403          | 307,635      |
| Revolving Credit, 5.026%, 5/15/13  |     | 39           | 29,795       |
| Prefunded Penn National Gaming, Inc. Term Loan B,<br>4.21% 4.55%, 10/03/12           |     | 4,046        | 3,871,761    |
| QCE LLC First Lien Term Loan, 4.813%, 5/05/13  |     | 1,960        | 1,652,933    |
| Travelport LLC (Travelport, Inc.):<br>Standby Letter of Credit, 5.051%, 8/23/13 (c)  |     | 29           | 24,225       |
| Term Loan, 9.793%, 3/27/12 (c)   |     | 4,216        | 2,592,978    |
| Term Loan B, 4.719%, 3/27/12   |     | 145          | 120,731      |
| Wembley, Inc. First Lien Term Loan,<br>6.72% 7.19%, 8/23/11                          |     | 491          | 364,865      |
|  |     |              | 13,384,727   |
| <b>Household Durables 0.3%</b>   |     |              |              |
| Berkline Corp. Term Loan B,<br>6.578%, 11/03/11 (f)(g)(h)                            |     | 95           | 4,735        |

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|  |       |           |
|--|-------|-----------|
| Jarden Corp. Term Loan B3, 5.301%, 1/24/12                       | 995   | 915,377   |
| The Yankee Candle Co., Inc. Term Loan B,<br>4.48% 4.81%, 2/06/14 | 1,000 | 872,500   |
|  |       | 1,792,612 |

**Household Products 0.2%**

|   |       |         |
|---|-------|---------|
| Central Garden & Pet Term Loan New Tranche B,<br>3.97% 3.98%, 9/30/12 | 1,082 | 951,793 |
|---|-------|---------|

**IT Services 2.5%**

|  |           |           |
|--|-----------|-----------|
| Affiliated Computer Services Term Loan,<br>4.472%, 3/20/13                 | 731       | 705,395   |
| Amadeus Global Travel Distribution SA:<br>Term Loan B-3, 6.981%, 7/15/13   | EUR 307   | 379,178   |
| Term Loan B-4, 6.481%, 7/15/13   | 186       | 229,621   |
| Term Loan C-3, 6.981%, 7/15/14   | 307       | 379,178   |
| Term Loan C-4, 6.981%, 7/15/14   | 186       | 229,621   |
| Audio Visual Services Group, Inc. Second Lien Term Loan,<br>8.31%, 2/28/14 | USD 1,000 | 880,000   |
| Ceridian Corp. U.S. Term Loan, 5.464%, 11/09/14                            | 3,500     | 3,290,000 |

| Floating Rate Loan Interests  | Par<br>(000) | Value        |
|---|--------------|--------------|
| <b>IT Services (concluded)</b>  |              |              |
| First Data Corp.:<br>Term Loan B1, 5.222% 5.551%, 9/24/14                               | USD 3,701    | \$ 3,390,309 |
| Term Loan B2, 5.222% 5.551%, 9/24/14  | 1,250        | 1,145,899    |
| Term Loan B3, 5.551%, 9/24/14   | 850          | 778,931      |
| RedPrairie Corp. Term Loan,<br>5.50%, 7/20/12   | 689          | 647,384      |
| SunGard Data Systems, Inc. (Solar Capital Corp.)<br>New U.S. Term Loan, 4.553%, 2/28/14 | 2,426        | 2,276,390    |
| Verifone, Inc. Term Loan,<br>5.42% 5.55%, 10/31/13                                      | 930          | 888,150      |
|   |              | 15,220,056   |

**Independent Power Producers & Energy Traders 1.6%**

|  |       |           |
|--|-------|-----------|
| The AES Corp. Term Loan, 5.063% 5.10%, 8/10/11   | 429   | 418,393   |
| Texas Competitive Electric Holdings Co. LLC (TXU):<br>Term Loan B-2, 5.963% 6.303%, 10/13/14 | 2,978 | 2,774,863 |
| Term Loan B-3, 5.963% 6.303%, 10/13/14   | 7,306 | 6,794,795 |

|  |  |           |
|--|--|-----------|
|  |  | 9,988,051 |
|--|--|-----------|

**Insurance 0.3%**

|  |       |           |
|--|-------|-----------|
| Conseco New Term Loan, 4.469%, 10/10/13                                  | 737   | 615,301   |
| Sedgwick Claims Management Service, Inc. Term Loan B,<br>5.051%, 1/31/13 | 1,070 | 1,016,482 |

|  |  |           |
|--|--|-----------|
|  |  | 1,631,783 |
|--|--|-----------|

**Internet & Catalog Retail 0.1%**

|  |     |         |
|--|-----|---------|
| Oriental Trading First Lien Term Loan,<br>4.72%, 7/31/13 (h) | 956 | 692,817 |
|--|-----|---------|

**Leisure Equipment & Products 0.1%**

|  |     |         |
|--|-----|---------|
| 24 Hour Fitness Worldwide, Inc. Tranche B Term Loan,<br>4.97% 5.17%, 6/08/12 | 977 | 909,075 |
|--|-----|---------|

**Life Sciences Tools & Services 0.2%**

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|  |     |         |
|--|-----|---------|
| Quintiles Transnational First Lien Term Loan B4,<br>4.81%, 3/31/13 | 978 | 928,625 |
|--|-----|---------|

**Machinery 1.6%**

|   |       |           |
|---|-------|-----------|
| Big Dumpster (Wastequip):   |       |           |
| Delay Draw Term Loan, 5.051%, 2/05/13   | 287   | 224,527   |
| Term Loan B, 5.051%, 2/05/13  | 683   | 533,251   |
| Blount, Inc. Term Loan B, 4.214%, 8/09/10   | 726   | 693,045   |
| LN Acquisition Corp. (Lincoln Industrials) Second Lien<br>Initial Term Loan, 8.22%, 1/09/15 | 1,500 | 1,365,000 |
| NACCO Materials Handling Group Term Loan,<br>4.469% 4.82%, 3/21/13                          | 490   | 426,300   |
| Navistar International Corp.:   |       |           |
| Advance Term Loan, 6.046% 6.292%, 1/19/12   | 2,750 | 2,533,438 |
| Revolving Credit, 5.903% 6.046, 1/19/12   | 1,000 | 921,250   |
| OshKosh Truck Corp. Term Loan B, 4.22% 4.43%, 12/06/13                                      | 2,331 | 2,120,465 |
| Standard Steel:   |       |           |
| Delay Draw Term Loan, 4.97% 6.50%, 6/30/12  | 83    | 75,075    |
| Initial Term Loan, 5.31%, 6/30/12   | 408   | 371,583   |
| Trimas Co. LLC:   |       |           |
| Term Loan B, 4.72% 6.75%, 8/02/13   | 399   | 361,222   |
| Tranche B-1, 2.46%, 8/02/13   | 94    | 84,844    |
|   |       | 9,710,000 |

**Marine 0.4%**

|   |       |           |
|---|-------|-----------|
| Delphi Acquisition Holding:             |       |           |
| Facility B1 Assignment, 5.176%, 1/11/15 | 488   | 447,214   |
| Facility B2 Assignment, 5.176%, 1/11/15 | 1,000 | 915,000   |
| Facility C1 Assignment, 5.675%, 1/11/16 | 489   | 447,214   |
| Facility C2 Assignment, 5.675%, 1/11/16 | 1,000 | 915,000   |
|   |       | 2,724,428 |

**Media 14.1%**

|  |       |           |
|--|-------|-----------|
| Acosta, Inc. Term Loan, 4.72%, 7/29/13             | 980   | 910,175   |
| Affinion Group, Inc. Term Loan, 9.368%, 3/01/12    | 1,000 | 838,750   |
| Alix Partners Tranche C Term Loan, 4.79%, 10/12/13 | 1,446 | 1,391,813 |
| Alpha Topco (Formula One Group):                   |       |           |
| Facility D (Second Lien), 6.634%, 12/31/13         | 1,000 | 909,250   |
| Term Loan B1, 4.719%, 12/31/13                     | 857   | 779,357   |
| Term Loan B2, 4.719%, 12/31/13                     | 589   | 498,437   |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Limited Duration Income Trust (BLW)  
(Percentages shown are based on Net Assets)

| Floating Rate Loan Interests   |     | Par<br>(000) |    | Value     |
|--|-----|--------------|----|-----------|
| <b>Media (continued)</b>   |     |              |    |           |
| Atlantic Broadband Finance Term Loan B2,<br>5.06%, 8/10/12                         | USD | 980          | \$ | 945,792   |
| Cablevision Systems Corp. Incremental Term Loan,<br>4.214%, 3/29/13                |     | 2,910        |    | 2,767,410 |
| Catalina Marketing Group Initial Term Loan,<br>5.801%, 10/01/14                    |     | 2,977        |    | 2,795,105 |
| Cengage Learning Inc. Tranche 1 Term Loan,<br>7.50%, 7/05/14                       |     | 3,750        |    | 3,712,500 |
| Cequel Communications LLC Term Loan,<br>4.791% 6.0%, 11/05/13                      |     | 7,416        |    | 6,922,586 |
| Charter Communications, Inc. Replacement Term Loan,<br>4.67% 4.8%, 3/06/14         |     | 3,970        |    | 3,467,684 |
| Cinemark Term Loan B, 4.53% 4.93%, 10/05/13  |     | 1,105        |    | 1,043,731 |
| Clarke American Corp. Term Loan B,<br>5.291% 5.301%, 6/30/14                       |     | 3,401        |    | 2,795,746 |
| Dex Media West Term Loan B, 7%, 10/24/14   |     | 2,250        |    | 2,057,344 |
| Discovery Communications Term Loan B,<br>4.801%, 5/14/14                           |     | 1,487        |    | 1,449,928 |
| Education Media and Publishing Mezzanine Loan,<br>6.46%, 12/12/13                  |     | 8,793        |    | 7,034,551 |
| GateHouse Media Operating, Inc.:   |     |              |    |           |
| Delay Draw Term Loan, 4.81%, 8/28/14   |     | 497          |    | 266,900   |
| Term Loan B, 4.81%, 8/28/14  |     | 745          |    | 400,496   |
| Getty Images, Inc. Initial Term Loan, 7.25%, 7/02/15                               |     | 750          |    | 748,829   |
| Gray Communications Systems, Inc. Delay Draw Term Loan B,<br>3.77% 5.25%, 12/31/14 |     | 1,800        |    | 1,494,068 |
| HIT Entertainment Ltd.   |     |              |    |           |
| Second Lien Term Loan, 8.30%, 2/26/13  |     | 1,000        |    | 795,000   |
| Term Loan, 4.80%, 3/20/12  |     | 366          |    | 312,944   |
| Hanley-Wood LLC Term Loan,<br>4.711% 4.717%, 3/08/14 (h)                           |     | 1,492        |    | 1,158,553 |
| Insight Midwest Holdings LLC Term Loan B,<br>4.47%, 4/06/14                        |     | 3,550        |    | 3,409,111 |
| Intelsat (PanAmSat Corp.):   |     |              |    |           |
| Term Loan B2A, 5.288%, 1/03/12   |     | 986          |    | 937,479   |
| Term Loan B2B, 5.288%, 1/03/12   |     | 986          |    | 937,762   |
| Term Loan B2C, 5.288%, 1/03/12   |     | 986          |    | 937,479   |
| Knology, Inc. Term Loan,<br>5.038%, 6/30/12  |     | 495          |    | 455,400   |
| Lavena Holdings (ProSiebenSat 1 Media AG):   |     |              |    |           |
| Facility B1, 6.86% 7.526%, 6/30/16   |     | 500          |    | 504,115   |
| Term Loan C1, 7.11% 7.776%, 6/30/15  |     | 500          |    | 504,115   |
| Term Loan D, 8.235% 8.901%, 6/30/15  | EUR | 1,000        |    | 524,470   |
| MCC Iowa LLC (Mediacom Broadband Group)<br>Term Loan D-1, 4.21% 4.23%, 1/31/15     | USD | 1,970        |    | 1,817,325 |
| MCNA Cable (One Link) Term Loan,<br>9.47%, 10/31/13 (c)                            |     | 1,687        |    | 1,478,577 |
| Mediacom LLC Term Loan C, 4.22% 4.23%, 1/31/15                                     |     | 1,945        |    | 1,796,067 |
| Metro-Goldwyn-Mayer, Inc. Term Loan B,<br>6.051%, 4/08/12 (h)                      |     | 3,890        |    | 2,929,695 |
| Mission Broadcasting, Inc. Term Loan B,<br>4.551%, 10/01/12                        |     | 1,892        |    | 1,722,087 |
| Multicultural Radio Broadcasting Inc. Term Loan,<br>5.422%, 12/18/12               | EUR | 349          |    | 314,100   |
| NTL Cable Plc. (Virgin):   |     |              |    |           |



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|   |     |       |           |
|---|-----|-------|-----------|
| B1 Facility, 8.145%, 9/03/12  |     | 818   | 1,356,091 |
| B2 Facility, 8.145%, 9/03/12  |     | 437   | 724,880   |
| C Facility, 8.743%, 3/03/13   | GBP | 2,000 | 3,183,485 |
| NV Broadcasting First Lien Term Loan,<br>5.69%, 10/21/13            | USD | 826   | 726,552   |
| Newsday LLC Fixed Rate, 9.75%, 8/01/13                              |     | 1,500 | 1,497,188 |
| Nexstar Broadcasting Group Term Loan B,<br>4.416%, 10/01/12         |     | 1,791 | 1,629,956 |
| Nielsen Finance LLC Dollar Term Loan, 4.803%, 8/09/13               |     | 3,439 | 3,176,028 |
| Parkin Broadcasting (NV Broadcasting) Term Loan,<br>5.69%, 10/21/13 |     | 169   | 149,036   |

| Floating Rate Loan Interests  |     | Par<br>(000) | Value      |
|---|-----|--------------|------------|
| <b>Media (concluded)</b>  |     |              |            |
| Penton Media (h):   |     |              |            |
| First Lien Term Loan 4.719% 5.049%, 2/01/13                                     | USD | 1,111        | \$ 841,535 |
| Second Lien Term Loan 7.799%, 2/01/14   |     | 1,000        | 690,000    |
| Puerto Rico (Choice Cable) Second Lien Term Loan,<br>10.313%, 1/26/12           |     | 692          | 553,846    |
| Stile (ClientLogic Holding Corp.) U.S. Term Loan,<br>4.962% 5.359%, 1/30/14 (h) |     | 968          | 751,762    |
| Telecommunications Management LLC:  |     |              |            |
| Multi Draw Term Loan, 5.969% 7.75%, 6/20/13                                     |     | 237          | 206,467    |
| Term Loan, 5.969%, 6/30/13  |     | 931          | 875,140    |
| United Pan Europe Communications:   |     |              |            |
| Term Loan M, 6.482%, 12/31/14   | EUR | 1,413        | 1,842,970  |
| Term Loan N, 4.214%, 12/31/14   | USD | 2,000        | 1,873,000  |
| Yell Group Plc Term Loan B2:  |     |              |            |
| 4.469%, 2/10/13   |     | 1,000        | 868,750    |
| 6.485%, 2/27/13   | EUR | 1,500        | 1,944,008  |
|   |     |              | 86,655,426 |

|  |     |     |         |
|--|-----|-----|---------|
| <b>Metals &amp; Mining 0.1%</b>                                  |     |     |         |
| Compass Minerals Group, Inc. Term Loan,<br>3.98% 6.59%, 12/22/12 | USD | 780 | 751,224 |
| Euramax International:   |     |     |         |
| Domestic Loan (Second Lien), 10.791%, 6/29/13                    |     | 167 | 111,125 |
| European Loan (Second Lien), 10.791%, 6/29/13                    |     | 83  | 55,125  |
|  |     |     | 917,474 |

|  |  |       |           |
|--|--|-------|-----------|
| <b>Multi-Utilities 0.6%</b>                        |  |       |           |
| Coletto Creek:                                     |  |       |           |
| Letter of Credit, 5.551%, 6/28/13                  |  | 127   | 114,650   |
| Synthetic LC First Lien Term Loan, 5.551%, 6/28/13 |  | 1,807 | 1,626,734 |
| MACH Gen LLC:                                      |  |       |           |
| First Lien Term Loan B, 4.81%, 2/22/14             |  | 668   | 635,728   |
| Letter of Credit First Lien, 4.551%, 2/22/13       |  | 70    | 66,867    |
| NE Energy:   |  |       |           |
| First Lien Term Loan B, 5.31%, 11/01/13            |  | 1,230 | 1,131,998 |
| Letter of Credit, 5.313%, 11/01/13                 |  | 159   | 145,854   |
|  |  |       | 3,721,831 |

|   |  |       |           |
|---|--|-------|-----------|
| <b>Multiline Retail 0.3%</b>                            |  |       |           |
| Neiman Marcus Group, Inc. Term Loan,<br>4.422%, 4/06/13 |  | 1,940 | 1,799,673 |

|   |  |     |         |
|---|--|-----|---------|
| <b>Oil, Gas &amp; Consumable Fuels 1.2%</b>       |  |     |         |
| Big West Oil & Gas:                               |  |     |         |
| Delayed Advance Term Loan, 4.463% 4.471%, 5/15/14 |  | 550 | 484,000 |
| Initial Term Advance, 4.68%, 5/15/14              |  | 440 | 387,200 |

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CR Gas Storage:

|   |       |           |
|---|-------|-----------|
| Bridge Loan, 4.843%, 5/12/13                      | 29    | 26,829    |
| Canadian Term Loan B, 4.534%, 5/12/13             | 455   | 422,451   |
| Delay Draw U.S. Term B, 4.844%, 5/08/13           | 51    | 47,230    |
| U.S. Term Loan, 4.411%, 5/12/13                   | 75    | 69,723    |
| Coffeyville Resources LLC:                        |       |           |
| Funded Letter of Credit, 2.69%, 12/28/10          | 243   | 221,351   |
| Term Loan D, 5.541% 6.75%, 12/28/13               | 787   | 716,503   |
| Drummond Oil Term Advance, 3.75%, 2/14/11         | 1,425 | 1,382,250 |
| Turbo Beta Term Loan, 14.50%, 3/15/18 (h)         | 3,010 | 2,950,013 |
| Western Refining Co. LP Term Loan, 7.75%, 5/30/14 | 919   | 792,501   |
|   |       | 7,500,051 |

**Paper & Forest Products 1.8%**

|   |       |            |
|---|-------|------------|
| Boise Cascade Holdings LLC First Lien Tranche B Term Loan, 7.50%, 2/22/14 | 1,247 | 1,241,309  |
| Georgia-Pacific Corp.:  |       |            |
| Term Loan B, 4.219% 4.551%, 12/20/12                                      | 5,684 | 5,367,099  |
| Add on Term Loan B2, 4.446% 4.551%, 12/20/12                              | 2,386 | 2,252,892  |
| NewPage Corp. Tem Loan, 6.563%, 12/21/14                                  | 1,990 | 1,938,758  |
| Verso Paper Holdings LLC Term Loan, 9.033%, 8/01/13                       | 560   | 525,000    |
|   |       | 11,325,058 |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Limited Duration Income Trust (BLW)  
(Percentages shown are based on Net Assets)

| Floating Rate Loan Interests   | Par<br>(000) | Value        |
|--|--------------|--------------|
| <b>Personal Products 0.6%</b>  |              |              |
| American Safety Razor Co. Second Lien Term Loan,<br>8.72% 8.90%, 1/30/14 | USD 2,500    | \$ 2,250,000 |
| Prestige Brands Term Loan B,<br>4.713% 5.043%, 4/06/11                   | 1,142        | 1,116,105    |
|  |              | 3,366,105    |
| <b>Real Estate Management &amp; Development 1.1%</b>                     |              |              |
| Enclave Term Loan B, 6.14%, 3/01/12                                      | 3,000        | 2,493,000    |
| Georgian Towers Term Loan B5, 6.14%, 12/20/12                            | 3,000        | 2,431,500    |
| Pivotal Promontory Second Lien Term Loan,<br>10.5%, 8/31/11 (f)(g)       | 750          | 112,500      |
| Realogy Corp. Term Loan B, 5.462%, 10/10/13 (h)                          | 1,485        | 1,225,744    |
| Yellowstone Club First Lien Loan B, 4.844%, 9/30/10                      | 409          | 340,429      |
|  |              | 6,603,173    |
| <b>Road &amp; Rail 0.2%</b>  |              |              |
| Rail America, Inc.:  |              |              |
| Canadian Term Loan 6.79%, 8/14/09  | 91           | 90,744       |
| U.S. Term Loan, 6.79%, 8/14/09   | 1,409        | 1,401,756    |
|  |              | 1,492,500    |
| <b>Semiconductors &amp; Semiconductor Equipment 0.1%</b>                 |              |              |
| Marvell Technology Group Term Loan, 4.969%, 11/08/09                     | 482          | 477,056      |
| <b>Software 0.2%</b>   |              |              |
| Bankruptcy Management Solutions, Inc.                                    |              |              |
| First Lien Term Loan, 6.47%, 7/28/12                                     | 983          | 903,900      |
| CCC Information Services, Inc. Term Loan,<br>5.06%, 2/10/13              | 414          | 396,978      |
|  |              | 1,300,878    |
| <b>Specialty Retail 1.2%</b>   |              |              |
| ADESA, Inc. Initial Term Loan, 5.06%, 10/18/13                           | 1,724        | 1,533,790    |
| Burlington Coat Factory Warehouse Corp. Term Loan,<br>5.06%, 5/28/13     | 586          | 453,815      |
| Claire's Stores Term Loan B, 5.219% 5.56%, 5/29/14                       | 1,236        | 825,671      |
| Eye Care Centers of America, Inc. Term Loan,<br>4.97% 5.31%, 2/16/12     | 656          | 623,052      |
| Orchard Supply Hardware Note Participation B,<br>4.917%, 12/09/08        | 1,500        | 1,275,000    |
| Petco Animal Supplies, Inc. Term Loan,<br>4.719% 5.051%, 10/26/13        | 394          | 358,540      |
| Rent-A-Center Term Loan B, 4.54% 4.57%, 6/30/12                          | 805          | 760,277      |
| Sensata Technologies U.S. Term Loan,<br>4.412% 4.543%, 4/27/13           | 1,930        | 1,695,113    |
|  |              | 7,525,258    |

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**Textiles, Apparel & Luxury Goods 0.3%**

|   |       |           |
|---|-------|-----------|
| Hanesbrands, Inc. Term Loan B,<br>4.545% 4.551%, 9/05/13      | 1,000 | 969,722   |
| Renfro Corp. Delayed Draw Tranche B,<br>5.92% 6.05%, 10/05/13 | 463   | 380,713   |
| St. John Knits, Inc. Term Loan B, 5.801%, 3/21/12             | 660   | 613,973   |
|   |       | 1,964,408 |

**Trading Companies & Distributors 0.2%**

|   |       |           |
|---|-------|-----------|
| Beacon Sales Co. Term Loan B,<br>4.469% 4.783%, 9/30/13 | 1,228 | 1,093,031 |
|---|-------|-----------|

**Wireless Telecommunication Services 0.9%**

|   |       |           |
|---|-------|-----------|
| Cellular South Term Loan B, 4.21%, 5/29/14                        | 1,485 | 1,425,600 |
| Centennial Cellular Operating Co. Term Loan B,<br>4.469%, 2/09/11 | 800   | 782,666   |
| Cricket Communications, Inc. Term Loan B, 6.50%, 6/16/13          | 950   | 937,334   |
| NG Wireless:<br>Delay Draw Term Loan, 5.219%, 8/15/14             | 140   | 133,356   |
| First Lien Term Loan, 5.219% 5.551%, 8/15/14                      | 610   | 579,144   |
| NTELOS Inc. B-1 Facility, 4.72%, 8/24/11                          | 1,687 | 1,649,362 |

5,507,462

**Total Floating Rate Loan Interests 58.4%** 360,254,295

| <b>U.S. Government Obligations</b>            | <b>Par<br/>(000)</b> | <b>Value</b>  |
|---|----------------------|---------------|
| Fannie Mae, 7.25%, 1/15/10                    | USD 17,000           | \$ 17,947,886 |
| U.S. Treasury Notes (e):<br>3.375%, 12/15/08  | 17,000               | 17,075,701    |
| 3.875%, 5/15/09 (I)                           | 6,000                | 6,073,596     |
| 3.375%, 9/15/09                               | 3,425                | 3,467,545     |
| 4.25%, 8/15/15                                | 1,815                | 1,916,952     |
| <b>Total U.S. Government Obligations 7.5%</b> |                      | 46,481,680    |

**Common Stocks**

**Shares**

**Capital Markets 0.1%**

|                             |         |         |
|-----------------------------|---------|---------|
| E*Trade Financial Corp. (f) | 121,011 | 387,235 |
|-----------------------------|---------|---------|

**Commercial Services & Supplies 0.0%**

|                           |       |        |
|---------------------------|-------|--------|
| Sirva Common Stock (f)(h) | 1,109 | 77,630 |
|---------------------------|-------|--------|

**Independent Power Producers & Energy Traders 0.0%**

|                          |       |        |
|--------------------------|-------|--------|
| Reliant Energy, Inc. (f) | 4,573 | 77,878 |
|--------------------------|-------|--------|

**Total Common Stocks 0.1%** 542,743

**Preferred Stocks**

**Capital Markets 0.0%**

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|   |     |                |
|---|-----|----------------|
| Marsico Parent Superholdco, LLC, 16.75% (b) | 177 | 151,335        |
| <b>Total Preferred Stocks 0.0%</b>          |     | <b>151,335</b> |

**Warrants (m)**

|  |   |          |
|--|---|----------|
| <b>Machinery 0.0%</b>                          |   |          |
| Synventive Molding Solutions (expires 1/15/13) | 1 | 0        |
| <b>Total Warrants 0.0%</b>                     |   | <b>0</b> |

| <b>Other Interests (n)</b>                                     | <b>Beneficial Interest (000)</b> |                    |
|--|----------------------------------|--------------------|
| <b>Health Care Providers &amp; Services 0.0%</b>               |                                  |                    |
| Critical Care Systems International, Inc. (h)                  | \$ 7,579                         | 2,547              |
| <b>Household Durables 0.0%</b>                                 |                                  |                    |
| Berklene Benchcraft Equity LLC (h)                             | 3,155                            |                    |
| <b>Total Other Interests 0.0%</b>                              |                                  | <b>2,547</b>       |
| <b>Total Long-Term Investments (Cost \$847,774,339) 127.3%</b> |                                  | <b>784,969,025</b> |

**Short-Term Securities**

|  |       |                  |
|--|-------|------------------|
| <b>U.S. Government &amp; Agency Obligations 0.4%</b>       |       |                  |
| Federal Home Loan Bank, 2.60%, 9/02/08 (o)                 | 2,200 | 2,200,000        |
| <b>Total Short-Term Securities (Cost \$2,200,000) 0.4%</b> |       | <b>2,200,000</b> |

| <b>Options Purchased</b>   | <b>Contracts</b> |                      |
|--|------------------|----------------------|
| <b>Call Options Purchased</b>                                      |                  |                      |
| Marsico Parent Superholdco LLC, expiring December 2019 at \$942.86 | 46               | 77,740               |
| <b>Total Options Purchased (Cost \$44,978) 0.0%</b>                |                  | <b>77,740</b>        |
| <b>Total Investments (Cost \$850,019,317*) 127.7%</b>              |                  | <b>787,246,765</b>   |
| <b>Liabilities in Excess of Other Assets (27.7)%</b>               |                  | <b>(170,854,018)</b> |
| <b>Net Assets 100.0%</b>   | \$               | <b>616,392,747</b>   |

See Notes to Financial Statements.



## Schedule of Investments (concluded)

## BlackRock Limited Duration Income Trust (BLW)

\* The cost and unrealized appreciation (depreciation) of investments as of August 31, 2008, as computed for federal income tax purposes, were as follows:

|                               |    |              |
|-------------------------------|----|--------------|
| Aggregate cost                | \$ | 850,116,712  |
| Gross unrealized appreciation | \$ | 6,121,952    |
| Gross unrealized depreciation |    | (68,991,899) |
| Net unrealized depreciation   | \$ | (62,869,947) |

- (a) Represents the interest only portion of a mortgage-backed security and has either a nominal or a notional amount of principal.  
 (b) Security 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 investors.  
 (c) Represents a payment-in-kind security which may pay interest/dividends in additional par/shares.  
 (d) Variable rate security. Rate shown is as of report date.  
 (e) All or a portion of security has been pledged as collateral for reverse repurchase agreements.  
 (f) Non-income producing security.  
 (g) Issuer filed for bankruptcy or is in default of interest payments.  
 (h) Security is fair valued.  
 (i) Convertible security.  
 (j) Represents a step bond.  
 (k) Represents or includes a to-be-announced transaction. The Trust has committed to purchasing securities for which all specific information is not available at this time.  
 (l) All or a portion of security held as collateral in connection with financial futures contracts and/or swaps.  
 (m) Warrants entitle the Trust to purchase a predetermined number of shares of common stock and are non-income producing. The purchase price and number of shares are subject to adjustment under certain conditions until the expiration date.  
 (n) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.  
 (o) Rate shown is the yield to maturity as of the date of purchase.

For Trust compliance purposes, the Trust's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Trust management. This definition may not apply for purposes of this report, which may combine industry sub-classifications for reporting ease. These industry classifications are unaudited.

Financial futures contracts purchased as of August 31, 2008 were as follows:

| Contracts | Issue                     | Expiration Date | Face Value   | Unrealized Appreciation |
|-----------|---------------------------|-----------------|--------------|-------------------------|
| 67        | 5-Year U.S. Treasury Bond | September 2008  | \$ 7,402,077 | \$ 132,282              |

Foreign currency exchange contracts as of August 31, 2008 were as follows:

| Currency Purchased | Currency Sold | Settlement Date | Unrealized Appreciation |
|--------------------|---------------|-----------------|-------------------------|
|--------------------|---------------|-----------------|-------------------------|

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|              |            |     |            |          |    |           |
|--------------|------------|-----|------------|----------|----|-----------|
| USD          | 30,303,553 | EUR | 19,362,550 | 10/23/08 | \$ | 1,981,918 |
| USD          | 15,951,178 | GBP | 8,042,900  | 10/23/08 |    | 1,350,233 |
| <b>Total</b> |            |     |            |          | \$ | 3,332,151 |

Swaps outstanding as of August 31, 2008 were as follows:

|   |     | Notional<br>Amount<br>(000) |    | Unrealized<br>Appreciation<br>(Depreciation) |
|---|-----|-----------------------------|----|--|
| Sold credit default protection LCDX Index receive 5.25%         |     |                             |    |  |
| Broker, UBS Securities  |     |                             |    |  |
| Expires June 2013   | EUR | 3,000                       | \$ | (120,421)                                    |
| Bought credit default protection on<br>LCDX Index and pay 3.25% |     |                             |    |  |
| Broker, UBS Securities  |     |                             |    |  |
| Expires June 2013   |     | 3,500                       |    | 58,415                                       |
| <b>Total</b>  |     |                             | \$ | (62,006)                                     |

Reverse repurchase agreements outstanding as of August 31, 2008 were as follows:

| Counterparty                  | Interest<br>Rate | Trade<br>Date | Maturity<br>Date | Net Closing<br>Amount | Face<br>Amount |
|-------------------------------|------------------|---------------|------------------|-----------------------|----------------|
| Credit Suisse Securities LLC  | 2.50%            | 6/05/08       | Open             | \$ 3,969,545          | \$ 3,945,125   |
| Credit Suisse Securities LLC  | 2.60%            | 8/07/08       | Open             | 2,155,645             | 2,152,225      |
| Credit Suisse Securities LLC  | 2.60%            | 8/07/08       | Open             | 4,462,079             | 4,455,000      |
| Credit Suisse Securities LLC  | 2.60%            | 8/07/08       | Open             | 5,108,103             | 5,100,000      |
| Credit Suisse Securities LLC  | 2.60%            | 8/07/08       | Open             | 2,275,610             | 2,272,000      |
| Credit Suisse Securities LLC  | 2.60%            | 8/07/08       | Open             | 3,535,559             | 3,529,950      |
| Lehman Brothers Inc.          | 2.11%            | 7/08/08       | Open             | 17,202,283            | 17,148,750     |
| Lehman Brothers Inc.          | 2.11%            | 7/08/08       | Open             | 6,082,887             | 6,063,900      |
| Lehman Brothers Inc.          | 2.11%            | 7/08/08       | Open             | 3,521,617             | 3,510,625      |
| Lehman Brothers Inc.          | 2.06%            | 7/08/08       | Open             | 1,934,399             | 1,928,438      |
| Lehman Brothers Inc.          | 2.40%            | 8/27/08       | 9/11/08          | 2,267,964             | 2,266,000      |
| Lehman Brothers International | (1.00)%          | 7/02/08       | Open             | 1,017,060             | 1,018,815      |
| Lehman Brothers International | (0.75)%          | 7/02/08       | Open             | 758,349               | 759,330        |
| Lehman Brothers International | 1.50%            | 7/02/08       | Open             | 2,504,980             | 2,498,525      |
| Lehman Brothers International | 2.75%            | 7/02/08       | Open             | 4,402,963             | 4,381,875      |
| Lehman Brothers International | 2.75%            | 7/02/08       | Open             | 2,266,936             | 2,256,250      |
| Lehman Brothers International | 0.75%            | 7/24/08       | Open             | 1,251,638             | 1,250,700      |
| <b>Total</b>                  |                  |               |                  | \$ 64,717,617         | \$ 64,537,508  |

Currency Abbreviations:

EUR Euro  
 GBP British Pound  
 USD U.S. Dollar



See Notes to Financial Statements.

## Schedule of Investments August 31, 2008

BlackRock Strategic Bond Trust (BHD)  
(Percentages shown are based on Net Assets)

| Corporate Bonds  | Par<br>(000) | Value      |
|--|--------------|------------|
| <b>Aerospace &amp; Defense 6.6%</b>                        |              |            |
| CHC Helicopter Corp., 7.375%, 5/01/14                      | \$ 475       | \$ 494,000 |
| DRS Technologies, Inc.:                                    |              |            |
| 6.875%, 11/01/13   | 50           | 50,625     |
| 7.625%, 2/01/18  | 80           | 84,200     |
| Hexcel Corp., 6.75%, 2/01/15                               | 100          | 97,000     |
| Honeywell International, 7.50%, 3/01/10                    | 325          | 344,949    |
| Lockheed Martin Corp. Series B, 6.15%, 9/01/36             | 2,000        | 1,973,700  |
| Northrop Grumman Corp., 7.125%, 2/15/11                    | 1,000        | 1,059,353  |
| Raytheon Co., 4.85%, 1/15/11                               | 650          | 655,914    |
| TransDigm, Inc., 7.75%, 7/15/14                            | 90           | 87,525     |
| United Technologies Corp., 6.35%, 3/01/11                  | 1,000        | 1,055,694  |
|  |              | 5,902,960  |
| <b>Air Freight &amp; Logistics 0.3%</b>                    |              |            |
| Park-Ohio Industries, Inc., 8.375%, 11/15/14               | 300          | 247,500    |
| <b>Airlines 0.1%</b>                                       |              |            |
| American Airlines, Inc. Series 99-1, 7.324%, 4/15/11       | 125          | 113,750    |
| <b>Auto Components 1.2%</b>                                |              |            |
| Allison Transmission, Inc. (a):                            |              |            |
| 11%, 11/01/15  | 120          | 110,400    |
| 11.25%, 11/01/15 (b)                                       | 190          | 167,200    |
| The Goodyear Tire & Rubber Co.:                            |              |            |
| 7.857%, 8/15/11  | 195          | 195,975    |
| 8.625%, 12/01/11   | 390          | 401,700    |
| Lear Corp., 8.75%, 12/01/16                                | 185          | 139,213    |
| Metaldyne Corp., 10%, 11/01/13                             | 200          | 54,000     |
|  |              | 1,068,488  |
| <b>Automobiles 1.5%</b>                                    |              |            |
| DaimlerChrysler NA Holding Corp., 7.30%, 1/15/12           | 1,000        | 1,045,714  |
| Ford Capital BV, 9.50%, 6/01/10                            | 350          | 291,375    |
|  |              | 1,337,089  |
| <b>Building Products 0.9%</b>                              |              |            |
| CPG International I, Inc., 10.50%, 7/01/13                 | 150          | 115,500    |
| Momentive Performance Materials, Inc., 11.50%, 12/01/16    | 445          | 347,100    |
| Ply Gem Industries, Inc., 11.75%, 6/15/13 (a)              | 370          | 336,700    |
|  |              | 799,300    |
| <b>Capital Markets 0.5%</b>                                |              |            |
| Marsico Parent Co., LLC, 10.625%, 1/15/16                  | 341          | 286,440    |
| Marsico Parent Holdco, LLC, 12.50%, 7/15/16 (a)(b)         | 126          | 104,351    |
| Marsico Parent Superholdco, LLC,<br>14.50%, 1/15/18 (a)(b) | 85           | 70,356     |
|  |              | 461,147    |

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**Chemicals 1.9%**

|   |     |           |
|---|-----|-----------|
| American Pacific Corp., 9%, 2/01/15         | 180 | 174,600   |
| Ames True Temper, Inc., 6.791%, 1/15/12 (c) | 350 | 280,000   |
| Huntsman LLC, 11.50%, 7/15/12               | 99  | 103,455   |
| Innophos, Inc., 8.875%, 8/15/14             | 980 | 1,004,500 |
| Key Plastics LLC, 11.75%, 3/15/13 (a)       | 135 | 47,250    |
| Terra Capital, Inc. Series B, 7%, 2/01/17   | 80  | 77,800    |

1,687,605

**Commercial Banks 1.7%**

|                                   |       |           |
|-----------------------------------|-------|-----------|
| HSBC Bank USA NA, 3.875%, 9/15/09 | 1,500 | 1,493,075 |
|-----------------------------------|-------|-----------|

**Commercial Services & Supplies 3.7%**

|   |       |           |
|---|-------|-----------|
| Casella Waste Systems, Inc., 9.75%, 2/01/13 | 1,500 | 1,485,000 |
| DI Finance Series B, 9.50%, 2/15/13         | 524   | 520,070   |
| Sally Holdings LLC, 10.50%, 11/15/16        | 294   | 295,470   |
| Waste Services, Inc., 9.50%, 4/15/14        | 550   | 555,500   |
| West Corp., 11%, 10/15/16                   | 590   | 461,675   |

3,317,715

**Communications Equipment 0.3%**

|   |     |         |
|---|-----|---------|
| Nortel Networks Ltd., 7.041%, 7/15/11 (c) | 250 | 231,875 |
|---|-----|---------|

**Corporate Bonds**

Par  
(000) Value

**Construction Materials 0.7%**

|  |        |            |
|--|--------|------------|
| Nortek Holdings, Inc., 10%, 12/01/13 (a) | \$ 700 | \$ 654,500 |
|--|--------|------------|

**Containers & Packaging 1.5%**

|  |     |         |
|--|-----|---------|
| Berry Plastics Holding Corp.:                          |     |         |
| 6.651%, 9/15/14 (c)                                    | 80  | 60,000  |
| 8.875%, 9/15/14  | 140 | 116,200 |
| Crown Americas LLC, 7.75%, 11/15/15                    | 250 | 256,250 |
| Impress Holdings BV, 5.916%, 9/15/13 (a)(c)            | 260 | 234,000 |
| Pregis Corp., 12.375%, 10/15/13                        | 565 | 539,575 |
| Smurfit-Stone Container Enterprises, Inc., 8%, 3/15/17 | 200 | 160,000 |

1,366,025

**Diversified Financial Services 3.2%**

|  |       |           |
|--|-------|-----------|
| Ford Motor Credit Co. LLC:                         |       |           |
| 4.361%, 1/15/10 (c)                                | 1,600 | 1,368,438 |
| 5.538%, 1/13/12 (c)                                | 100   | 73,830    |
| 7.80%, 6/01/12                                     | 250   | 185,666   |
| GMAC LLC:  |       |           |
| 5.011%, 12/01/14 (c)                               | 385   | 202,182   |
| 6.75%, 12/01/14                                    | 285   | 154,745   |
| 8%, 11/01/31                                       | 990   | 533,956   |
| Structured Asset Repackaged Trust, 3.761%, 1/21/10 | 397   | 384,482   |

2,903,299

**Diversified Telecommunication Services 8.6%**

|  |       |           |
|--|-------|-----------|
| AT&T, Inc., 6.45%, 6/15/34                               | 1,500 | 1,433,214 |
| Broadview Networks Holdings, Inc., 11.375%, 9/01/12      | 125   | 107,500   |
| Cincinnati Bell, Inc., 7.25%, 7/15/13                    | 590   | 567,137   |
| Citizens Communications Co., 6.25%, 1/15/13              | 200   | 191,000   |
| Qwest Communications International, Inc., 7.50%, 2/15/14 | 1,180 | 1,073,800 |

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|   |       |           |
|---|-------|-----------|
| <b>Qwest Corp.:</b>                               |       |           |
| 6.026%, 6/15/13 (c)                               | 340   | 314,500   |
| 7.50%, 6/15/23                                    | 500   | 417,500   |
| Telecom Italia Capital SA, 4.95%, 9/30/14         | 1,000 | 906,195   |
| Verizon New England, Inc., 6.50%, 9/15/11         | 2,000 | 2,062,278 |
| Wind Acquisition Finance SA, 10.75%, 12/01/15 (a) | 250   | 256,250   |
| <b>Windstream Corp.:</b>                          |       |           |
| 8.125%, 8/01/13                                   | 360   | 356,400   |
| 8.625%, 8/01/16                                   | 170   | 168,300   |

7,854,074

**Electric Utilities 3.0%**

|   |       |           |
|---|-------|-----------|
| Edison Mission Energy, 7.50%, 6/15/13           | 125   | 125,312   |
| Elwood Energy LLC, 8.159%, 7/05/26              | 29    | 27,349    |
| FirstEnergy Corp., 7.375%, 11/15/31             | 1,075 | 1,153,304 |
| Midwest Generation LLC Series B, 8.56%, 1/02/16 | 238   | 245,651   |
| Progress Energy, Inc., 7.75%, 3/01/31           | 1,000 | 1,125,144 |

2,676,760

**Electrical Equipment 1.2%**

|  |       |           |
|--|-------|-----------|
| Superior Essex Communications LLC, 9%, 4/15/12 | 1,010 | 1,055,450 |
|--|-------|-----------|

**Electronic Equipment & Instruments 0.5%**

|                                    |     |         |
|------------------------------------|-----|---------|
| Sanmina-SCI Corp., 8.125%, 3/01/16 | 465 | 419,663 |
|------------------------------------|-----|---------|

**Energy Equipment & Services 0.4%**

|   |     |         |
|---|-----|---------|
| <b>Compagnie Generale de Geophysique-Veritas:</b>     |     |         |
| 7.50%, 5/15/15  | 65  | 64,675  |
| 7.75%, 5/15/17  | 70  | 69,650  |
| Grant Prideco, Inc. Series B, 6.125%, 8/15/15         | 60  | 58,316  |
| North American Energy Partners, Inc., 8.75%, 12/01/11 | 125 | 124,375 |

317,016

**Food & Staples Retailing 0.8%**

|                                  |     |         |
|----------------------------------|-----|---------|
| The Pantry, Inc., 7.75%, 2/15/14 | 500 | 417,500 |
| Rite Aid Corp., 7.50%, 3/01/17   | 375 | 311,250 |

728,750

**Food Products 0.3%**

|                                    |     |         |
|------------------------------------|-----|---------|
| Kraft Foods, Inc., 6.125%, 8/23/18 | 250 | 245,231 |
|------------------------------------|-----|---------|

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Strategic Bond Trust (BHD)  
(Percentages shown are based on Net Assets)

| Corporate Bonds   | Par<br>(000) | Value      |
|---|--------------|------------|
| <b>Gas Utilities 0.6%</b>   |              |            |
| El Paso Natural Gas Co., 8.375%, 6/15/32                          | \$ 175       | \$ 193,550 |
| Targa Resources, Inc., 8.50%, 11/01/13                            | 400          | 380,000    |
|   |              | 573,550    |
| <b>Health Care Equipment &amp; Supplies 1.4%</b>                  |              |            |
| Biomet, Inc.:   |              |            |
| 10.375%, 10/15/17 (b)   | 100          | 105,500    |
| 11.625%, 10/15/17   | 100          | 105,125    |
| DJO Finance LLC, 10.875%, 11/15/14                                | 1,090        | 1,092,725  |
|   |              | 1,303,350  |
| <b>Health Care Providers &amp; Services 2.6%</b>                  |              |            |
| Community Health Systems, Inc. Series WI,<br>8.875%, 7/15/15      |              |            |
|   | 200          | 202,000    |
| Tenet Healthcare Corp.:   |              |            |
| 6.375%, 12/01/11  | 95           | 91,675     |
| 6.50%, 6/01/12  | 1,225        | 1,185,188  |
| WellPoint, Inc., 5.95%, 12/15/34                                  | 1,000        | 861,679    |
|   |              | 2,340,542  |
| <b>Hotels, Restaurants &amp; Leisure 2.5%</b>                     |              |            |
| American Real Estate Partners LP:                                 |              |            |
| 8.125%, 6/01/12   | 860          | 800,875    |
| 7.125%, 2/15/13   | 230          | 200,962    |
| Gaylord Entertainment Co., 8%, 11/15/13                           | 135          | 123,862    |
| Greektown Holdings, LLC, 10.75%, 12/01/13 (a)(e)(f)               | 211          | 159,305    |
| Harrah s Operating Co., Inc. (a):                                 |              |            |
| 10.75%, 2/01/16   | 400          | 269,000    |
| 10.75%, 2/01/18 (b)   | 640          | 378,017    |
| Seneca Gaming Corp. Series B, 7.25%, 5/01/12                      | 190          | 169,575    |
| Tropicana Entertainment LLC Series WI,<br>9.625%, 12/15/14 (e)(f) |              |            |
|   | 50           | 16,000     |
| Wynn Las Vegas LLC, 6.625%, 12/01/14                              | 115          | 104,794    |
|   |              | 2,222,390  |
| <b>IT Services 1.5%</b>   |              |            |
| First Data Corp., 9.875%, 9/24/15 (a)                             | 360          | 310,500    |
| iPayment, Inc., 9.75%, 5/15/14                                    | 175          | 146,563    |
| iPayment Investors LP, 12.75%, 7/15/14 (a)(b)                     | 647          | 642,967    |
| SunGard Data Systems, Inc., 9.125%, 8/15/13                       | 240          | 243,600    |
|   |              | 1,343,630  |
| <b>Independent Power Producers &amp; Energy Traders 2.9%</b>      |              |            |
| The AES Corp., 8%, 6/01/20 (a)                                    | 750          | 718,125    |
| AES Ironwood LLC, 8.875%, 11/30/25                                | 99           | 101,424    |
| NRG Energy, Inc.:   |              |            |
| 7.25%, 2/01/14  | 50           | 49,313     |

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|  |     |         |
|--|-----|---------|
| 7.375%, 2/01/16                              | 485 | 478,938 |
| Texas Competitive Electric Holdings Co. LLC: |     |         |
| 10.50%, 11/01/16 (a)(b)                      | 500 | 477,500 |
| Series B, 10.25%, 11/01/15 (a)               | 750 | 748,125 |

2,573,425

**Industrial Conglomerates 1.1%**

|                      |     |         |
|----------------------|-----|---------|
| Sequa Corp. (a):     |     |         |
| 11.75%, 12/01/15     | 500 | 440,000 |
| 13.50%, 12/01/15 (b) | 724 | 589,494 |

1,029,494

**Insurance 0.4%**

|                                 |     |         |
|---------------------------------|-----|---------|
| MetLife, Inc., 6.125%, 12/01/11 | 325 | 332,307 |
|---------------------------------|-----|---------|

**Machinery 0.7%**

|   |     |         |
|---|-----|---------|
| AGY Holding Corp., 11%, 11/15/14                | 260 | 241,800 |
| Accuride Corp., 8.50%, 2/01/15                  | 110 | 70,950  |
| Sunstate Equipment Co. LLC, 10.50%, 4/01/13 (a) | 470 | 343,100 |

655,850

**Marine 0.2%**

|   |     |         |
|---|-----|---------|
| Navios Maritime Holdings, Inc., 9.50%, 12/15/14 | 156 | 148,980 |
|---|-----|---------|

**Corporate Bonds**

Par (000) Value

**Media 13.4%**

|   |        |            |
|---|--------|------------|
| Affinion Group, Inc., 10.125%, 10/15/13                           | \$ 655 | \$ 645,175 |
| CBS Corp., 6.625%, 5/15/11  | 85     | 85,359     |
| CMP Susquehanna Corp., 9.875%, 5/15/14                            | 500    | 312,500    |
| Cablevision Systems Corp. Series B,<br>7.133%, 4/01/09 (c)        | 120    | 120,600    |
| Charter Communications Holdings I, LLC,<br>11%, 10/01/15          | 90     | 69,075     |
| Charter Communications Holdings II, LLC,<br>10.25%, 9/15/10       | 800    | 767,475    |
| Comcast Cable Communications LLC,<br>6.875%, 6/15/09              | 1,000  | 1,024,193  |
| Dex Media West LLC, 9.875%, 8/15/13                               | 30     | 23,100     |
| DirecTV Holdings LLC:<br>8.375%, 3/15/13                          | 100    | 103,500    |
| 7.625%, 5/15/16 (a)   | 335    | 334,162    |
| EchoStar DBS Corp.:<br>5.75%, 10/01/08                            | 550    | 550,000    |
| 7%, 10/01/13  | 51     | 48,450     |
| 7.125%, 2/01/16   | 45     | 41,400     |
| Network Communications, Inc., 10.75%, 12/01/13                    | 325    | 233,594    |
| News America, Inc., 6.20%, 12/15/34                               | 1,500  | 1,363,140  |
| Nielsen Finance LLC, 10%, 8/01/14                                 | 1,075  | 1,088,438  |
| R.H. Donnelley Corp., 11.75%, 5/15/15 (a)                         | 1,001  | 735,735    |
| Rainbow National Services LLC (a):<br>8.75%, 9/01/12              | 210    | 214,200    |
| 10.375%, 9/01/14  | 1,455  | 1,547,756  |
| Sinclair Broadcast Group, Inc. Class A, 4.875%,<br>7/15/18 (g)(h) | 70     | 64,138     |
| TCl Communications, Inc., 7.875%, 2/15/26                         | 1,000  | 1,052,099  |
| TL Acquisitions, Inc., 10.50%, 1/15/15 (a)                        | 750    | 641,250    |
| Time Warner, Inc., 7.70%, 5/01/32                                 | 1,000  | 1,008,772  |
| Windstream Regatta Holdings, Inc., 11%, 12/01/17 (a)              | 229    | 132,820    |

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12,206,931

**Metals & Mining 2.5%**

|   |     |         |
|---|-----|---------|
| AK Steel Corp., 7.75%, 6/15/12                  | 320 | 327,200 |
| Aleris International, Inc., 10%, 12/15/16       | 315 | 219,712 |
| FMG Finance Property Ltd., 10.625%, 9/01/16 (a) | 130 | 145,600 |
| Freeport-McMoRan Copper & Gold, Inc.:           |     |         |
| 5.883%, 4/01/15 (c)                             | 740 | 741,954 |
| 8.375%, 4/01/17                                 | 725 | 768,500 |

2,202,966

**Multi-Utilities 1.4%**

|  |       |           |
|--|-------|-----------|
| DTE Energy Co., 7.05%, 6/01/11           | 250   | 259,889   |
| Dominion Resources, Inc., 5.70%, 9/17/12 | 1,000 | 1,013,543 |

1,273,432

**Oil, Gas & Consumable Fuels 5.9%**

|   |       |           |
|---|-------|-----------|
| Berry Petroleum Co., 8.25%, 11/01/16              | 100   | 95,500    |
| Chaparral Energy, Inc., 8.50%, 12/01/15           | 250   | 217,500   |
| Chesapeake Energy Corp., 2.25%, 12/15/38 (g)      | 275   | 257,813   |
| Chesapeake Energy Corp.:                          |       |           |
| 6.375%, 6/15/15                                   | 130   | 120,900   |
| 7.25%, 12/15/18                                   | 650   | 633,750   |
| Compton Petroleum Finance Corp., 7.625%, 12/01/13 | 225   | 211,219   |
| ConocoPhillips Holding Co., 6.95%, 4/15/29        | 1,000 | 1,093,906 |
| Corral Finans AB, 7.713%, 4/15/10 (a)(b)          | 602   | 556,622   |
| EXCO Resources, Inc., 7.25%, 1/15/11              | 275   | 272,250   |
| Encore Acquisition Co., 6%, 7/15/15               | 30    | 26,175    |
| Forest Oil Corp.:                                 |       |           |
| 7.25%, 6/15/19                                    | 360   | 331,200   |
| 7.25%, 6/15/19 (a)                                | 350   | 322,000   |
| OPTI Canada, Inc., 8.25%, 12/15/14                | 320   | 319,600   |
| Occidental Petroleum Corp., 6.75%, 1/15/12        | 250   | 268,212   |
| Sabine Pass LNG LP, 7.50%, 11/30/16               | 305   | 266,875   |

See Notes to Financial Statements.

## Schedule of Investments (continued)

BlackRock Strategic Bond Trust (BHD)  
(Percentages shown are based on Net Assets)

| Corporate Bonds  | Par<br>(000) | Value     |
|--|--------------|-----------|
| <b>Oil, Gas &amp; Consumable Fuels (concluded)</b>       |              |           |
| Whiting Petroleum Corp.:                                 |              |           |
| 7.25%, 5/01/12   | \$ 30        | \$ 28,950 |
| 7.25%, 5/01/13   | 300          | 288,000   |
| Williams Cos., Inc., 7.125%, 9/01/11                     | 25           | 25,875    |
|  |              | 5,336,347 |
| <b>Paper &amp; Forest Products 1.7%</b>                  |              |           |
| Bowater, Inc.:   |              |           |
| 9%, 8/01/09  | 200          | 186,000   |
| 5.776%, 3/15/10 (c)                                      | 60           | 49,200    |
| Domtar Corp., 7.125%, 8/15/15                            | 40           | 38,600    |
| NewPage Corp., 10%, 5/01/12                              | 750          | 727,500   |
| Verso Paper Holdings LLC Series B, 6.551%, 8/01/14 (c)   | 626          | 557,140   |
|  |              | 1,558,440 |
| <b>Pharmaceuticals 2.3%</b>                              |              |           |
| Merck & Co., Inc., 4.375%, 2/15/13                       | 1,000        | 1,009,003 |
| Wyeth, 6.50%, 2/01/34                                    | 1,000        | 1,049,924 |
|  |              | 2,058,927 |
| <b>Real Estate Investment Trusts (REITs) 0.6%</b>        |              |           |
| ERP Operating LP, 6.95%, 3/02/11                         | 500          | 511,420   |
| <b>Real Estate Management &amp; Development 0.1%</b>     |              |           |
| Realogy Corp., 12.375%, 4/15/15                          | 140          | 64,400    |
| <b>Road &amp; Rail 0.6%</b>                              |              |           |
| Canadian National Railway Co., 6.90%, 7/15/28            | 500          | 535,566   |
| <b>Semiconductors &amp; Semiconductor Equipment 0.4%</b> |              |           |
| Amkor Technology, Inc.:                                  |              |           |
| 7.75%, 5/15/13   | 50           | 46,875    |
| 9.25%, 6/01/16   | 50           | 48,250    |
| Freescale Semiconductor, Inc.:                           |              |           |
| 8.875%, 12/15/14   | 100          | 81,000    |
| 9.125%, 12/15/14 (b)                                     | 225          | 175,500   |
|  |              | 351,625   |
| <b>Software 0.0%</b>                                     |              |           |
| BMS Holdings, Inc., 10.595%, 2/15/12 (a)(b)(c)           | 66           | 39,568    |
| <b>Specialty Retail 2.7%</b>                             |              |           |
| AutoNation, Inc.:  |              |           |
| 4.791%, 4/15/13 (c)                                      | 110          | 90,750    |
| 7%, 4/15/14  | 110          | 95,150    |
| General Nutrition Centers, Inc.:                         |              |           |
| 7.199%, 3/15/14 (b)(c)                                   | 360          | 296,456   |



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|  |       |           |
|--|-------|-----------|
| 10.75%, 3/15/15                                  | 290   | 251,575   |
| Group 1 Automotive, Inc., 2.25%, 6/15/36 (g)(h)  | 50    | 29,813    |
| Lazy Days R.V. Center, Inc., 11.75%, 5/15/12     | 362   | 181,000   |
| Michaels Stores, Inc.:                           |       |           |
| 10%, 11/01/14                                    | 310   | 232,500   |
| 11.375%, 11/01/16                                | 240   | 153,600   |
| Sonic Automotive, Inc. Series B, 8.625%, 8/15/13 | 1,400 | 1,078,000 |
|  |       | 2,408,844 |

**Textiles, Apparel & Luxury Goods 0.1%**

|                                   |     |        |
|-----------------------------------|-----|--------|
| Quiksilver, Inc., 6.875%, 4/15/15 | 100 | 80,250 |
|-----------------------------------|-----|--------|

**Thriffs & Mortgage Finance 0.0%**

|   |    |        |
|---|----|--------|
| Residential Capital LLC, 8.50%, 5/15/10 (a) | 52 | 35,880 |
|---|----|--------|

| Corporate Bonds  | Par<br>(000) | Value             |
|--|--------------|-------------------|
| <b>Wireless Telecommunication Services 4.9%</b>        |              |                   |
| Cricket Communications, Inc.:                          |              |                   |
| 9.375%, 11/01/14                                       | \$ 185       | \$ 183,381        |
| 10%, 7/15/15 (a)                                       | 20           | 20,100            |
| Digicel Group Ltd. (a):                                |              |                   |
| 8.875%, 1/15/15  | 470          | 441,236           |
| 9.125%, 1/15/15 (b)                                    | 438          | 396,746           |
| MetroPCS Wireless, Inc., 9.25%, 11/01/14               | 1,070        | 1,060,638         |
| Nordic Telephone Co. Holdings ApS, 8.875%, 5/01/16 (a) | 500          | 481,250           |
| Sprint Capital Corp.:                                  |              |                   |
| 7.625%, 1/30/11  | 545          | 545,000           |
| 6.875%, 11/15/28                                       | 240          | 204,000           |
| Vodafone Group Plc, 7.75%, 2/15/10                     | 1,000        | 1,046,266         |
|  |              | 4,378,617         |
| <b>Total Corporate Bonds 89.4%</b>                     |              | <b>80,448,003</b> |

**Floating Rate Loan Interests**

**Auto Components 0.6%**

|  |     |         |
|--|-----|---------|
| Dana Corp. Term Loan B, 6.75%, 1/31/15 | 599 | 550,694 |
|--|-----|---------|

**Automobiles 0.4%**

|  |     |         |
|--|-----|---------|
| Ford Motor Term Loan B, 5.47%, 12/15/13 (h)            | 250 | 193,465 |
| General Motors Corp. Term Loan B, 5.163%, 11/29/13 (h) | 225 | 165,693 |
|  |     | 359,158 |

**Building Products 0.9%**

|  |     |         |
|--|-----|---------|
| Building Material Corp. of America First Lien Term Loan,<br>5.4375% 5.5253%, 2/22/14 | 249 | 213,943 |
| Stile Acquisition (Masonite International) Term Loan:                                |     |         |
| Canadian 4.63% 5.046%, 4/06/13   | 370 | 315,135 |
| U.S. B, 4.63% 5.046%, 4/06/13  | 375 | 319,452 |
|  |     | 848,530 |

**Chemicals 0.7%**

|  |     |         |
|--|-----|---------|
| PQ Corp. Second Lien Term Loan, 9.30%, 7/30/15 | 750 | 648,750 |
|--|-----|---------|

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**Health Care Providers & Services 0.6%**

|                                      |     |         |
|--------------------------------------|-----|---------|
| Community Health Systems, Inc.:      |     |         |
| Delay Draw Term Loan, 7.57%, 6/18/14 | 27  | 25,291  |
| Term Loan B, 5.06%, 7/25/14          | 523 | 494,521 |
|                                      |     | 519,812 |

**Independent Power Producers & Energy Traders 0.2%**

|  |     |         |
|--|-----|---------|
| Calpine Corp. Term Loan, 5.685%, 3/29/14 | 200 | 185,750 |
|--|-----|---------|

**Machinery 0.7%**

|  |     |         |
|--|-----|---------|
| Navistar International Transportation Corp.: |     |         |
| Revolving Credit, 5.686%, 6/30/12            | 180 | 165,825 |
| Term Loan, 6.292%, 6/30/12                   | 500 | 460,625 |
|  |     | 626,450 |

**Media 0.6%**

|   |     |         |
|---|-----|---------|
| Cengage (Thomson Learning, Inc.) Tranche 1 Incremental,<br>7.50%, 7/05/14 | 500 | 495,000 |
|---|-----|---------|

|  |  |           |
|--|--|-----------|
| <b>Total Floating Rate Loan Interests 4.7%</b> |  | 4,234,144 |
|--|--|-----------|

**U.S. Government Obligations**

|                                      |       |           |
|--------------------------------------|-------|-----------|
| U.S. Treasury Bonds, 5.375%, 2/15/31 | 410   | 462,467   |
| U.S. Treasury Notes:                 |       |           |
| 4.125%, 8/15/10 (i)                  | 810   | 838,413   |
| 4.25%, 8/15/13 (j)                   | 1,000 | 1,053,750 |
| 4.25%, 8/15/15                       | 75    | 79,213    |
| 4.75%, 5/15/14 (j)                   | 710   | 770,128   |
| 4.75%, 2/15/37                       | 130   | 136,622   |
| 4.875%, 8/15/16                      | 550   | 598,512   |

|   |  |           |
|---|--|-----------|
| <b>Total U.S. Government Obligations 4.4%</b> |  | 3,939,105 |
|---|--|-----------|

See Notes to Financial Statements.

## Schedule of Investments (concluded)

BlackRock Strategic Bond Trust (BHD)  
(Percentages shown are based on Net Assets)

| Common Stocks                   | Shares  | Value     |
|---------------------------------|---------|-----------|
| <b>Media 0.0%</b>               |         |           |
| Adelphia Recovery Trust         | 396,568 | \$ 14,871 |
| <b>Total Common Stocks 0.0%</b> |         | 14,871    |

## Preferred Securities

| Capital Trusts                                | Par<br>(000) |           |
|---|--------------|-----------|
| <b>Commercial Banks 0.7%</b>                  |              |           |
| Barclay s Bank, Plc, 8.55% (a)(c)(d)          | \$ 650       | 636,952   |
| <b>Diversified Financial Services 1.9%</b>    |              |           |
| Bank of America Corp. Series M, 8.125% (c)(d) | 1,550        | 1,399,309 |
| Citigroup, Inc., 8.40% (c)(d)                 | 100          | 84,902    |
| JPMorgan Chase & Co., 7.90% (c)(d)            | 260          | 236,210   |
|   |              | 1,720,421 |
| <b>Total Capital Trusts 2.6%</b>              |              | 2,357,373 |

## Preferred Stocks

| Preferred Stocks                            | Shares |           |
|---|--------|-----------|
| <b>Capital Markets 0.0%</b>                 |        |           |
| Marsico Parent Superholdco, LLC, 16.75% (a) | 23     | 19,665    |
| <b>Total Preferred Stocks 0.0%</b>          |        | 19,665    |
| <b>Total Preferred Securities 2.6%</b>      |        | 2,377,038 |

## Other Interests (k)

| Other Interests (k)   | Beneficial<br>Interest<br>(000) |            |
|---|---------------------------------|------------|
| <b>Health Care Providers &amp; Services 0.0%</b>                  |                                 |            |
| Critical Care Systems International, Inc. (l)                     | \$ 1                            | 318        |
| <b>Media 0.0%</b>   |                                 |            |
| Adelphia Recovery Trust Escrow                                    | 400                             | 33,500     |
| <b>Total Other Interests 0.0%</b>                                 |                                 | 33,818     |
| <b>Total Long-Term Investments<br/>(Cost \$97,007,216) 101.1%</b> |                                 | 91,046,979 |

| Options Purchased   | Contracts     |
|---|---------------|
| <b>Call Options Purchased</b>   |               |
| Marsico Parent Superholdco LLC,<br>expiring December 2019 at \$942.86 | 6      10,140 |
| <b>Total Options Purchased</b><br>(Cost \$5,867) 0.0%                 | 10,140        |
| <b>Total Investments (Cost \$97,013,083*) 101.1%</b>                  | 91,057,119    |
| <b>Liabilities in Excess of Other Assets (1.1%)</b>                   | (964,654)     |
| <b>Net Assets 100.0%</b>  | \$ 90,092,465 |

\* The cost and unrealized appreciation (depreciation) as of August 31, 2008, as computed for federal income tax purposes, were as follows:

|                               |                |
|-------------------------------|----------------|
| Aggregate cost                | \$ 97,064,711  |
| Gross unrealized appreciation | \$ 903,937     |
| Gross unrealized depreciation | (6,911,529)    |
| Net unrealized depreciation   | \$ (6,007,592) |

- (a) Security 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 investors.
- (b) Represents a payment-in-kind security, which may pay interest/dividends in additional par/shares.
- (c) Variable rate security. Rate shown is as of report date.
- (d) Security is perpetual in nature and has no stated maturity date.
- (e) Non-income producing security.
- (f) Issuer filed for bankruptcy or is in default of interest payments.
- (g) Convertible security.
- (h) Represents a step bond.
- (i) All or a portion of security held as collateral in connection with financial futures contracts.
- (j) All or portion of security has been pledged as collateral for reverse repurchase agreements.
- (k) Other interests represent beneficial interest in liquidation trusts and other reorganization entities and are non-income producing.
- (l) Security is fair valued.

For Trust compliance purposes, the Trust's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Trust management. This definition may not apply for purposes of this report which may combine industry subclassifications for reporting ease. These industry classifications are unaudited.

Financial futures contracts sold as of August 31, 2008 were as follows:

| Contracts | Issue                      | Expiration Date | Face Value  | Unrealized Depreciation |
|-----------|----------------------------|-----------------|-------------|-------------------------|
| 17        | 10-Year U.S. Treasury Bond | September 2008  | \$1,901,829 | \$(81,859)              |

Reverse repurchase agreements outstanding as of August 31, 2008 were as follows:

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| <b>Counterparty</b>  | <b>Interest Rate</b> | <b>Trade Date</b> | <b>Maturity Date</b> | <b>Net Closing Amount</b> | <b>Face Amount</b>  |
|----------------------|----------------------|-------------------|----------------------|---------------------------|---------------------|
| Lehman Brothers Inc. | 2.06%                | 8/22/08           | 9/02/08              | \$ 791,748                | \$ 791,250          |
| Lehman Brothers Inc. | 1.90%                | 8/28/08           | 9/08/08              | 780,318                   | 780,113             |
| <b>Total</b>         |                      |                   |                      | <b>\$ 1,572,066</b>       | <b>\$ 1,571,363</b> |

See Notes to Financial Statements.

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ANNUAL REPORT

AUGUST 31, 2008

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## Statements of Assets and Liabilities

| August 31, 2008   | BlackRock<br>Core Bond<br>Trust<br>(BHK) | BlackRock<br>High Income<br>Shares<br>(HIS) | BlackRock<br>High Yield<br>Trust<br>(BHY) | BlackRock<br>Income<br>Opportunity Trust, Inc.<br>(BNA) | BlackRock<br>Income<br>Trust, Inc.<br>(BKT) |
|---|--|---|---|---|---|
| <b>Assets</b>   |  |   |   |   |   |
| Investments at value - unaffiliated <sup>1</sup>                  | \$ 463,124,705                           | \$ 147,330,862                              | \$ 49,816,673                             | \$ 482,475,940  | \$ 635,333,944                              |
| Investments at value - affiliated <sup>2</sup>                    | 1,471,015                                |   |   | 796,396   | 2,365                                       |
| Cash  | 49,626                                   | 118,356                                     | 78,103                                    | 23,691  | 118,899                                     |
| Foreign currency at value <sup>3</sup>                            | 3,576,354                                | 194   |   | 3,813,979   |   |
| Investments sold receivable                                       | 20,921,658                               | 41,573                                      | 83,954                                    | 12,647,913  | 20,284,422                                  |
| Unrealized appreciation on swaps                                  | 15,366,808                               |   | 61  | 17,079,641  | 25,522,456                                  |
| Unrealized appreciation on foreign currency<br>exchange contracts | 510,603                                  | 11,282                                      |   | 497,200   |   |
| Interest receivable   | 5,488,973                                | 3,577,271                                   | 1,194,679                                 | 5,348,711   | 2,589,552                                   |
| Swap premium paid   |  |   |   |   |   |
| Swaps receivable  | 2,439,119                                |   | 257                                       | 2,619,487   | 2,291,603                                   |
| Margin variation receivable                                       |  |   |   |   | 362,823                                     |
| Dividends receivable  | 248                                      | 5,068                                       | 70  |   |   |
| Commitment fees receivable  |  |   |   |   |   |
| Principal paydown receivable                                      | 2,940                                    | 8,462                                       | 209                                       | 19,369  | 137,850                                     |
| Other assets  | 47,451                                   | 10,722                                      | 9,988                                     | 125,661   | 88,990                                      |
| Prepaid expenses  | 39,010                                   | 15,357                                      | 5,267                                     | 42,471  | 40,294                                      |
| <b>Total assets</b>   | <b>513,038,510</b>                       | <b>151,119,147</b>                          | <b>51,189,261</b>                         | <b>525,490,459</b>                                      | <b>686,773,198</b>                          |
| <b>Liabilities</b>  |  |   |   |   |   |
| Unrealized depreciation on swaps                                  | 8,270,654                                |   |   | 9,815,460   | 8,554,343                                   |
| Loan payable  |  | 27,000,000                                  | 6,250,000                                 |   |   |
| Unrealized depreciation on unfunded<br>corporate loans            |  |   |   |   |   |
| TBA sale commitments at value <sup>4</sup>                        | 21,003,886                               |   |   | 12,815,755  | 20,426,827                                  |
| Options written at value <sup>5</sup>                             | 5,427,203                                |   |   | 6,144,236   | 4,016,057                                   |
| Borrowed bonds at value <sup>6</sup>                              |  |   |   |   | 20,823,109                                  |
| Interest rate floors at value                                     |  |   |   |   | 9,216,687                                   |
| Reverse repurchase agreements                                     | 107,690,295                              |   |   | 100,739,956   |   |
| Swap premium received   |  |   |   |   | 1,670,735                                   |
| Cash held as collateral in connection with<br>swaps               | 373,000                                  |   |   |   |   |
| Investments purchased payable                                     | 20,345,977                               | 1,941,731                                   | 894,145                                   | 35,328,221  | 175,679,762                                 |
| Margin variation payable  | 823,936                                  |   |   | 810,969   |   |
| Interest expense payable  | 251,048                                  | 20,067                                      | 4,731                                     | 503,211   |   |
| Dividends payable   | 52,925                                   | 40,745                                      | 2,419                                     | 60,211  | 57,367                                      |
| Investment advisory fees payable                                  | 217,666                                  | 96,542                                      | 46,645                                    | 157,280   | 244,892                                     |
| Swaps payable   | 2,160,948                                |   |   | 2,355,328   | 1,421,567                                   |
| Officers and Directors /Trustees fees<br>payable                  | 48,941                                   | 9,970                                       | 10,130                                    | 73,544  | 90,986                                      |
| Deferred Income   |  |   |   |   |   |
| Administration fees payable                                       |  |   | 4,442                                     | 31,031  | 56,514                                      |
| Other affiliates payable  | 2,299                                    | 831   |   |   |   |
| Other liabilities   |  | 77,576                                      | 4,530                                     |   | 236,064                                     |
| Other accrued expenses  | 193,106                                  | 123,342                                     | 75,438                                    | 199,635   | 224,378                                     |
| <b>Total liabilities</b>  | <b>166,861,884</b>                       | <b>29,310,804</b>                           | <b>7,292,480</b>                          | <b>169,034,837</b>                                      | <b>242,719,288</b>                          |
| <b>Net Assets</b>   | <b>\$ 346,176,626</b>                    | <b>\$ 121,808,343</b>                       | <b>\$ 43,896,781</b>                      | <b>\$ 356,455,622</b>                                   | <b>\$ 444,053,910</b>                       |

## Net Assets Consist of

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|  |                       |                       |                      |                       |
|--|-----------------------|-----------------------|----------------------|-----------------------|
| Par value per share <sup>7, 8</sup>                              | \$ 27,019             | \$ 6,419              | \$ 344,497           | \$ 639,425            |
| Paid-in capital in excess of par                                 | 378,599,795           | 343,233,097           | 87,170,276           | 402,521,909           |
| Cost of shares held in Treasury <sup>9</sup>                     |                       |                       |                      | (17,377,850)          |
| Undistributed (distributions in excess of) net investment income | 1,846,284             | 1,415,821             | 65,690               | 1,846,620             |
| Accumulated net realized loss                                    | (23,052,437)          | (207,191,137)         | (35,305,659)         | (20,084,647)          |
| Net unrealized appreciation/depreciation                         | (11,244,035)          | (15,649,438)          | (8,039,945)          | (10,794,907)          |
| <b>Net Assets</b>  | <b>\$ 346,176,626</b> | <b>\$ 121,808,343</b> | <b>\$ 43,896,781</b> | <b>\$ 356,455,622</b> |
|  |                       |                       |                      | <b>\$ 444,053,910</b> |
| Net asset value  | \$ 12.81              | \$ 2.23               | \$ 6.84              | \$ 10.35              |
|  |                       |                       |                      | \$ 6.94               |
| <sup>1</sup> Investments at cost - unaffiliated                  | \$ 482,422,040        | \$ 162,990,640        | \$ 57,856,679        | \$ 501,604,485        |
| <sup>2</sup> Investments at cost - affiliated                    | \$ 1,647,588          |                       |                      | \$ 841,889            |
| <sup>3</sup> Foreign currency at cost                            | \$ 3,609,859          | \$ 195                |                      | \$ 3,850,232          |
| <sup>4</sup> Proceeds from TBA sale commitments                  | \$ 20,649,320         |                       |                      | \$ 12,573,559         |
| <sup>5</sup> Proceeds from options written                       | \$ 5,724,085          |                       |                      | \$ 6,457,698          |
| <sup>6</sup> Proceeds from borrowed bonds                        |                       |                       |                      | \$ 19,383,094         |
| <sup>7</sup> Par value per share                                 | \$ 0.001              |                       | 0.001                | \$ 0.010              |
| <sup>8</sup> Shares outstanding                                  | 27,018,774            | 54,620,873            | 6,418,859            | 34,449,693            |
| <sup>9</sup> Shares held in treasury                             |                       |                       |                      | 1,757,400             |

See Notes to Financial Statements.



| August 31, 2008  | BlackRock<br>Limited<br>Duration<br>Income Trust<br>(BLW) | BlackRock<br>Strategic Bond<br>Trust<br>(BHD) |
|--|---|---|
| <b>Assets</b>  |   |   |
| Investments at value - unaffiliated <sup>1</sup>                 | \$ 787,246,765  | \$ 91,057,119                                 |
| Investments at value - affiliated <sup>2</sup>                   |   |   |
| Cash   | 864,219   | 171,651                                       |
| Foreign currency at value <sup>3</sup>                           | 1,439,525   |   |
| Investments sold receivable                                      | 2,817,965   | 33,258  |
| Unrealized appreciation on swaps                                 | 58,415  |   |
| Unrealized appreciation on foreign currency exchange contracts   | 3,332,151   |   |
| Interest receivable  | 10,670,493  | 1,944,271                                     |
| Swap premium paid  | 67,004  |   |
| Swaps receivable   | 49,870  |   |
| Margin variation receivable                                      | 10,399  | 2,391   |
| Dividends receivable   |   |   |
| Commitment fees receivable                                       | 1,766   |   |
| Principal paydown receivable                                     | 139,375   |   |
| Other assets   | 105,936   | 8,740   |
| Prepaid expenses   | 69,729  | 8,724   |
| <b>Total assets</b>  | <b>806,873,612</b>  | <b>93,226,154</b>                             |
| <b>Liabilities</b>   |   |   |
| Unrealized depreciation on swaps                                 | 120,421   |   |
| Loan payable   |   |   |
| Unrealized depreciation on unfunded corporate loans              | 26,733  |   |
| TBA sale commitments at value <sup>4</sup>                       |   |   |
| Options written at value <sup>5</sup>                            |   |   |
| Borrowed bonds at value <sup>6</sup>                             |   |   |
| Interest rate floors at value                                    |   |   |
| Reverse repurchase agreements                                    | 64,537,508  | 1,571,363                                     |
| Swap premium received  |   |   |
| Cash held as collateral in connection with swaps                 |   |   |
| Investments purchased payable                                    | 124,669,333   | 1,402,183                                     |
| Margin variation payable   |   |   |
| Interest expense payable   | 178,414   | 704   |
| Dividends payable  | 223,998   | 14,372  |
| Investment advisory fees payable                                 | 329,892   | 52,026  |
| Swaps payable  | 23,382  |   |
| Officers and Directors /Trustees fees payable                    | 87,878  | 8,706   |
| Deferred Income  | 16,287  |   |
| Administration fees payable                                      |   |   |
| Other affiliates payable   | 4,062   | 590   |
| Other liabilities  |   |   |
| Other accrued expenses   | 262,957   | 83,745  |
| <b>Total liabilities</b>   | <b>190,480,865</b>  | <b>3,133,689</b>                              |
| <b>Net Assets</b>  | <b>\$ 616,392,747</b>                                     | <b>\$ 90,092,465</b>                          |
| <b>Net Assets Consist of</b>                                     |   |   |
| Par value per share <sup>7, 8</sup>                              | \$ 36,890   | \$ 7,058                                      |
| Paid-in capital in excess of par                                 | 701,305,214   | 98,443,594                                    |
| Cost of shares held in Treasury <sup>9</sup>                     |   |   |
| Undistributed (distributions in excess of) net investment income | (3,360,775)   | 124,460                                       |
| Accumulated net realized loss                                    | (22,109,174)  | (2,444,824)                                   |
| Net unrealized appreciation/depreciation                         | (59,479,408)  | (6,037,823)                                   |

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|   |    |             |    |            |
|---|----|-------------|----|------------|
| <b>Net Assets</b>                               | \$ | 616,392,747 | \$ | 90,092,465 |
| Net asset value                                 | \$ | 16.71       | \$ | 12.76      |
| <sup>1</sup> Investments at cost - unaffiliated | \$ | 850,019,317 | \$ | 97,013,083 |
| <sup>2</sup> Investments at cost - affiliated   |    |             |    |            |
| <sup>3</sup> Foreign currency at cost           | \$ | 1,494,389   |    |            |
| <sup>4</sup> Proceeds from TBA sale commitments |    |             |    |            |
| <sup>5</sup> Proceeds from options written      |    |             |    |            |
| <sup>6</sup> Proceeds from borrowed bonds       |    |             |    |            |
| <sup>7</sup> Par value per share                | \$ | 0.001       | \$ | 0.001      |
| <sup>8</sup> Shares outstanding                 |    | 36,889,650  |    | 7,058,402  |
| <sup>9</sup> Shares held in treasury            |    |             |    |            |

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AUGUST 31, 2008

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## Statements of Operations

|  | BlackRock<br>Core<br>Bond Trust<br>(BHK)         |                                | BlackRock<br>High Income<br>Shares<br>(HIS)     |                                 |
|--|--|--------------------------------|---|---------------------------------|
|  | Period<br>November 1, 2007<br>to August 31, 2008 | Year Ended<br>October 31, 2007 | Period<br>January 1, 2008<br>to August 31, 2008 | Year Ended<br>December 31, 2007 |
| <b>Investment Income</b>                             |  |                                |   |                                 |
| Interest   | \$ 20,160,443                                    | \$ 25,484,417                  | \$ 9,702,882                                    | \$ 17,866,586                   |
| Dividends <sup>1</sup>                               | 255,974  | 32,154                         | 101,150   | 161,798                         |
| Facility and other fees                              | 29,109   |                                |   |                                 |
| Income from affiliates                               | 56,221   | 56,961                         | 374   | 558                             |
| Total income   | 20,501,747                                       | 25,573,532                     | 9,804,406                                       | 18,028,942                      |
| <b>Expenses<sup>2</sup></b>                          |  |                                |   |                                 |
| Investment advisory                                  | 2,264,834  | 2,263,497                      | 773,843   | 1,488,955                       |
| Accounting services                                  | 74,754   |                                | 15,897  |                                 |
| Professional   | 75,819   | 138,679                        | 64,556  | 96,034                          |
| Transfer agent                                       | 6,787  | 14,489                         | 933   | 29,569                          |
| Registration   | 9,982  | 11,073                         | 17,904  | 19,503                          |
| Printing   | 76,190   | 102,521                        | 13,888  | 74,406                          |
| Officer and Directors/Trustees                       | 28,180   | 48,448                         |   | 20,128                          |
| Custodian  | 51,976   | 249,091                        | 12,513  | 100,935                         |
| Administration                                       |  |                                |   |                                 |
| Miscellaneous  | 95,704   | 62,848                         |   | 27,980                          |
| Total expenses excluding interest expense            | 2,684,226  | 2,890,646                      | 899,534   | 1,857,510                       |
| Interest expense                                     | 4,180,291  | 2,986,285                      | 788,934   | 3,303,478                       |
| Total expenses                                       | 6,864,517  | 5,876,931                      | 1,688,468                                       | 5,160,988                       |
| Less fees waived by advisor                          |  |                                |   |                                 |
| Less fees paid indirectly                            | (4,483)  | (9,486)                        | (1,348)   | (16,764)                        |
| Total expenses after waiver and fees paid indirectly | 6,860,034  | 5,867,445                      | 1,687,120                                       | 5,144,224                       |
| Net investment income                                | 13,641,713                                       | 19,706,087                     | 8,117,286                                       | 12,884,718                      |
| <b>Realized and Unrealized Gain (Loss):</b>          |  |                                |   |                                 |
| Net realized gain (loss) from:                       |  |                                |   |                                 |
| Investments  | 666,665  | 2,932,807                      | (7,086,236)                                     | (1,962,158)                     |
| Futures and swaps                                    | (6,639,676)                                      | (2,641,007)                    |   |                                 |
| Foreign currency                                     | 115,130  | (243,679)                      | 7,066   |                                 |
| Options written                                      | 689,863  | 472,353                        |   |                                 |
| Short sales  |  | (181,836)                      |   |                                 |

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|  |                |               |                |              |
|--|----------------|---------------|----------------|--------------|
| Borrowed bonds   | (3,376,859)    |               |                |              |
| Interest rate floors   |                | 3,316         |                |              |
|  | (8,544,877)    | 341,954       | (7,079,170)    | (1,962,158)  |
| Net change in unrealized appreciation/<br>depreciation on:                 |                |               |                |              |
| Investments  | (17,774,472)   | 1,396,645     | (7,379,404)    | (9,438,821)  |
| Futures and swaps  | 7,669,555      | (4,729,198)   |                |              |
| Foreign currency   | 465,856        | 84,610        | 10,194         | 85           |
| Options written  | (410,322)      | (224,655)     |                |              |
| TBA sale commitments   | (352,021)      | (2,545)       |                |              |
| Short sales  |                |               |                |              |
| Borrowed bonds   | 32,701         | (32,701)      |                |              |
| Interest rate floors   |                |               |                |              |
| Unfunded corporate loans   |                |               |                |              |
|  | (10,368,703)   | (3,507,844)   | (7,369,210)    | (9,438,736)  |
| Total realized and unrealized gain (loss)                                  | (18,913,580)   | (3,165,890)   | (14,448,380)   | (11,400,894) |
| <b>Net Increase (Decrease) in Net Assets<br/>Resulting from Operations</b> | \$ (5,271,867) | \$ 16,540,197 | \$ (6,331,094) | \$ 1,483,824 |

1 Foreign withholding tax

2 Prior year presentation has been changed to match current year groupings for certain line items.

3 Includes \$(158) from affiliates.

4 Includes \$(13) from affiliates.

**BlackRock  
High Yield  
Trust  
(BHY)**

**Period  
November 1, 2007  
to August 31, 2008**      **Year Ended  
October 31, 2007**

**Investment Income**

|                         |    |           |    |           |
|-------------------------|----|-----------|----|-----------|
| Interest                | \$ | 4,223,110 | \$ | 6,149,702 |
| Dividends <sup>1</sup>  |    | 2,850     |    | 12,606    |
| Facility and other fees |    | 5,398     |    |           |
| Income from affiliates  |    | 425       |    | 853       |
| Total income            |    | 4,231,783 |    | 6,163,161 |

**Expenses<sup>2</sup>**

|                                |  |         |  |         |
|--------------------------------|--|---------|--|---------|
| Investment advisory            |  | 469,993 |  | 727,265 |
| Accounting services            |  | 21,116  |  |         |
| Professional                   |  | 63,568  |  | 91,930  |
| Transfer agent                 |  | 7,678   |  | 14,192  |
| Registration                   |  | 9,921   |  | 10,987  |
| Printing                       |  | 12,748  |  | 33,297  |
| Officer and Directors/Trustees |  | 2,864   |  | 7,768   |
| Custodian                      |  | 10,757  |  | 113,949 |
| Administration                 |  | 44,750  |  | 69,263  |

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|  |           |           |
|--|-----------|-----------|
| Miscellaneous  | 41,993    | 19,745    |
| Total expenses excluding interest expense            | 685,388   | 1,088,396 |
| Interest expense                                     | 324,688   | 1,050,907 |
| Total expenses                                       | 1,010,076 | 2,139,303 |
| Less fees waived by advisor                          |           |           |
| Less fees paid indirectly                            | (951)     | (8,027)   |
| Total expenses after waiver and fees paid indirectly | 1,009,125 | 2,131,276 |
| Net investment income                                | 3,222,658 | 4,031,885 |

**Realized and Unrealized Gain (Loss):**

|  |                       |                     |
|--|-----------------------|---------------------|
| Net realized gain (loss) from:   |                       |                     |
| Investments  | (2,047,360)           | (2,479,994)         |
| Futures and swaps  | 448                   | 5,700               |
| Foreign currency   |                       |                     |
| Options written  |                       | 23,138              |
| Short sales  |                       | 1,000               |
| Borrowed bonds   |                       |                     |
| Interest rate floors   |                       |                     |
|  | (2,046,912)           | (2,450,156)         |
| Net change in unrealized appreciation/depreciation on:                 |                       |                     |
| Investments  | (4,787,664)           | 2,730,808           |
| Futures and swaps  | 61                    |                     |
| Foreign currency   |                       |                     |
| Options written  |                       |                     |
| TBA sale commitments   |                       |                     |
| Short sales  |                       |                     |
| Borrowed bonds   |                       |                     |
| Interest rate floors   |                       |                     |
| Unfunded corporate loans   |                       |                     |
|  | (4,787,603)           | 2,730,808           |
| Total realized and unrealized gain (loss)                              | (6,834,515)           | 280,652             |
| <b>Net Increase (Decrease) in Net Assets Resulting from Operations</b> | <b>\$ (3,611,857)</b> | <b>\$ 4,312,537</b> |

<sup>1</sup> Foreign withholding tax

<sup>2</sup> Prior year presentation has been changed to match current year groupings for certain line items.

<sup>3</sup> Includes \$(158) from affiliates.

<sup>4</sup> Includes \$(13) from affiliates.

See Notes to Financial Statements.

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|  | BlackRock<br>Income<br>Opportunity Trust<br>(BNA) |                                | BlackRock<br>Income<br>Trust Inc.<br>(BKT)       |                                |
|--|---|--------------------------------|--|--------------------------------|
|  | Period<br>November 1, 2007<br>to August 31, 2008  | Year Ended<br>October 31, 2007 | Period<br>November 1, 2007<br>to August 31, 2008 | Year Ended<br>October 31, 2007 |
| <b>Investment Income</b>                             |   |                                |  |                                |
| Interest   | \$ 24,803,941                                     | \$ 28,944,530                  | \$ 22,407,113                                    | \$ 30,455,219                  |
| Dividends <sup>1</sup>                               | 259,454   | 27,829                         |  |                                |
| Facility and other fees                              |   |                                |  |                                |
| Income from affiliates                               | 114,995   | 69,703                         | 57,038   | 12,288                         |
| Total income   | 25,178,390  | 29,042,062                     | 22,464,151                                       | 30,467,507                     |
| <b>Expenses<sup>2</sup></b>                          |   |                                |  |                                |
| Investment advisory                                  | 1,850,067   | 2,268,956                      | 2,299,487  | 2,680,534                      |
| Accounting services                                  | 72,780  |                                | 90,018   |                                |
| Professional   | 100,156   | 131,746                        | 93,668   | 129,354                        |
| Transfer agent                                       | 8,769   | 21,836                         | 38,397   | 66,456                         |
| Registration   | 12,976  | 15,345                         | 23,920   | 25,782                         |
| Printing   | 75,566  | 118,718                        | 76,901   | 155,712                        |
| Officer and Directors/Trustees                       | 27,618  | 51,073                         | 16,184   | 55,080                         |
| Custodian  | 56,391  | 231,868                        | 54,566   | 268,396                        |
| Administration                                       | 308,345   | 378,159                        | 531,627  | 618,585                        |
| Miscellaneous  | 48,269  | 66,507                         | 26,487   | 74,034                         |
| Total expenses excluding interest expense            | 2,560,937   | 3,284,208                      | 3,251,255  | 4,073,933                      |
| Interest expense                                     | 4,401,186   | 4,308,893                      | 2,569,337  | 7,442,611                      |
| Total expenses                                       | 6,962,123   | 7,593,101                      | 5,820,592  | 11,516,544                     |
| Less fees waived by advisor                          |   |                                |  |                                |
| Less fees paid indirectly                            | (3,652)   | (12,757)                       | (5,699)  | (22,750)                       |
| Total expenses after waiver and fees paid indirectly | 6,958,471   | 7,580,344                      | 5,814,893  | 11,493,794                     |
| Net investment income                                | 18,219,919  | 21,461,718                     | 16,649,258                                       | 18,973,713                     |
| <b>Realized and Unrealized Gain (Loss):</b>          |   |                                |  |                                |
| Net realized gain (loss) from:                       |   |                                |  |                                |
| Investments  | (2,183,328) <sup>3</sup>                          | 2,379,781                      | 4,045,924 <sub>4</sub>                           | 5,100,250                      |
| Futures and swaps                                    | (9,058,770)                                       | (561,310)                      | (12,167,254)                                     | (14,906,137)                   |
| Foreign currency                                     | (271,155)   | 1,864                          |  |                                |
| Options written                                      | 748,642   | 505,900                        | 497,659  | 66,100                         |
| Short sales  |   | (216,750)                      |  | (631,861)                      |
| Borrowed bonds                                       | (3,674,680)                                       |                                | (1,275,586)                                      |                                |
| Interest rate floors                                 |   | 3,654                          | (1,039,453)                                      | 3,623                          |

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|  |                |               |               |               |
|--|----------------|---------------|---------------|---------------|
|  | (14,439,291)   | 2,113,139     | (9,938,710)   | (10,368,025)  |
| Net change in unrealized appreciation/depreciation on:                 |                |               |               |               |
| Investments  | (16,858,428)   | 34,707        | 39,607,500    | 9,813,510     |
| Futures and swaps  | 7,628,633      | (5,924,500)   | 288,232       | 14,400,816    |
| Foreign currency   | 527,488        |               |               |               |
| Options written  | (452,891)      | (232,716)     | 1,662,264     | (2,301,793)   |
| TBA sale commitments   | (103,686)      |               | 764,751       |               |
| Short sales  |                | 39,033        |               | (2,547,439)   |
| Borrowed bonds   | 36,144         |               | (326,677)     |               |
| Interest rate floors   |                |               | (6,509,852)   | (993,376)     |
| Unfunded corporate loans   |                |               |               |               |
|  | (9,222,740)    | (6,083,476)   | 35,486,218    | 18,371,718    |
| Total realized and unrealized gain (loss)                              | (23,662,031)   | (3,970,337)   | 25,547,508    | 8,003,693     |
| <b>Net Increase (Decrease) in Net Assets Resulting from Operations</b> |                |               |               |               |
|  | \$ (5,442,112) | \$ 17,491,381 | \$ 42,196,766 | \$ 26,977,406 |

1 Foreign withholding tax \$ 2,097

2 Prior year presentation has been changed to match current year groupings for certain line items.

3 Includes \$(158) from affiliates.

4 Includes \$(13) from affiliates.

**BlackRock  
Limited Duration  
Income Trust  
(BLW)**

**BlackRock  
Strategic  
Bond Trust  
(BHD)**

|  | Period<br>November 1, 2007<br>to August 31, 2008 | Year Ended<br>October 31, 2007 | Period<br>November 1, 2007<br>to August 31, 2008 | Year Ended<br>October 31, 2007 |
|--|--|--------------------------------|--|--------------------------------|
|--|--|--------------------------------|--|--------------------------------|

**Investment Income**

|                         |               |               |              |              |
|-------------------------|---------------|---------------|--------------|--------------|
| Interest                | \$ 49,123,991 | \$ 70,129,223 | \$ 5,991,779 | \$ 7,972,023 |
| Dividends <sup>1</sup>  | 8,906         | 25,138        |              | 6,407        |
| Facility and other fees | 182,605       |               |              |              |
| Income from affiliates  | 3,539         | 4,008         | 8,912        | 629          |
| Total income            | 49,319,041    | 70,158,369    | 6,000,691    | 7,979,059    |

**Expenses<sup>2</sup>**

|                                |           |           |         |         |
|--------------------------------|-----------|-----------|---------|---------|
| Investment advisory            | 3,487,647 | 4,890,429 | 584,766 | 791,363 |
| Accounting services            | 112,317   |           | 19,712  |         |
| Professional                   | 189,858   | 134,550   | 48,388  | 56,797  |
| Transfer agent                 | 3,759     | 13,687    | 6,927   | 13,605  |
| Registration                   | 14,220    | 16,509    | 8,811   | 10,969  |
| Printing                       | 110,509   | 192,757   | 18,471  | 31,092  |
| Officer and Directors/Trustees | 28,447    | 62,521    | 3,272   | 13,373  |
| Custodian                      | 53,899    | 458,823   | 9,960   | 99,288  |
| Administration                 |           |           |         |         |
| Miscellaneous                  | 47,019    | 114,686   | 27,233  | 19,894  |

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|  |            |            |           |           |
|--|------------|------------|-----------|-----------|
| Total expenses excluding interest expense            | 4,047,675  | 5,883,962  | 727,540   | 1,036,381 |
| Interest expense                                     | 3,371,225  | 9,171,719  | 4,060     | 389,572   |
| Total expenses                                       | 7,418,900  | 15,055,681 | 731,600   | 1,425,953 |
| Less fees waived by advisor                          |            |            | (91,643)  | (176,670) |
| Less fees paid indirectly                            | (18,872)   | (116,925)  | (1,487)   | (5,761)   |
| Total expenses after waiver and fees paid indirectly | 7,400,028  | 14,938,756 | 638,470   | 1,243,522 |
| Net investment income                                | 41,919,013 | 55,219,613 | 5,362,221 | 6,735,537 |

**Realized and Unrealized Gain (Loss):**

|  |                 |               |                |              |
|--|-----------------|---------------|----------------|--------------|
| Net realized gain (loss) from:   |                 |               |                |              |
| Investments  | (22,021,064)    | 5,056,888     | (1,961,605)    | 999,009      |
| Futures and swaps  | 712,296         | 442,248       | 34,284         |              |
| Foreign currency   | (2,809,398)     | (2,379,054)   |                |              |
| Options written  |                 |               |                |              |
| Short sales  |                 |               |                |              |
| Borrowed bonds   |                 |               |                |              |
| Interest rate floors   |                 |               |                |              |
|  | (24,118,166)    | 3,120,082     | (1,927,321)    | 999,009      |
| Net change in unrealized appreciation/depreciation on:                 |                 |               |                |              |
| Investments  | (45,643,297)    | (19,529,245)  | (5,235,330)    | (1,416,472)  |
| Futures and swaps  | 338,091         | (918,619)     | (81,859)       |              |
| Foreign currency   | 4,713,108       | (773,728)     |                |              |
| Options written  |                 |               |                |              |
| TBA sale commitments   |                 |               |                |              |
| Short sales  |                 |               |                |              |
| Borrowed bonds   |                 |               |                |              |
| Interest rate floors   |                 |               |                |              |
| Unfunded corporate loans   | (26,733)        |               |                |              |
|  | (40,618,831)    | (21,221,592)  | (5,317,189)    | (1,416,472)  |
| Total realized and unrealized gain (loss)                              | (64,736,997)    | (18,101,510)  | (7,244,510)    | (417,463)    |
| <b>Net Increase (Decrease) in Net Assets Resulting from Operations</b> | \$ (22,817,984) | \$ 37,118,103 | \$ (1,882,289) | \$ 6,318,074 |

<sup>1</sup> Foreign withholding tax \$ 76,324

<sup>2</sup> Prior year presentation has been changed to match current year groupings for certain line items.

<sup>3</sup> Includes \$(158) from affiliates.

<sup>4</sup> Includes \$(13) from affiliates.



## Statements of Changes in Net Assets

|   | <b>BlackRock<br/>Core Bond Trust (BHK)</b>                |                               |                |
|---|---|-------------------------------|----------------|
|   | <b>Period November 1,<br/>2007 to<br/>August 31, 2008</b> | <b>Year Ended October 31,</b> |                |
|   |   | <b>2007</b>                   | <b>2006</b>    |
| <b>Increase (Decrease) in Net Assets</b>  |   |                               |                |
| <b>Operations</b>   |   |                               |                |
| Net investment income   | \$ 13,641,713   | \$ 19,706,087                 | \$ 17,700,447  |
| Net realized gain (loss)  | (8,544,877)   | 341,954                       | (8,285,073)    |
| Net change in unrealized appreciation/depreciation                                | (10,368,703)  | (3,507,844)                   | 11,551,542     |
| Net increase (decrease) in net assets resulting from operations                   | (5,271,867)   | 16,540,197                    | 20,966,916     |
| <b>Dividends and Distributions to Shareholders From</b>                           |   |                               |                |
| Net investment income   | (16,387,174)  | (16,495,698)                  | (25,048,230)   |
| Net realized gain   |   |                               | (7,914,351)    |
| Tax return of capital   | (499,560)   | (5,227,396)                   |                |
| Decrease in net assets resulting from dividends and distributions to shareholders | (16,886,734)  | (21,723,094)                  | (32,962,581)   |
| <b>Capital Share Transactions</b>   |   |                               |                |
| Reinvestment of dividends   |   |                               |                |
| <b>Net Assets</b>   |   |                               |                |
| Total increase (decrease) in net assets   | (22,158,601)  | (5,182,897)                   | (11,995,665)   |
| Beginning of period   | 368,335,227   | 373,518,124                   | 385,513,789    |
| End of period   | \$ 346,176,626  | \$ 368,335,227                | \$ 373,518,124 |
| End of period undistributed (distributions in excess of) net investment income    | \$ 1,846,284  | \$ (1,696,051)                | \$ (5,693,238) |

|   | <b>BlackRock<br/>Income Opportunity Trust, Inc. (BNA)</b> |                               |               |
|---|---|-------------------------------|---------------|
|   | <b>Period November 1,<br/>2007 to<br/>August 31, 2008</b> | <b>Year Ended October 31,</b> |               |
|   |   | <b>2007</b>                   | <b>2006</b>   |
| <b>Increase (Decrease) in Net Assets</b>                        |   |                               |               |
| <b>Operations</b>   |   |                               |               |
| Net investment income   | \$ 18,219,919   | \$ 21,461,718                 | \$ 19,514,794 |
| Net realized gain (loss)  | (14,439,291)  | 2,113,139                     | (7,330,378)   |
| Net change in unrealized appreciation/depreciation              | (9,222,740)   | (6,083,476)                   | 7,965,246     |
| Net increase (decrease) in net assets resulting from operations | (5,442,112)   | 17,491,381                    | 20,149,662    |
| <b>Dividends and Distributions to Shareholders From</b>         |   |                               |               |
| Net investment income   | (17,707,143)  | (20,862,233)                  | (22,238,524)  |
| Net realized gain   |   |                               | (8,976,694)   |
| Tax return of capital   |   | (1,874,570)                   | (2,162,198)   |
|   | (17,707,143)  | (22,736,803)                  | (33,377,416)  |

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Decrease in net assets resulting from dividends and distributions to shareholders

### Capital Share Transactions

Reinvestment of dividends

### Net Assets

|  |                |                |                |
|--|----------------|----------------|----------------|
| Total increase (decrease) in net assets  | (23,149,255)   | (5,245,422)    | (13,227,754)   |
| Beginning of period  | 379,604,877    | 384,850,299    | 398,078,053    |
| End of period  | \$ 356,455,622 | \$ 379,604,877 | \$ 384,850,299 |
| End of period undistributed (distributions in excess of) net investment income | \$ 1,846,620   | \$ 768,824     | \$ (900,730)   |

See Notes to Financial Statements.

|   |    |              |    | <b>BlackRock<br/>High Income<br/>Shares (HIS)</b>        |                                |              |
|---|----|--------------|----|--|--------------------------------|--------------|
|   |    |              |    | <b>Period January 1,<br/>2008 to<br/>August 31, 2008</b> | <b>Year Ended December 31,</b> |              |
|   |    |              |    |  | <b>2007</b>                    | <b>2006</b>  |
| <b>Increase (Decrease) in Net Assets</b>  |    |              |    |  |                                |              |
| <b>Operations</b>   |    |              |    |  |                                |              |
| Net investment income   | \$ | 8,117,286    | \$ | 12,884,718   | \$                             | 12,046,246   |
| Net realized gain (loss)  |    | (7,079,170)  |    | (1,962,158)  |                                | (1,735,666)  |
| Net change in unrealized appreciation/depreciation                                |    | (7,369,210)  |    | (9,438,736)  |                                | 6,228,859    |
| Net increase (decrease) in net assets resulting from operations                   |    |              |    |  | 1,483,824                      | 16,539,439   |
| <b>Dividends and Distributions to Shareholders From</b>                           |    |              |    |  |                                |              |
| Net investment income   |    | (6,958,699)  |    | (12,923,299)   |                                | (12,792,689) |
| Net realized gain   |    |              |    |  |                                |              |
| Tax return of capital   |    |              |    |  |                                |              |
| Decrease in net assets resulting from dividends and distributions to shareholders |    |              |    |  | (12,923,299)                   | (12,792,689) |
| <b>Capital Share Transactions</b>   |    |              |    |  |                                |              |
| Reinvestment of dividends   |    |              |    |  |                                | 333,553      |
| <b>Net Assets</b>   |    |              |    |  |                                |              |
| Total increase (decrease) in net assets   |    | (13,289,793) |    | (11,439,475)   |                                | 4,080,303    |
| Beginning of period   |    | 135,098,136  |    | 146,537,611  |                                | 142,457,308  |
| End of period   | \$ | 121,808,343  | \$ | 135,098,136  | \$                             | 146,537,611  |
| End of period undistributed (distributions in excess of) net investment income    | \$ | 1,415,821    | \$ | (33,209)   | \$                             | (827,376)    |

|   |    |             |    | <b>BlackRock<br/>High Yield Trust (BHY)</b>               |                               |             |
|---|----|-------------|----|---|-------------------------------|-------------|
|   |    |             |    | <b>Period November 1,<br/>2007 to<br/>August 31, 2008</b> | <b>Year Ended October 31,</b> |             |
|   |    |             |    |   | <b>2007</b>                   | <b>2006</b> |
| <b>Increase (Decrease) in Net Assets</b>                        |    |             |    |   |                               |             |
| <b>Operations</b>   |    |             |    |   |                               |             |
| Net investment income   | \$ | 3,222,658   | \$ | 4,031,885   | \$                            | 4,211,671   |
| Net realized gain (loss)  |    | (2,046,912) |    | (2,450,156)   |                               | (2,067,969) |
| Net change in unrealized appreciation/depreciation              |    | (4,787,603) |    | 2,730,808   |                               | 4,444,627   |
| Net increase (decrease) in net assets resulting from operations |    |             |    |   | 4,312,537                     | 6,588,329   |
| <b>Dividends and Distributions to Shareholders From</b>         |    |             |    |   |                               |             |
| Net investment income   |    | (3,273,618) |    | (3,927,807)   |                               | (4,175,232) |
| Net realized gain   |    |             |    |   |                               |             |
| Tax return of capital   |    |             |    |   |                               |             |
|   |    |             |    |   | (3,927,807)                   | (4,175,232) |

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Decrease in net assets resulting from dividends and distributions to shareholders

**Capital Share Transactions**

Reinvestment of dividends 12,289 48,307

**Net Assets**

Total increase (decrease) in net assets (6,885,475) 397,019 2,461,404  
Beginning of period 50,782,256 50,385,237 47,923,833

End of period \$ 43,896,781 \$ 50,782,256 \$ 50,385,237

End of period undistributed (distributions in excess of) net investment income \$ 65,690 \$ 116,650 \$ 10,204

**BlackRock  
Income Trust, Inc. (BKT)**

| Increase (Decrease) in Net Assets                               | Period November 1,<br>2007 to |             | Year Ended October 31, |               |
|---|-------------------------------|-------------|------------------------|---------------|
|   | August 31, 2008               |             | 2007                   | 2006          |
| <b>Operations</b>   |                               |             |                        |               |
| Net investment income   | \$                            | 16,649,258  | \$ 18,973,713          | \$ 20,352,044 |
| Net realized gain (loss)  |                               | (9,938,710) | (10,368,025)           | 1,937,674     |
| Net change in unrealized appreciation/depreciation              |                               | 35,486,218  | 18,371,718             | 1,267,311     |
| Net increase (decrease) in net assets resulting from operations |                               | 42,196,766  | 26,977,406             | 23,557,029    |

**Dividends and Distributions to Shareholders From**

Net investment income (15,793,807) (18,808,452) (21,910,288)  
Net realized gain  
Tax return of capital (4,978,175) (5,576,693)

Decrease in net assets resulting from dividends and distributions to shareholders (15,793,807) (23,786,627) (27,486,981)

**Capital Share Transactions**

Reinvestment of dividends

**Net Assets**

Total increase (decrease) in net assets 26,402,959 3,190,779 (3,929,952)  
Beginning of period 417,650,951 414,460,172 418,390,124

End of period \$ 444,053,910 \$ 417,650,951 \$ 414,460,172

End of period undistributed (distributions in excess of) net investment income \$ 6,981,497 \$ (6,313,294) \$ (519,359)

**BlackRock  
Limited Duration Income Trust  
(BLW)**

Period November 1,  
2007 to  
August 31, 2008

Year Ended October 31,

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| Increase (Decrease) in Net Assets   | 2007           |                | 2006           |  |
|---|----------------|----------------|----------------|--|
| <b>Operations</b>   |                |                |                |  |
| Net investment income   | \$ 41,919,013  | \$ 55,219,613  | \$ 49,596,055  |  |
| Net realized gain (loss)  | (24,118,166)   | 3,120,082      | (1,589,905)    |  |
| Net change in unrealized appreciation/depreciation                                | (40,618,831)   | (21,221,592)   | 2,473,132      |  |
| Net increase (decrease) in net assets resulting from operations                   | (22,817,984)   | 37,118,103     | 50,479,282     |  |
| <b>Dividends and Distributions to Shareholders From</b>                           |                |                |                |  |
| Net investment income   | (43,898,690)   | (51,967,739)   | (55,725,066)   |  |
| Net realized gain   |                | (2,229,742)    |                |  |
| Tax return of capital   |                | (1,074,826)    | (760,960)      |  |
| Decrease in net assets resulting from dividends and distributions to shareholders | (43,898,690)   | (55,272,307)   | (56,486,026)   |  |
| <b>Capital Share Transactions</b>   |                |                |                |  |
| Reinvestment of dividends   |                | 2,057,525      | 251,427        |  |
| <b>Net Assets</b>   |                |                |                |  |
| Total increase (decrease) in net assets   | (66,716,674)   | (16,096,679)   | (5,755,317)    |  |
| Beginning of period   | 683,109,421    | 699,206,100    | 704,961,417    |  |
| End of period   | \$ 616,392,747 | \$ 683,109,421 | \$ 699,206,100 |  |
| End of period undistributed (distributions in excess of) net investment income    | \$ (3,360,775) | \$ 800,386     | \$ (36,700)    |  |

## Statements of Changes in Net Assets

|   | <b>BlackRock<br/>Strategic Bond Trust<br/>(BHD)</b>       |                               |               |
|---|---|-------------------------------|---------------|
|   | <b>Period November 1,<br/>2007 to<br/>August 31, 2008</b> | <b>Year Ended October 31,</b> |               |
|   |   | <b>2007</b>                   | <b>2006</b>   |
| <b>Increase (Decrease) in Net Assets</b>  |   |                               |               |
| <b>Operations</b>   |   |                               |               |
| Net investment income   | \$ 5,362,221  | \$ 6,735,537                  | \$ 6,965,538  |
| Net realized gain (loss)  | (1,927,321)   | 999,009                       | (759,640)     |
| Net change in unrealized appreciation/depreciation                                | (5,317,189)   | (1,416,472)                   | 2,082,388     |
| Net increase (decrease) in net assets resulting from operations                   | (1,882,289)   | 6,318,074                     | 8,288,286     |
| <b>Dividends and Distributions to Shareholders From</b>                           |   |                               |               |
| Net investment income   | (5,434,969)   | (6,521,963)                   | (6,969,104)   |
| Tax return of capital   |   |                               | (251,641)     |
| Decrease in net assets resulting from dividends and distributions to shareholders | (5,434,969)   | (6,521,963)                   | (7,220,745)   |
| <b>Net Assets</b>   |   |                               |               |
| Total increase (decrease) in net assets   | (7,317,258)   | (203,889)                     | 1,067,541     |
| Beginning of period   | 97,409,723  | 97,613,612                    | 96,546,071    |
| End of period   | \$ 90,092,465   | \$ 97,409,723                 | \$ 97,613,612 |
| End of period undistributed (distributions in excess of) net investment income    | \$ 124,460  | \$ 197,208                    | \$ (16,366)   |

See Notes to Financial Statements.

## Statements of Cash Flows

|   | BlackRock<br>Core<br>Bond Trust<br>(BHK) | BlackRock<br>High<br>Income Shares<br>(HIS) | BlackRock<br>High Yield<br>Trust<br>(BHY) | BlackRock<br>Income<br>Opportunity Trust<br>(BNA) | BlackRock<br>Limited<br>Duration<br>Income Trust<br>(BLW) |
|---|--|---|---|---|---|
| <b>Period Ended August 31, 2008</b>   |  |   |   |   |   |
| <b>Cash Provided by Operating Activities</b>  |  |   |   |   |   |
| Net decrease in net assets resulting from operations  | \$ (5,271,867)                           | \$ (6,331,094)                              | \$ (3,611,857)                            | \$ (5,442,112)                                    | \$ (22,817,984)   |
| Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by operating activities: |  |   |   |   |   |
| Increase (decrease) in receivables  | (1,749,282)                              | 110,575                                     | 181,907                                   | (1,658,112)                                       | 3,483,769   |
| Increase (decrease) in prepaid expenses and other assets  | (85,335)                                 | (3,915)                                     | (14,150)                                  | (166,448)   | (173,869)   |
| Increase (decrease) in TBA sale commitments   | 16,373,509                               |   |   | (409,617)   |   |
| Increase (decrease) in borrowed bonds   | (80,405,639)                             |   |   | (85,300,660)                                      |   |
| Decrease in other liabilities   | 2,027,067                                | (176,928)                                   | (50,600)                                  | 2,120,058   | (3,689,282)   |
| Swap premiums paid  |  |   |   |   | (67,004)  |
| Net realized and unrealized loss  | 14,139,179                               | 14,425,380                                  | 6,990,835                                 | 14,336,179  | 64,493,436  |
| Amortization of premium and discount on investments   | (96,377)                                 | 4,176                                       | (48,002)                                  | 222,274   | (274,349)   |
| Paid-in-kind income   |  | (299,947)                                   | (154,251)                                 | (88,727)  | (1,572,611)   |
| Proceeds from sales and paydowns of long-term securities  | 2,943,356,231                            | 56,993,572                                  | 21,512,233                                | 2,382,177,037                                     | 1,721,282,956   |
| Purchases of long-term securities   | (2,949,850,636)                          | (37,761,311)                                | (17,646,822)                              | (2,361,189,147)                                   | (1,671,339,488)   |
| Net proceeds from sales of short-term investments   | 77,546,253                               | 25,981                                      | (869,327)                                 | 81,440,025  | 1,127,200   |
| Premiums paid on closing options written  | 29,737                                   |   |   | 30,105  |   |
| Net cash provided by operating activities   | 16,012,840                               | 26,986,489                                  | 6,289,966                                 | 26,070,855  | 90,452,774  |
| <b>Cash Used for Financing Activities</b>   |  |   |   |   |   |
| Cash receipts from loans  |  | 24,000,000                                  | 15,000,000                                |   |   |
| Cash payments from loans  |  | (43,000,000)                                | (18,000,000)                              |   |   |
| Cash receipts from reverse repurchase agreements  | 943,961,402                              |   |   | 466,821,734                                       | 103,691,246   |
| Cash payments from reverse repurchase agreements  | (939,624,799)                            |   |   | (471,343,290)                                     | (148,440,646)   |
| Cash dividends paid   | (16,892,026)                             | (7,912,097)                                 | (3,275,032)                               | (17,698,398)                                      | (43,935,334)  |
| Net cash used for financing activities  | (12,555,423)                             | (26,912,097)                                | (6,275,032)                               | (22,219,954)                                      | (88,684,734)  |
| <b>Cash Impact from Foreign Exchange Fluctuations</b>   |  |   |   |   |   |
| Cash impact from foreign exchange fluctuations  | (33,864)                                 | (147)                                       |   | (36,253)  | (54,864)  |
| <b>Cash:</b>  |  |   |   |   |   |
| Net increase in cash  | 3,423,553                                | 74,245                                      | 14,934                                    | 3,814,648   | 1,713,176   |
| Cash at beginning of period   | 202,427                                  | 44,305                                      | 63,169                                    | 23,022  | 590,568   |
| Cash at end of period   | \$ 3,625,980                             | \$ 118,550                                  | 78,103                                    | \$ 3,837,670                                      | \$ 2,303,744  |

## Cash Flow Information:

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|  |    |           |    |         |    |         |    |           |    |           |
|--|----|-----------|----|---------|----|---------|----|-----------|----|-----------|
| Cash paid during the period for interest | \$ | 4,912,127 | \$ | 976,593 | \$ | 365,994 | \$ | 5,219,162 | \$ | 6,967,653 |
|--|----|-----------|----|---------|----|---------|----|-----------|----|-----------|

See Notes to Financial Statements.

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## Financial Highlights

## BlackRock Core Bond Trust (BHK)

|  | Period November<br>1, 2007<br>to August 31,<br>2008 |            | Year Ended October 31, |            |            |            |
|--|---|------------|------------------------|------------|------------|------------|
|  | 2007  | 2006       | 2005                   | 2004       | 2003       |            |
| <b>Per Share Operating Performance</b>                                   |   |            |                        |            |            |            |
| Net asset value, beginning of period                                     | \$ 13.63  | \$ 13.82   | \$ 14.27               | \$ 15.22   | \$ 14.75   | \$ 14.33   |
| Net investment income  | 0.50 <sup>1</sup>                                   | 0.74       | 0.66                   | 0.78       | 0.92       | 0.83       |
| Net realized and unrealized gain (loss)                                  | (0.69)  | (0.13)     | 0.11                   | (0.37)     | 0.66       | 0.77       |
| Net increase (decrease) from investment operations                       | (0.19)  | 0.61       | 0.77                   | 0.41       | 1.58       | 1.60       |
| Dividends and distributions from:  |   |            |                        |            |            |            |
| Net investment income  | (0.61)  | (0.61)     | (0.93)                 | (1.01)     | (0.86)     | (1.00)     |
| Net realized gain  |   |            | (0.29)                 | (0.35)     | (0.25)     | (0.18)     |
| Tax return of capital  | (0.02)  | (0.19)     |                        |            |            |            |
| Total dividends and distributions  | (0.63)  | (0.80)     | (1.22)                 | (1.36)     | (1.11)     | (1.18)     |
| Net asset value, end of period   | \$ 12.81  | \$ 13.63   | \$ 13.82               | \$ 14.27   | \$ 15.22   | \$ 14.75   |
| Market price, end of period  | \$ 11.51  | \$ 12.23   | \$ 12.86               | \$ 13.69   | \$ 14.02   | \$ 13.57   |
| <b>Total Investment Return<sup>2</sup></b>                               |   |            |                        |            |            |            |
| Based on net asset value   | (1.00)% <sup>3</sup>                                | 5.04%      | 6.20%                  | 3.18%      | 11.79%     | 11.76%     |
| Based on market price  | (0.87)% <sup>3</sup>                                | 1.29%      | 3.07%                  | 7.46%      | 11.93%     | 6.62%      |
| <b>Ratios to Average Net Assets</b>                                      |   |            |                        |            |            |            |
| Total expenses after fees paid indirectly and excluding interest expense | 0.89% <sup>4</sup>                                  | 0.78%      | 0.77%                  | 0.85%      | 0.92%      | 0.87%      |
| Total expenses after fees paid indirectly                                | 2.29% <sup>4</sup>                                  | 1.60%      | 1.08%                  | 1.50%      | 1.32%      | 1.05%      |
| Total expenses   | 2.29% <sup>4</sup>                                  | 1.60%      | 1.08%                  | 1.50%      | 1.32%      | 1.05%      |
| Net investment income  | 4.55% <sup>4</sup>                                  | 5.36%      | 4.78%                  | 5.20%      | 6.20%      | 5.58%      |
| <b>Supplemental Data</b>   |   |            |                        |            |            |            |
| Net assets, end of period (000)  | \$ 346,177  | \$ 368,335 | \$ 373,518             | \$ 385,514 | \$ 411,163 | \$ 398,540 |

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|  |                   |            |           |           |            |           |
|--|-------------------|------------|-----------|-----------|------------|-----------|
| Reverse repurchase agreements outstanding, end of period (000) | \$ 107,690        | \$ 103,354 | \$ 3,911  | \$ 86,876 | \$ 102,474 | \$ 91,668 |
| Reverse repurchase agreements average daily balance (000)      | \$ 134,784        | \$ 44,786  | \$ 25,340 | \$ 91,130 | \$ 145,094 | \$ 67,591 |
| Portfolio turnover   | 598% <sup>5</sup> | 122%       | 88%       | 220%      | 398%       | 161%      |
| Asset coverage, end of period per \$1,000                      | \$ 4,215          | \$ 4,564   | \$ 96,502 | \$ 5,438  | \$ 5,012   | \$ 5,348  |

<sup>1</sup> Based on average shares outstanding.

<sup>2</sup> Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.

<sup>3</sup> Aggregate total investment return.

<sup>4</sup> Annualized.

<sup>5</sup> Includes TBA transactions. Excluding these transactions, the portfolio turnover would have been 337%.

See Notes to Financial Statements.

## Financial Highlights

## BlackRock High Income Shares (HIS)

|  | Period January<br>1, 2008<br>to August 31,<br>2008 | Year Ended December 31, |            |            |                   |                   |
|--|--|-------------------------|------------|------------|-------------------|-------------------|
|  |  | 2007                    | 2006       | 2005       | 2004 <sup>1</sup> | 2003 <sup>1</sup> |
| <b>Per Share Operating Performance</b>                                   |  |                         |            |            |                   |                   |
| Net asset value, beginning of period                                     | \$ 2.47  | \$ 2.68                 | \$ 2.61    | \$ 2.87    | \$ 2.86           | \$ 2.42           |
| Net investment income  | 0.15 <sup>2</sup>                                  | 0.24                    | 0.22       | 0.24       | 0.28 <sup>3</sup> | 0.32 <sup>3</sup> |
| Net realized and unrealized gain (loss)                                  | (0.26)   | (0.21)                  | 0.08       | (0.23)     | 0.03              | 0.40              |
| Net increase (decrease) from investment operations                       | (0.11)   | 0.03                    | 0.30       | 0.01       | 0.31              | 0.72              |
| Dividends to shareholders from net investment income                     | (0.13)   | (0.24)                  | (0.23)     | (0.27)     | (0.30)            | (0.28)            |
| Net asset value, end of period   | \$ 2.23  | \$ 2.47                 | \$ 2.68    | \$ 2.61    | \$ 2.87           | \$ 2.86           |
| Market price, end of period  | \$ 1.88  | \$ 2.14                 | \$ 2.55    | \$ 2.33    | \$ 2.90           | \$ 2.87           |
| <b>Total Investment Return<sup>4</sup></b>                               |  |                         |            |            |                   |                   |
| Based on net asset value   | (4.00)% <sup>5</sup>                               | 1.58%                   | 12.32%     | 0.43%      | 11.46%            | 31.10%            |
| Based on market price  | (6.59)% <sup>5</sup>                               | (7.51)%                 | 19.70%     | (11.28)%   | 12.24%            | 37.23%            |
| <b>Ratios to Average Net Assets</b>                                      |  |                         |            |            |                   |                   |
| Total expenses after fees paid indirectly and excluding interest expense | 1.05% <sup>6</sup>                                 | 1.27%                   | 1.34%      | 1.37%      | 1.39%             | 1.46%             |
| Total expenses after fees paid indirectly                                | 1.98% <sup>6</sup>                                 | 3.55%                   | 3.77%      | 3.04%      | 2.23%             | 2.21%             |
| Total expenses   | 1.98% <sup>6</sup>                                 | 3.56%                   | 3.78%      | 3.04%      | 2.23%             | 2.21%             |
| Net investment income  | 9.52% <sup>6</sup>                                 | 8.89%                   | 8.42%      | 8.82%      | 9.70%             | 11.99%            |
| <b>Supplemental Data</b>   |  |                         |            |            |                   |                   |
| Net assets, end of period (000)  | \$ 121,808   | \$ 135,098              | \$ 146,538 | \$ 142,457 | \$ 155,298        | \$ 154,298        |
| Loan outstanding, end of period (000)                                    | \$ 27,000  | \$ 46,000               | \$ 62,000  | \$ 66,000  | \$ 69,000         | \$ 68,000         |

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|  |           |           |           |           |           |           |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Average loan outstanding during the period (000) | \$ 27,069 | \$ 55,868 | \$ 62,838 | \$ 65,992 | \$ 64,081 | \$ 60,604 |
| Portfolio turnover                               | 25%       | 69%       | 83%       | 115%      | 56%       | 93%       |
| Asset coverage, end of period per \$1,000        | \$ 5,512  | \$ 3,937  | \$ 3,364  | \$ 3,158  | \$ 3,251  | \$ 3,269  |

- 1 Audited by other Independent Registered Public Accounting Firm.
- 2 Based on average shares outstanding.
- 3 Net investment income per share has been recalculated in accordance with Securities and Exchange Commission requirements, with the exception that end-of-the-year accumulated undistributed/(overdistributed) net investment income has not been adjusted to reflect current-year permanent differences between financial and tax accounting.
- 4 Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.
- 5 Aggregate total investment return.
- 6 Annualized.

The performance set forth in this table is the financial data of BlackRock High Income Shares. BlackRock Advisors, LLC began managing the Trust on March 2, 2005.

See Notes to Financial Statements.

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## Financial Highlights

## BlackRock High Yield Trust (BHY)

|  | Year Ended October 31,                        |           |           |           |           |           |
|--|---|-----------|-----------|-----------|-----------|-----------|
|  | Period November 1, 2007<br>to August 31, 2008 | 2007      | 2006      | 2005      | 2004      | 2003      |
| <b>Per Share Operating Performance</b>                                   |   |           |           |           |           |           |
| Net asset value, beginning of period                                     | \$ 7.91                                       | \$ 7.85   | \$ 7.48   | \$ 7.95   | \$ 6.96   | \$ 6.13   |
| Net investment income  | 0.50 <sup>1</sup>                             | 0.63      | 0.66      | 0.68      | 0.92      | 1.06      |
| Net realized and unrealized gain (loss)                                  | (1.06)  | 0.04      | 0.36      | (0.36)    | 1.02      | 0.89      |
| Net increase (decrease) from investment operations                       | (0.56)  | 0.67      | 1.02      | 0.32      | 1.94      | 1.95      |
| Dividends and distributions from:  |   |           |           |           |           |           |
| Net investment income  | (0.51)  | (0.61)    | (0.65)    | (0.79)    | (0.92)    | (1.07)    |
| Tax return of capital  |   |           |           |           | (0.03)    | (0.05)    |
| Total dividends and distributions  | (0.51)  | (0.61)    | (0.65)    | (0.79)    | (0.95)    | (1.12)    |
| Net asset value, end of period   | \$ 6.84                                       | \$ 7.91   | \$ 7.85   | \$ 7.48   | \$ 7.95   | \$ 6.96   |
| Market price, end of period  | \$ 5.96                                       | \$ 6.92   | \$ 7.77   | \$ 7.36   | \$ 9.30   | \$ 10.25  |
| <b>Total Investment Return<sup>2</sup></b>                               |   |           |           |           |           |           |
| Based on net asset value   | (6.47)% <sup>3</sup>                          | 9.03%     | 14.25%    | 2.85%     | 26.24%    | 27.75%    |
| Based on market price  | (6.85)% <sup>3</sup>                          | (3.63)%   | 14.93%    | (13.49)%  | 0.28%     | 32.87%    |
| <b>Ratios to Average Net Assets</b>                                      |   |           |           |           |           |           |
| Total expenses after fees paid indirectly and excluding interest expense | 1.77% <sup>4</sup>                            | 2.10%     | 2.19%     | 2.10%     | 1.96%     | 2.22%     |
| Total expenses after fees paid indirectly                                | 2.61% <sup>4</sup>                            | 4.14%     | 4.49%     | 3.51%     | 2.68%     | 3.07%     |
| Total expenses before fees paid indirectly                               | 2.61% <sup>4</sup>                            | 4.14%     | 4.49%     | 3.51%     | 2.68%     | 3.07%     |
| Total expenses   | 2.61% <sup>4</sup>                            | 4.16%     | 4.50%     | 3.52%     | 2.69%     | 3.07%     |
| Net investment income  | 8.34% <sup>4</sup>                            | 7.84%     | 8.74%     | 8.71%     | 12.16%    | 16.37%    |
| <b>Supplemental Data</b>   |   |           |           |           |           |           |
| Net assets, end of period (000)  | \$ 43,897                                     | \$ 50,782 | \$ 50,385 | \$ 47,924 | \$ 50,914 | \$ 44,438 |
| Loan outstanding, end of period (000)                                    | \$ 6,250                                      | \$ 9,250  | \$ 20,250 | \$ 20,750 | \$ 19,250 | \$ 19,250 |
| Average loan outstanding during the period (000)                         | \$ 7,443                                      | \$ 17,710 | \$ 20,621 | \$ 20,425 | \$ 19,250 | \$ 19,250 |
| Portfolio turnover   | 34%   | 69%       | 85%       | 102%      | 156%      | 30%       |
| Asset coverage, end of period per \$1,000                                | \$ 8,023                                      | \$ 6,490  | \$ 3,488  | \$ 3,310  | \$ 3,645  | \$ 3,308  |

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- 1 Based on average shares outstanding.
- 2 Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.
- 3 Aggregate total investment return.
- 4 Annualized.

See Notes to Financial Statements.

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## Financial Highlights

## BlackRock Income Opportunity Trust, Inc. (BNA)

|  | Year Ended October 31,                        |            |            |            |            |            |
|--|---|------------|------------|------------|------------|------------|
|  | Period November 1, 2007<br>to August 31, 2008 | 2007       | 2006       | 2005       | 2004       | 2003       |
| <b>Per Share Operating Performance</b>                                   |   |            |            |            |            |            |
| Net asset value, beginning of period                                     | \$ 11.02                                      | \$ 11.17   | \$ 11.56   | \$ 12.38   | \$ 11.93   | \$ 11.83   |
| Net investment income  | 0.53 <sup>1</sup>                             | 0.62       | 0.57       | 0.72       | 0.76       | 0.84       |
| Net realized and unrealized gain (loss)                                  | (0.69)  | (0.11)     | 0.01       | (0.45)     | 0.53       | 0.31       |
| Net increase (decrease) from investment operations                       | (0.16)  | 0.51       | 0.58       | 0.27       | 1.29       | 1.15       |
| Dividends and distributions from:  |   |            |            |            |            |            |
| Net investment income  | (0.51)  | (0.61)     | (0.65)     | (0.81)     | (0.84)     | (0.81)     |
| Net realized gain  |   |            | (0.26)     | (0.28)     |            | (0.24)     |
| Tax return of capital  |   | (0.05)     | (0.06)     |            |            |            |
| Total dividends and distributions  | (0.51)  | (0.66)     | (0.97)     | (1.09)     | (0.84)     | (1.05)     |
| Net asset value, end of period   | \$ 10.35                                      | \$ 11.02   | \$ 11.17   | \$ 11.56   | \$ 12.38   | \$ 11.93   |
| Market price, end of period  | \$ 9.82                                       | \$ 10.19   | \$ 10.58   | \$ 10.90   | \$ 11.38   | \$ 10.95   |
| <b>Total Investment Return<sup>2</sup></b>                               |   |            |            |            |            |            |
| Based on net asset value   | (1.07)% <sup>3</sup>                          | 5.11%      | 5.76%      | 2.95%      | 11.90%     | 10.92%     |
| Based on market price  | 1.51% <sup>3</sup>                            | 2.62%      | 6.27%      | 5.53%      | 12.04%     | 14.71%     |
| <b>Ratios to Average Net Assets</b>                                      |   |            |            |            |            |            |
| Total expenses after fees paid indirectly and excluding interest expense | 0.83% <sup>4</sup>                            | 0.87%      | 0.89%      | 0.87%      | 0.84%      | 0.89%      |
| Total expenses after fees paid indirectly                                | 2.25% <sup>4</sup>                            | 2.00%      | 1.61%      | 1.72%      | 1.11%      | 1.29%      |
| Total expenses before fees paid indirectly                               | 2.25% <sup>4</sup>                            | 2.01%      | 1.61%      | 1.72%      | 1.11%      | 1.29%      |
| Total expenses   | 2.25% <sup>4</sup>                            | 2.01%      | 1.61%      | 1.72%      | 1.11%      | 1.29%      |
| Net investment income  | 5.89% <sup>4</sup>                            | 5.68%      | 5.11%      | 5.97%      | 6.29%      | 6.99%      |
| <b>Supplemental Data</b>   |   |            |            |            |            |            |
| Net assets, end of period (000)  | \$ 356,456                                    | \$ 379,605 | \$ 384,850 | \$ 398,078 | \$ 426,643 | \$ 410,981 |
| Reverse repurchase agreements outstanding, end of period (000)           | \$ 100,740                                    | \$ 105,262 | \$ 34,326  | \$ 120,179 | \$ 94,644  | \$ 103,378 |
| Reverse repurchase agreements average daily balance (000)                | \$ 131,462                                    | \$ 68,241  | \$ 59,691  | \$ 122,457 | \$ 97,264  | \$ 136,172 |
| Portfolio turnover   | 441% <sup>5</sup>                             | 196%       | 131%       | 396%       | 300%       | 46%        |

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|   |    |       |    |       |    |        |    |       |    |       |    |       |
|---|----|-------|----|-------|----|--------|----|-------|----|-------|----|-------|
| Asset coverage, end of period per \$1,000 | \$ | 4,538 | \$ | 4,606 | \$ | 12,212 | \$ | 4,312 | \$ | 5,508 | \$ | 4,976 |
|---|----|-------|----|-------|----|--------|----|-------|----|-------|----|-------|

- 1 Based on average shares outstanding.
- 2 Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.
- 3 Aggregate total investment return.
- 4 Annualized.
- 5 Includes TBA transactions. Excluding these transactions, the portfolio turnover would have been 168%.

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## Financial Highlights

BlackRock Income Trust, Inc. (BKT)

|  | Year Ended October 31,                        |            |            |            |            |            |
|--|---|------------|------------|------------|------------|------------|
|  | Period November 1, 2007<br>to August 31, 2008 | 2007       | 2006       | 2005       | 2004       | 2003       |
| <b>Per Share Operating Performance</b>                                   |   |            |            |            |            |            |
| Net asset value, beginning of period                                     | \$ 6.53                                       | \$ 6.48    | \$ 6.54    | \$ 6.95    | \$ 7.21    | \$ 8.13    |
| Net investment income  | 0.26 <sup>1</sup>                             | 0.30       | 0.32       | 0.44       | 0.51       | 0.61       |
| Net realized and unrealized gain (loss)                                  | 0.40  | 0.12       | 0.05       | (0.30)     | (0.16)     | (0.52)     |
| Net increase from investment operations                                  | 0.66  | 0.42       | 0.37       | 0.14       | 0.35       | 0.09       |
| Dividends and distributions from:  |   |            |            |            |            |            |
| Net investment income  | (0.25)  | (0.29)     | (0.34)     | (0.48)     | (0.61)     | (1.01)     |
| Tax return of capital  |   | (0.08)     | (0.09)     | (0.07)     |            |            |
| Total dividends and distributions  | (0.25)  | (0.37)     | (0.43)     | (0.55)     | (0.61)     | (1.01)     |
| Net asset value, end of period   | \$ 6.94                                       | \$ 6.53    | \$ 6.48    | \$ 6.54    | \$ 6.95    | \$ 7.21    |
| Market price, end of period  | \$ 6.07                                       | \$ 5.81    | \$ 6.07    | \$ 5.90    | \$ 7.50    | \$ 7.71    |
| <b>Total Investment Return<sup>2</sup></b>                               |   |            |            |            |            |            |
| Based on net asset value   | 10.82% <sup>3</sup>                           | 7.06%      | 6.06%      | 2.12%      | 5.01%      | 1.20%      |
| Based on market price  | 8.94% <sup>3</sup>                            | 1.69%      | 10.18%     | (14.63)%   | 5.97%      | 15.41%     |
| <b>Ratios to Average Net Assets</b>                                      |   |            |            |            |            |            |
| Total expenses after fees paid indirectly and excluding interest expense | 0.91% <sup>4</sup>                            | 0.98%      | 1.00%      | 0.99%      | 0.97%      | 1.02%      |
| Total expenses after fees paid indirectly                                | 1.63% <sup>4</sup>                            | 2.76%      | 2.84%      | 2.79%      | 1.37%      | 1.36%      |
| Total expenses before fees paid indirectly                               | 1.63% <sup>4</sup>                            | 2.77%      | 2.85%      | 2.80%      | 1.37%      | 1.36%      |
| Total expenses   | 1.63% <sup>4</sup>                            | 2.77%      | 2.85%      | 2.80%      | 1.37%      | 1.36%      |
| Net investment income  | 4.67% <sup>4</sup>                            | 4.60%      | 4.92%      | 6.54%      | 7.13%      | 8.18%      |
| <b>Supplemental Data</b>   |   |            |            |            |            |            |
| Net assets, end of period (000)  | \$ 444,054                                    | \$ 417,651 | \$ 414,460 | \$ 418,390 | \$ 442,635 | \$ 457,301 |
| Reverse repurchase agreements outstanding, end of period (000)           |   | \$ 33,895  | \$ 70,691  | \$ 149,558 | \$ 223,736 | \$ 121,767 |
| Reverse repurchase agreements average daily balance (000)                | \$ 61,777                                     | \$ 93,325  | \$ 104,393 | \$ 180,553 | \$ 158,278 | \$ 135,804 |
| Portfolio turnover   | 263% <sup>5</sup>                             | 250%       | 80%        | 60%        | 120%       | 64%        |
| Asset coverage, end of period per \$1,000                                |   | \$ 13,322  | \$ 6,863   | \$ 3,798   | \$ 2,978   | \$ 4,756   |

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- 1 Based on average shares outstanding.
- 2 Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.
- 3 Aggregate total investment return.
- 4 Annualized.
- 5 Includes TBA transactions. Excluding these transactions, the portfolio turnover rate would have been 0%.

See Notes to Financial Statements.

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## Financial Highlights

## BlackRock Limited Duration Income Trust (BLW)

|  | Period November 1, 2007<br>to August 31, 2008 | 2007     | Year Ended October 31,<br>2006 | 2005     | 2004     | Period July 30, 2003 <sup>1</sup><br>through October 31,<br>2003 |
|--|---|----------|--------------------------------|----------|----------|--|
| <b>Per Share Operating Performance</b>                                   |   |          |                                |          |          |  |
| Net asset value, beginning of period                                     | \$ 18.52                                      | \$ 19.01 | \$ 19.17                       | \$ 20.13 | \$ 19.74 | \$ 19.10 <sub>2</sub>  |
| Net investment income  | 1.14 <sub>3</sub>                             | 1.50     | 1.35                           | 1.46     | 1.46     | 0.33   |
| Net realized and unrealized gain (loss)                                  | (1.76)  | (0.49)   | 0.03                           | (0.94)   | 0.43     | 0.60   |
| Net increase (decrease) from investment operations                       | (0.62)  | 1.01     | 1.38                           | 0.52     | 1.89     | 0.93   |
| Dividends and distributions from:  |   |          |                                |          |          |  |
| Net investment income  | (1.19)  | (1.41)   | (1.52)                         | (1.33)   | (1.49)   | (0.25)   |
| Net realized gain  |   | (0.06)   |                                | (0.15)   | (0.01)   |  |
| Tax return of capital  |   | (0.03)   | (0.02)                         |          |          |  |
| Total dividends and distributions  | (1.19)  | (1.50)   | (1.54)                         | (1.48)   | (1.50)   | (0.25)   |
| Capital charges with respect to issuance of shares                       |   |          |                                |          |          | (0.04)   |
| Net asset value, end of period   | \$ 16.71                                      | \$ 18.52 | \$ 19.01                       | \$ 19.17 | \$ 20.13 | \$ 19.74   |
| Market price, end of period  | \$ 14.57                                      | \$ 16.68 | \$ 18.85                       | \$ 17.48 | \$ 19.95 | \$ 18.80   |
| <b>Total Investment Return<sup>4</sup></b>                               |   |          |                                |          |          |  |
| Based on net asset value   | (2.60)% <sup>5</sup>                          | 5.66%    | 7.85%                          | 2.93%    | 10.17%   | 4.71% <sup>5</sup>   |
| Based on market price  | (5.70)% <sup>5</sup>                          | (4.03)%  | 17.31%                         | (5.30)%  | 14.64%   | (4.77)% <sup>5</sup>   |
| <b>Ratios to Average Net Assets</b>                                      |   |          |                                |          |          |  |
| Total expenses after fees paid indirectly and excluding interest expense | 0.76% <sup>6</sup>                            | 0.83%    | 0.91%                          | 0.92%    | 0.90%    | 0.79% <sup>6</sup>   |
| Total expenses after fees paid indirectly                                | 1.38% <sup>6</sup>                            | 2.14%    | 2.19%                          | 1.71%    | 1.25%    | 0.82% <sup>6</sup>   |

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|  |                    |       |       |       |       |                    |
|--|--------------------|-------|-------|-------|-------|--------------------|
| Total expenses before fees paid indirectly | 1.39% <sup>6</sup> | 2.16% | 2.20% | 1.71% | 1.28% | 0.82% <sup>6</sup> |
| Total expenses                             | 1.39% <sup>6</sup> | 2.16% | 2.20% | 1.71% | 1.26% | 0.82% <sup>6</sup> |
| Net investment income                      | 7.84% <sup>6</sup> | 7.92% | 7.10% | 7.42% | 7.34% | 6.87% <sup>6</sup> |

### Supplemental Data

|  |                   |            |            |            |            |            |
|--|-------------------|------------|------------|------------|------------|------------|
| Net assets, end of period (000)                                | \$ 616,393        | \$ 638,109 | \$ 699,206 | \$ 704,961 | \$ 739,225 | \$ 724,747 |
| Reverse repurchase agreements outstanding, end of period (000) | \$ 64,538         | \$ 109,287 | \$ 220,000 | \$ 176,010 | \$ 159,416 | \$ 118,993 |
| Reverse repurchase agreements average daily balance (000)      | \$ 120,295        | \$ 172,040 | \$ 179,366 | \$ 186,660 | \$ 195,845 | \$ 26,591  |
| Portfolio turnover   | 191% <sup>7</sup> | 65%        | 132%       | 70%        | 215%       | 127%       |
| Asset coverage, end of period per \$1,000                      | \$ 10,551         | \$ 7,251   | \$ 4,178   | \$ 5,005   | \$ 5,637   | \$ 7,091   |

<sup>1</sup> Commencement of operations.

<sup>2</sup> Net asset value, beginning of period, reflects a deduction of \$0.90 per share sales charge from the initial offering price of \$20.00 per share.

<sup>3</sup> Based on average shares outstanding.

<sup>4</sup> Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.

<sup>5</sup> Aggregate total investment return.

<sup>6</sup> Annualized.

<sup>7</sup> Includes TBA transactions. Excluding these transactions the portfolio turnover would have been 24%.

See Notes to Financial Statements.

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## Financial Highlights

## BlackRock Strategic Bond Trust (BHD)

|   | Period November 1,<br>2007<br>to August 31, 2008 | 2007     | 2006     | 2005     | 2004     | 2003     |
|---|--|----------|----------|----------|----------|----------|
| <b>Per Share Operating Performance</b>  |  |          |          |          |          |          |
| Net asset value, beginning of period  | \$ 13.80   | \$ 13.83 | \$ 13.68 | \$ 15.10 | \$ 15.07 | \$ 12.63 |
| Net investment income   | 0.76 <sup>1</sup>                                | 0.95     | 0.99     | 1.10     | 1.39     | 1.59     |
| Net realized and unrealized gain (loss)   | (1.03)   | (0.06)   | 0.18     | (1.13)   | 0.25     | 2.34     |
| Net increase (decrease) from investment operations                                  | (0.27)   | 0.89     | 1.17     | (0.03)   | 1.64     | 3.93     |
| Dividends and distributions from:   |  |          |          |          |          |          |
| Net investment income   | (0.77)   | (0.92)   | (0.98)   | (1.12)   | (1.61)   | (1.49)   |
| Tax return of capital   |  |          | (0.04)   | (0.27)   |          |          |
| Total dividends and distributions   | (0.77)   | (0.92)   | (1.02)   | (1.39)   | (1.61)   | (1.49)   |
| Net asset value, end of period  | \$ 12.76   | \$ 13.80 | \$ 13.83 | \$ 13.68 | \$ 15.10 | \$ 15.07 |
| Market price, end of period   | \$ 10.85   | \$ 11.88 | \$ 12.85 | \$ 12.45 | \$ 16.70 | \$ 15.27 |
| <b>Total Investment Return<sup>2</sup></b>  |  |          |          |          |          |          |
| Based on net asset value  | (1.19)% <sup>3</sup>                             | 7.26%    | 9.58%    | (0.49)%  | 11.35%   | 32.55%   |
| Based on market price   | (2.40)% <sup>3</sup>                             | (0.62)%  | 11.87%   | (18.11)% | 21.54%   | 37.36%   |
| <b>Ratios to Average Net Assets</b>   |  |          |          |          |          |          |
| Total expenses after waiver and fees paid indirectly and excluding interest expense | 0.81% <sup>4</sup>                               | 0.87%    | 0.94%    | 0.92%    | 0.89%    | 1.01%    |
| Total expenses after waiver and fees paid indirectly                                | 0.82% <sup>4</sup>                               | 1.27%    | 2.00%    | 1.87%    | 1.23%    | 1.71%    |
| Total expenses after waiver and before fees paid indirectly                         | 0.82% <sup>4</sup>                               | 1.27%    | 2.25%    | 2.14%    | 1.49%    | 2.01%    |
| Total expenses  | 0.93% <sup>4</sup>                               | 1.45%    | 2.25%    | 2.14%    | 1.49%    | 2.01%    |
| Net investment income   | 6.85% <sup>4</sup>                               | 6.86%    | 7.26%    | 7.58%    | 9.23%    | 11.32%   |

## Supplemental Data

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|  |           |            |           |           |            |            |
|--|-----------|------------|-----------|-----------|------------|------------|
| Net assets, end of period (000)                                | \$ 90,092 | \$ 97,410  | \$ 97,614 | \$ 96,546 | \$ 106,433 | \$ 106,045 |
| Reverse repurchase agreements outstanding, end of period (000) | \$ 1,571  | \$ 413     | \$ 14,951 | \$ 31,883 | \$ 13,188  | \$ 45,872  |
| Reverse repurchase agreements average daily balance (000)      | \$ 391    | \$ 7,240   | \$ 21,104 | \$ 30,406 | \$ 27,562  | \$ 46,036  |
| Portfolio turnover   | 27%       | 34%        | 56%       | 51%       | 31%        | 32%        |
| Asset coverage, end of period per \$1,000                      | \$ 58,347 | \$ 236,789 | \$ 7,529  | \$ 4,028  | \$ 9,071   | \$ 3,312   |

<sup>1</sup> Based on average shares outstanding.

<sup>2</sup> Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.

<sup>3</sup> Aggregate total investment return.

<sup>4</sup> Annualized.

See Notes to Financial Statements.

## Notes to Financial Statements

### Note 1. Significant Accounting Policies:

BlackRock Core Bond Trust ( Core Bond ), BlackRock High Income Shares ( High Income ), BlackRock High Yield Trust ( High Yield ), BlackRock Income Opportunity Trust, Inc. ( Income Opportunity ), BlackRock Income Trust, Inc. ( Income Trust ), BlackRock Limited Duration Income Trust ( Limited Duration ) and BlackRock Strategic Bond Trust ( Strategic Bond ) are registered as diversified, closed-end management investment companies under the Investment Company Act of 1940 (the 1940 Act ), as amended. Income Opportunity and Income Trust are organized as Maryland corporations. Core Bond, High Yield, Limited Duration and Strategic Bond are organized as Delaware statutory trusts. High Income is organized as a Massachusetts business trust. Core Bond, High Income, High Yield, Income Opportunity, Income Trust, Limited Duration and Strategic Bond, are individually referred to as a Trust and collectively as the Trusts . The Trusts financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, which may require the use of management accruals and estimates. Actual results may differ from these estimates. The Trusts recently changed their fiscal year end to August 31. The Trusts determine and make available for publication the net asset value of their Common Shares on a daily basis.

The following is a summary of significant accounting policies followed by the Trusts:

**Valuation of Investments:** The Trusts value their bond investments on the basis of last available bid prices or current market quotations provided by dealers or pricing services selected under the supervision of each Trust s Board of Directors or Trustees, as appropriate (the Board ). Floating rate loan interests are valued at the mean between the last available bid prices from one or more brokers or dealers as obtained from a pricing service. In determining the value of a particular investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments, various relationships observed in the market between investments, and calculated yield measures based on valuation technology commonly employed in the market for such investments. Financial futures contracts traded on exchanges are valued at their last sale price. TBA commitments are valued at the current market value of the underlying securities. Swap agreements are valued by quoted fair values received daily by the Trusts pricing service or through brokers. Short-term securities are valued at amortized cost. Investments in open-end investment companies are valued at net asset value each business day.

Equity investments traded on a recognized securities exchange or the NASDAQ Global Market System are valued at the last reported sale price that day or the NASDAQ official closing price, if applicable. For equity investments traded on more than one exchange, the last reported sale price on the exchange where the stock is primarily traded is used. Equity investments traded on a recognized exchange for which there were no sales on that day are valued at the last available bid (long positions) or ask (short positions) price. If no bid or ask price is available, the prior day s price will be used, unless it is determined that such prior day s price no longer reflects the fair value of the security.

Exchange-traded options are valued at the mean between the last bid and ask prices at the close of the options market in which the options trade and previously were valued at the last sales price as of the close of options trading on applicable exchanges. An exchange-traded option for which there is no mean price is valued at the last bid (long positions) or ask (short positions) price. If no bid or ask price is available, the prior day s price will be used unless it is determined that the prior day s price no longer reflects the fair value of the option. Over-the-counter options are valued by an independent pricing service using a mathematical model which incorporates a number of market data factors.

In the event that application of these methods of valuation results in a price for an investment which is deemed not to be representative of the market value of such investment, the investment will be valued by a method approved by the Board as reflecting fair value ( Fair Value Assets ). When determining the price for Fair Value Assets, the investment advisor and/or sub-advisor seeks to determine the price that each Trust might reasonably expect to receive from the current sale of that asset in an arm s-length transaction. Fair value determinations shall be based upon all available factors that the investment advisor and/or sub-advisor deems relevant. The pricing of all Fair Value Assets is subsequently reported to the Board or a committee thereof.

Generally, trading in foreign securities is substantially completed each day at various times prior to the close of business on the New York Stock Exchange ( NYSE ). The values of such securities used in computing the net assets of each Trust are determined as of such times. Foreign currency exchange rates will be determined as of the close of business on the NYSE. Occasionally, events affecting the values of such securities and such exchange rates may occur between the times at which they are determined and the close of business on the NYSE that may not be reflected in the computation of each Trust s net assets. If events (for example, a company announcement, market volatility or a natural disaster) occur during such periods that are expected to materially affect the value of such securities, those securities may be valued at their fair value as determined in good faith by the

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Board or by the investment advisor using a pricing service and/or procedures approved by the Board.

**Derivative Financial Instruments:** Each Trust may engage in various portfolio investment strategies both to increase the returns of the Trusts and to hedge, or protect, their exposure to interest rate movements and movements in the securities markets. Losses may arise if the value of the contract decreases due to an unfavorable change in the price of the underlying security, or if the counterparty does not perform under the contract.

**Financial futures contracts** Each Trust may purchase or sell financial futures contracts and options on such financial futures contracts. Futures contracts are contracts for delayed delivery of securities at a specific future date and at a specific price or yield. Upon entering into a contract, the Trust deposits and maintains as collateral such initial margin as required by the exchange on which the transaction is effected. Pursuant to the contract, the Trust agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in

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## Notes to Financial Statements (continued)

value of the contract. Such receipts or payments are known as margin variation and are recognized by the Trust as unrealized gains or losses. When the contract is closed, the Trust records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

**Foreign currency exchange contracts** Each Trust may enter into foreign currency exchange contracts as a hedge against either specific transactions or portfolio positions. Foreign currency exchange contracts, when used by the Trusts, help to manage the overall exposure to the foreign currency backing some of the investments held by the Trusts. The contract is marked-to-market daily and the change in market value is recorded by the Trusts as an unrealized gain or loss. When the contract is closed, the Trusts record a realized gain or loss equal to the difference between the value at the time it was opened and the value at the time it was closed.

**Options** Each Trust may purchase and write call and put options. When a Trust writes an option, an amount equal to the premium received by the Trusts is reflected as an asset and an equivalent liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option written. When a security is purchased or sold through an exercise of an option, the related premium paid (or received) is added to (or deducted from) the basis of the security acquired or deducted from (or added to) the proceeds of the security sold. When an option expires (or the Trusts enter into a closing transaction), the Trusts realize a gain or loss on the option to the extent of the premiums received or paid (or gain or loss to the extent the cost of the closing transaction exceeds the premium received or paid).

A call option gives the purchaser of the option the right (but not the obligation) to buy, and obligates the seller to sell (when the option is exercised), the underlying position at the exercise price at any time or at a specified time during the option period. A put option gives the holder the right to sell and obligates the writer to buy the underlying position at the exercise price at any time or at a specified time during the option period.

**Swaps** Each Trust may enter into swap agreements, in which the Trust and a counterparty agree to make periodic net payments on a specified notional amount. These periodic payments received or made by the Trusts are recorded in the accompanying Statements of Operations as realized gains or losses, respectively. Gains or losses are realized upon termination of the swap agreements. Swaps are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). When the swap is terminated, the Trusts will record a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Trust's basis in the contract, if any.

**Credit default swaps** Credit default swaps are agreements in which one party pays fixed periodic payments to a counterparty in consideration for a guarantee from the counterparty to make a specific payment should a negative credit event take place.

**Interest rate swaps** Interest rate swaps are agreements in which one party pays a floating rate of interest on a notional principal amount and receives a fixed rate of interest on the same notional principal amount for a specified period of time. Alternatively, a party may pay a fixed rate and receive a floating rate. Interest rate swaps are efficient as asset/liability management tools. In more complex swaps, the notional principal amount may decline (or amortize) over time.

**Total return swaps** Total return swaps are agreements in which one party commits to pay interest in exchange for a market-linked return. To the extent the total return of the security or index underlying the transaction exceeds or falls short of the offsetting interest rate obligation, the Trust will receive a payment from or make a payment to the counterparty.

**Swaptions** Swap options (swaptions) are similar to options on securities except that instead of selling or purchasing the right to buy or sell a security, the writer or purchaser of the swap option is granting or buying the right to enter into a previously agreed upon interest rate swap agreement at any time before the expiration of the option.

**Foreign Currency Transactions:** Foreign currency amounts are translated into United States dollars on the following basis: (i) market value of investment securities, assets and liabilities at the current rate of exchange; and (ii) purchases and sales of investment securities, income and expenses at the rates of exchange prevailing on the respective dates of such transactions.

The Trusts report foreign currency related transactions as components of realized gains for financial reporting purposes, whereas such components are treated as ordinary income for federal income tax purposes.

**Asset-Backed and Mortgage-Backed Securities:** Certain Trusts may invest in asset-backed securities. Asset-backed securities are generally issued as pass-through certificates, which represent undivided fractional ownership interests in an underlying pool of assets, or as debt instruments, which are also known as collateralized obligations, and are generally issued as the debt of a special purpose entity organized solely for the purpose of owning such assets and issuing such debt. Asset-backed securities are often backed by a pool of assets representing the obligations of a number of different parties. The yield characteristics of certain asset-backed securities may differ from traditional debt securities. One such major difference is that all or a principal part of the obligations may be prepaid at any time because the underlying assets (i.e., loans) may be prepaid at any time. As a result, a decrease in interest rates in the market may result in increases in the level of prepayments as borrowers, particularly mortgagors, refinance and repay their loans. An increased prepayment rate with respect to an asset-backed security subject to such a prepayment feature will have the effect of shortening the maturity of the security. If a Trust has purchased such an asset-backed security at a premium, a faster than anticipated prepayment rate could result in a loss of principal to the extent of the premium paid.

Certain Trusts may purchase in the secondary market certain mortgage pass-through securities. There are a number of important differences

## Notes to Financial Statements (continued)

among the agencies and instrumentalities of the U.S. Government that issue mortgage-related securities and among the securities that they issue. For example, mortgage-related securities guaranteed by the Government National Mortgage Association ( GNMA ) are guaranteed as to the timely payment of principal and interest by GNMA and such guarantee is backed by the full faith and credit of the United States. However, mortgage-related securities issued by the Federal National Mortgage Association ( FNMA ) include FNMA guaranteed Mortgage Pass-Through Certificates which are solely the obligations of the FNMA, are not backed by or entitled to the full faith and credit of the United States and are supported by the right of the issuer to borrow from the Treasury.

Certain Trusts invest a significant portion of its assets in securities backed by commercial or residential mortgage loans or in issuers that hold mortgage and other asset-backed securities. Please see the Schedules of Investments for these securities. Changes in economic conditions, including delinquencies and/or defaults on assets underlying these securities, can affect the value, income and/or liquidity of such positions.

**Borrowed Bond Agreements:** In a borrowed bond agreement, a Trust borrows securities from a third party, with the commitment that they will be returned to the lender on an agreed-upon date. Borrowed bond agreements are primarily entered into to settle short positions. In a borrowed bond agreement, the Trust's prime broker or third party broker takes possession of the underlying collateral securities or cash to settle such short positions. The value of the underlying collateral securities or cash approximates the principal amount of the borrowed bond transaction, including accrued interest. To the extent that borrowed bond transactions exceed one business day, the value of the collateral with any counterparty is marked to market on a daily basis to ensure the adequacy of the collateral. If the lender defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the lender of the security, realization of the collateral by the Trust may be delayed or limited.

**Capital Trusts:** These securities are typically issued by corporations, generally in the form of interest-bearing notes with preferred securities characteristics, or by an affiliated business trust of a corporation, generally in the form of beneficial interests in subordinated debentures or similarly structured securities. The securities can be structured as either fixed or adjustable coupon securities that can have either a perpetual or stated maturity date. Dividends can be deferred without creating an event of default or acceleration, although maturity cannot take place unless all cumulative payment obligations have been met. The deferral of payments does not affect the purchase or sale of these securities in the open market. Payments on these securities are treated as interest rather than dividends for Federal income tax purposes. These securities can have a rating that is slightly below that of the issuing company's senior debt securities.

**Floating Rate Loans:** The Trusts may invest in floating rate loans, which are generally non-investment grade, made by banks, other financial institutions and privately and publicly offered corporations. Floating rate loans are senior in the debt structure of a corporation. Floating rate loans generally pay interest at rates that are periodically determined by reference to a base lending rate plus a premium. The base lending rates are generally (i) the lending rate offered by one or more European banks, such as LIBOR (London InterBank Offered Rate), (ii) the prime rate offered by one or more U.S. banks or (iii) the certificate of deposit rate. The Trusts consider these investments to be investments in debt securities for purposes of their investment policies.

A Trust earns and/or pays facility and other fees on floating rate loans. Other fees earned/paid include commitment, amendment, consent, commissions and prepayment penalty fees. Facility, amendment and consent fees are typically amortized as premium and/or accreted as discount over the term of the loan. Commitment, commission and various other fees are recorded as income. Prepayment penalty fees are recorded on the accrual basis. When the Trust buys a floating rate loan it may receive a facility fee and when it sells a floating rate loan it may pay a facility fee. On an ongoing basis, the Trust may receive a commitment fee based on the undrawn portion of the underlying line of credit portion of a floating rate loan. In certain circumstances, the Trust may receive a prepayment penalty fee upon the prepayment of a floating rate loan by a borrower. Other fees received by the Trust may include covenant waiver fees and covenant modification fees.

A Trust may invest in multiple series or tranches of a loan. A different series or tranche may have varying terms and carry different associated risks.

Floating rate loans are usually freely callable at the issuer's option. The Trusts may invest in such loans in the form of participations in loans ( Participations ) and assignments of all or a portion of loans from third parties. Participations typically will result in the Trusts having a contractual relationship only with the lender, not with the borrower. The Trusts will have the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the Participation and only upon receipt by the lender of the payments from the borrower.

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In connection with purchasing Participations, the Trusts generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loans, nor any rights of offset against the borrower, and a Trust may not benefit directly from any collateral supporting the loan in which it has purchased the Participation.

As a result, a Trust will assume the credit risk of both the borrower and the lender that is selling the Participation. The Trust's investments in loan participation interests involve the risk of insolvency of the financial intermediaries who are parties to the transactions. In the event of the insolvency of the lender selling the Participation, the Trust may be treated as general creditors of the lender and may not benefit from any offset between the lender and the borrower.

**Interest Rate Floors:** Interest rate floors are similar to interest rate swaps, except that one party agrees to pay a fee, while the other party pays the deficiency, if any, of a floating rate under a specified fixed or floating rate.

Interest rate floors are used by the Trusts to both manage the duration of the portfolios and their exposure to changes in short-term interest rates. The Trusts' leverage provides extra income in a period of falling rates.

## Notes to Financial Statements (continued)

Selling floors reduces some of that extra income by partially monetizing it as an up front payment which the Trusts receive.

Transaction fees paid or received by the Trusts are recognized as assets or liabilities and amortized or accreted into interest expense or income over the life of the interest rate floor. The asset or liability is subsequently adjusted to the current market value of the interest rate floor purchased or sold. Changes in the value of the interest rate floor are recognized as unrealized gains and losses.

**Mortgage Dollar Rolls:** Each Trust may sell mortgage-backed securities for delivery in the current month and simultaneously contract to repurchase substantially similar (same type, coupon and maturity) securities on a specific future date at an agreed-upon price. The market value of the securities that the Trust is required to purchase may decline below the agreed upon repurchase price of those securities. Pools of mortgages collateralizing those securities may have different prepayment histories than those sold. During the period between the sale and the repurchase, the Trust will not be entitled to receive interest and principal payments on the securities sold. Proceeds of the sale will be invested in additional instruments for the Trust, and the income from these investments will generate income for the Trust.

If such income does not exceed the income, capital appreciation and gain or loss that would have been realized on the securities sold as part of the dollar roll, the use of this technique will diminish the investment performance of the Trust compared with what the performance would have been without the use of dollar rolls.

**Preferred Stock:** The Trusts may invest in preferred stocks. Preferred stock has a preference over common stocks in liquidation (and generally in receiving dividends as well) but is subordinated to the liabilities of the issuer in all respects. As a general rule, the market value of preferred stock with a fixed dividend rate and no conversion element varies inversely with interest rates and perceived credit risk, while the market price of convertible preferred stock generally also reflects some element of conversion value. Because preferred stock is junior to debt securities and other obligations of the issuer, deterioration in the credit quality of the issuer will cause greater changes in the value of a preferred stock than in a more senior debt security with similar stated yield characteristics. Unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Preferred stock also may be subject to optional or mandatory redemption provisions.

**Reverse Repurchase Agreements:** The Trusts may enter into reverse repurchase agreements with qualified third party broker-dealers. Interest on the value of the reverse repurchase agreements issued and outstanding is based upon competitive market rates at the time of issuance. At the time the Trust enters into a reverse repurchase agreement, it identifies for segregation certain liquid securities having a value not less than the repurchase price, including accrued interest, of the reverse repurchase agreement. The Trusts may utilize reverse repurchase agreements when it is anticipated that the interest income to be earned from the investment of the proceeds of the transaction is greater than the interest expense of the transaction.

**TBA Commitments:** The Trusts may enter into to-be-announced ( TBA ) commitments to purchase or sell securities for a fixed price at a future date. TBA commitments are considered securities in themselves, and involve a risk of loss if the value of the security to be purchased or sold declines or increases prior to settlement date, which is in addition to the risk of decline in the value of the Trust's other assets. Unsettled TBA commitments are valued at the current market value of the underlying securities, according to the procedures described under Valuation of Investments.

**Zero Coupon Bonds:** The Trusts may invest in zero-coupon bonds, which are normally issued at a significant discount from face value and do not provide for periodic interest payments. Zero-coupon bonds may experience greater volatility in market value than similar maturity debt obligations which provide for regular interest payments.

**Segregation:** In cases in which the 1940 Act and the interpretive positions of the Securities and Exchange Commission ( SEC ) require that each Trust segregates assets in connection with certain investments (e.g., reverse repurchase agreements, swaps, swaptions or futures contracts) or certain borrowings, each Trust will, consistent with certain interpretive letters issued by the SEC, designate on their books and record cash or other liquid debt securities having a market value at least equal to the amount that would otherwise be required to be physically segregated.

**Investment Transactions and Investment Income:** Investment transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on security transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend dates. Dividends from foreign securities where the ex-dividend date may have passed are subsequently recorded when the Trust has determined the ex-dividend date. Interest income is recognized on the

accrual basis. The Trusts amortize all premiums and discounts on debt securities.

**Dividends and Distributions:** Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates. If the total dividends and distributions made in any tax year exceeds net investment income and accumulated realized capital gains, a portion of the total distribution may be treated as a tax return of capital.

**Income Taxes:** It is each Trust's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of their taxable income to their shareholders. Therefore, no federal income tax provision is required. Under the applicable foreign tax laws, a withholding tax may be imposed on interest, dividends and capital gains at various rates.

Effective April 30, 2008, each Trust except High Income implemented Financial Accounting Standards Board ( FASB ) Interpretation No. 48, Accounting for Uncertainty in Income Taxes - an interpretation of FASB

## Notes to Financial Statements (continued)

Statement No. 109 ( FIN 48 ). Effective June 30, 2007, High Income implemented FIN 48. FIN 48 prescribes the minimum recognition threshold a tax position must meet in connection with accounting for uncertainties in income tax positions taken or expected to be taken by an entity, including investment companies, before being measured and recognized in the financial statements. The investment advisor has evaluated the application of FIN 48 to the Trusts, and has determined that the adoption of FIN 48 does not have a material impact on each Trust's financial statements. Each Trust files U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on High Yield, Income Opportunity, Income Trust, Limited Duration and Strategic Bond's U.S. federal tax returns remains open for the years ended October 31, 2005 through October 31, 2007. The statute of limitations on Core Bond's and High Income's U.S. federal tax returns remains open for the years ended December 31, 2005 through December 31, 2007. The statute of limitations on each Trust's state and local tax returns may remain open for an additional year depending upon the jurisdiction.

**Recent Accounting Pronouncements:** In September 2006, Statement of Financial Accounting Standards No. 157, Fair Value Measurements ( FAS 157 ), was issued and is effective for fiscal years beginning after November 15, 2007. Effective January 1, 2008, High Income adopted FAS 157. FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The impact on the other Trusts' financial statement disclosures, if any, is currently being assessed.

In March 2008, Statement of Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133 ( FAS 161 ), was issued. FAS 161 is intended to improve financial reporting for derivative instruments by requiring enhanced disclosure that enables investors to understand how and why an entity uses derivatives, how derivatives are accounted for, and how derivative instruments affect an entity's results of operations and financial position. In September 2008, FASB Staff Position No. 133-1 and FASB Interpretation No. 45-4 (the FSP ), Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161 was issued and is effective for fiscal years and interim periods ending after November 15, 2008. The FSP amends FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, to require disclosures by sellers of credit derivatives, including credit derivatives embedded in hybrid instruments. The FSP also clarifies the effective date of FAS 161, whereby disclosures required by FAS 161 are effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The impact on the Trusts' financial statement disclosures, if any, is currently being assessed.

**Deferred Compensation and BlackRock Closed-End Share Equivalent Investment Plan:** Under the deferred compensation plan approved by each Trust's Board, non-interested Directors or Trustees ( Independent Directors or Trustees ) may defer a portion of their annual complex-wide compensation. Deferred amounts earn an approximate return as though equivalent dollar amounts have been invested in common shares of other certain BlackRock Closed-End Funds selected by the Independent Directors or Trustees. This has approximately the same economic effect for the Independent Directors or Trustees as if the Independent Directors or Trustees had invested the deferred amounts directly in other certain BlackRock Closed-End Funds.

The deferred compensation plan is not funded and obligations thereunder represent general unsecured claims against the general assets of each Trust. Each Trust may, however, elect to invest in common shares of other certain BlackRock Closed-End Funds selected by the Independent Directors or Trustees in order to match its deferred compensation obligations. Investments to cover each Trust's deferred compensation liability are included in other assets on the Statements of Assets and Liabilities. Dividends and distributions from the BlackRock Closed-End Fund investments under the plan are included in income from affiliates on the Statements of Operations.

**Other:** Expenses directly related to a Trust are charged to that Trust. Other operating expenses shared by several Trusts are pro-rated among those Trusts on the basis of relative net assets or other appropriate methods.

## 2. Investment Advisory Agreement and Other Transactions with Affiliates:

Each Trust has entered into an Investment Advisory Agreement with BlackRock Advisors, LLC (the Advisor ), an indirect, wholly owned subsidiary of BlackRock, Inc., to provide investment services for all Trusts and administration services for Core Bond, High Income, Limited Duration and Strategic Bond. Merrill Lynch & Co., Inc. and The PNC Financial Services Group, Inc. are principal owners of BlackRock, Inc.

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Each Trust's investment advisory fee paid to the Advisor is computed weekly and payable monthly based on an annual rate of 0.60% for Income Opportunity and 0.65% for Income Trust, of each Trust's average net assets and 0.75% of the first \$200 million and 0.50% thereafter for High Income, 0.55% for Core Bond and Limited Duration, 1.05% for High Yield and 0.75% for Strategic Bond, of each Trust's average total assets (including any assets attributable to borrowings) minus the sum of accrued liabilities (other than debt representing financial leverage). The Advisor has voluntarily agreed to waive a portion of the investment advisory fees or other expenses on Strategic Bond as a percentage of its average weekly managed assets as follows: 0.15% through February 29, 2008, 0.10% through February 28, 2009 and 0.05% through February 28, 2010.

High Yield, Income Opportunity and Income Trust each has an Administration Agreement with the Advisor. The administration fee paid to the Advisor is computed weekly and payable monthly based on an annual rate, 0.10% for Income Opportunity, and 0.15% for Income Trust, of each Trust's average net assets and 0.10% for High Yield of the Trust's average weekly managed assets.



**Notes to Financial Statements (continued)**

The Trusts reimbursed the Advisor the following amounts for certain accounting services, which are included in accounting services in the Statements of Operations. For the period November 1, 2007 (January 1, 2008 for High Income) through August 31, 2008, the amounts were as follows:

|                  |    |       |
|------------------|----|-------|
| Core Bond        | \$ | 3,818 |
| High Income      | \$ | 1,360 |
| Limited Duration | \$ | 6,679 |
| Strategic Bond   | \$ | 979   |

BlackRock Financial Management, Inc. ( BFM ), a wholly owned subsidiary of BlackRock, Inc., serves as sub-advisor to Core Bond, High Income, Limited Duration and Strategic Bond. The Advisor pays BFM for services they provide, a monthly fee that is a percentage of the investment advisory fee paid by each Trust to the Advisor.

For the period November 1, 2007 (January 1, 2008 for High Income) through August 31, 2008 and the year ended October 31, 2007 (December 31, 2007 for High Income) Merrill Lynch, Pierce, Fenner & Smith Incorporated ( MLPF&S ), a wholly owned subsidiary of Merrill Lynch, earned commissions on transactions of securities as follows:

|                    | Period November 1,<br>2007 and January<br>1, 2008 through<br>August 31, 2008 | Year Ended October<br>31, 2007 and<br>December 31, 2007 |
|--------------------|--|---|
| Core Bond          | \$ 163   | \$ 104,454  |
| High Yield         | \$   | \$ 8  |
| Income Opportunity | \$   | \$ 110,446  |
| Income Trust       | \$ 30  | \$ 66,166   |
| Limited Duration   | \$   | \$ 1,603  |
| Strategic Bond     | \$   | \$ 28   |

Pursuant to the terms of the custody agreement, custodian fees may be reduced by amounts calculated on uninvested cash balances ( custody credits ), which are on the Statements of Operations as fees paid indirectly.

Certain officers and/or directors or trustees of the Trusts are officers and/or directors of BlackRock, Inc. or its affiliates. The Trusts reimburse the Advisor for compensation paid to the Trusts Chief Compliance Officer.

**3. Investments:**

Purchases and sales (including paydowns) of investments, excluding short-term securities, for the period November 1, 2007 (January 1, 2008 for High Income) through August 31, 2008 were as follows:

|                    | Purchases        | Sales            |
|--------------------|------------------|------------------|
| Core Bond          | \$ 2,775,007,242 | \$ 2,886,368,488 |
| High Income        | \$ 38,775,390    | \$ 57,039,232    |
| High Yield         | \$ 17,419,016    | \$ 21,298,253    |
| Income Opportunity | \$ 2,131,008,684 | \$ 2,274,418,387 |
| Income Trust       | \$ 1,498,993,466 | \$ 1,340,247,404 |

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|                  |                  |                  |
|------------------|------------------|------------------|
| Limited Duration | \$ 1,655,569,758 | \$ 1,713,425,181 |
| Strategic Bond   | \$ 34,494,528    | \$ 23,185,479    |

Transactions in options written for the period November 1, 2007 (January 1, 2008 for High Income) through August 31, 2008 were as follows:

**Core Bond**

|   | Contracts* | Premium Received |
|---|------------|------------------|
| Outstanding call options written, beginning of period | 28         | \$ 1,130,772     |
| Options written                                       | 277        | 2,220,862        |
| Options exercised                                     | (5)        | (231,610)        |
| Options expired                                       | (61)       | (169,503)        |
| Options closed  | (68)       | (54,609)         |
| Outstanding call options written, end of period       | 171        | \$ 2,895,912     |

\* Some contracts represent a notional amount of \$1,000,000.

|  | Contracts* | Premium Received |
|--|------------|------------------|
| Outstanding put options written, beginning of period | 28         | \$ 1,130,773     |
| Options written                                      | 206        | 2,192,888        |
| Options expired                                      | (23)       | (384,072)        |
| Options closed                                       | (121)      | (111,416)        |
| Outstanding put options written, end of period       | 90         | \$ 2,828,173     |

\* Some contracts represent a notional amount of \$1,000,000.

**Income Opportunity**

|   | Contracts* | Premium Received |
|---|------------|------------------|
| Outstanding call options written, beginning of period | 31         | \$ 1,239,282     |
| Options written                                       | 286        | 2,513,046        |
| Options expired                                       | (66)       | (187,105)        |
| Options exercised                                     | (6)        | (249,090)        |
| Options closed  | (69)       | (54,609)         |
| Outstanding call options written, end of period       | 176        | \$ 3,261,524     |

\* Some contracts represent a notional amount of \$1,000,000.

## Notes to Financial Statements (continued)

|  | Contracts* | Premium<br>Received |
|--|------------|---------------------|
| Outstanding put options written, beginning of period | 31         | \$ 1,239,278        |
| Options written                                      | 234        | 2,493,928           |
| Options expired                                      | (46)       | (424,538)           |
| Options closed                                       | (123)      | (112,495)           |
| Outstanding put options written, end of period       | 96         | \$ 3,196,173        |

\* Some contracts represent a notional amount of \$1,000,000.

**Income Trust**

|   | Contracts* | Premium<br>Received |
|---|------------|---------------------|
| Outstanding call options written, beginning of period | 162        | \$ 4,975,195        |
| Options written                                       | 41         | 1,343,258           |
| Options expired                                       | (22)       | (182,440)           |
| Options exercised                                     | (75)       | (1,705,738)         |
| Options closed  | (48)       | (2,247,298)         |
| Outstanding call options written, end of period       | 58         | \$ 2,182,977        |

\* Some contracts represent a notional amount of \$1,000,000.

|  | Contracts* | Premium<br>Received |
|--|------------|---------------------|
| Outstanding put options written, beginning of period | 138        | \$ 4,929,221        |
| Options written                                      | 40         | 1,343,246           |
| Options expired                                      | (17)       | (501,427)           |
| Options closed                                       | (103)      | (3,588,058)         |
| Outstanding put options written, end of period       | 58         | \$ 2,182,982        |

\* Some contracts represent a notional amount of \$1,000,000.

**4. Reverse Repurchase Agreements:**

For the period November 1, 2007 to August 31, 2008, Core Bond's daily weighted average interest rate was 2.89%.

For the period November 1, 2007 to August 31, 2008, Income Opportunity's daily weighted average interest rate was 3.14%.

For the period November 1, 2007 to August 31, 2008, Limited Duration's daily weighted average interest rate was 3.27%.

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For the period November 1, 2007 to August 31, 2008, Income Trust's daily weighted average interest rate was 3.08%.

For the period November 1, 2007 to August 31, 2008, Strategic Bond's daily weighted average interest rate was 1.13%.

### 5. Commitments:

Limited Duration may invest in floating rate loans. In connection with these investments, the Trust may, with its Advisor, also enter into unfunded corporate loans ( commitments ). Commitments may obligate the Trust to furnish temporary financing to a borrower until permanent financing can be arranged. At August 31, 2008, the Trust had outstanding commitments of approximately \$919,000. In connection with these commitments, the Trust earns a commitment fee, typically set as a percentage of the commitment amount. Such fee income, which is classified in the Statements of Operations as facility and other fees, is recognized ratably over the commitment period. As of August 31, 2008, the Trust had the following unfunded loan commitments:

| Borrower                       | Unfunded<br>Commitment<br>(000) | Value of<br>Underlying<br>Loan (000) |
|--------------------------------|---------------------------------|--------------------------------------|
| Cellular South                 | \$ 500                          | \$ 480                               |
| Community Health Systems, Inc. | 419                             | 396                                  |

Foreign Currency Exchange Commitments: At August 31, 2008, Income Opportunity had entered into foreign exchange contracts, in addition to the contracts listed on the Schedule of Investments, under which it had agreed to sell a foreign currency with an approximate value of \$280,000.

### 6. Capital Share Transactions:

There are 200 million of \$0.01 par value shares authorized for Income Opportunity and Income Trust. There are an unlimited number of \$0.001 par value shares authorized for Core Bond, High Yield, Limited Duration and Strategic Bond. There are an unlimited number of no par value shares authorized for High Income. At August 31, 2008, the shares owned by an affiliate of the Advisor of Limited Duration were 6,021.

During the period November 1, 2007 (January 1, 2008 for High Income) to August 31, 2008, shares remained constant. For the years ended October 31, 2007 and 2006, the following Trusts issued additional shares under their respective dividend reinvestment plan:

|                  | October 31, 2007 | October 31, 2006 |
|------------------|------------------|------------------|
| High Yield       | 1,496            | 6,259            |
| Limited Duration | 107,367          | 13,785           |

For High Income, for the year ended December 31, 2007, shares remained constant and for the year ended December 31, 2006 shares increased by 127,532.

### 7. Short Term Borrowings:

On May 16, 2008, High Income and High Yield renewed their revolving credit and security agreement funded by a commercial paper asset securitization program with Citicorp North America, Inc. ( Citicorp ), as Agent, certain secondary backstop lenders and certain asset securitization conduits, as lenders (the Lenders ). The agreement was renewed for one year and has a maximum limit of \$80,000,000 for High Income and \$32,000,000 for High Yield. Under the Citicorp program, the conduits will fund advances to these Trusts through highly rated commercial paper. High Income and High Yield have granted a security interest in substantially all of its assets



**Notes to Financial Statements (continued)**

to, and in favor of, the Lenders as security for its obligations to the Lenders. The interest rate on the Trust's borrowings is based on the interest rate carried by the commercial paper plus a program fee. In addition, the Trusts pay a liquidity fee to the secondary backstop lenders and the agent. These amounts are included in interest expense on the Statements of Operations.

For the period ended August 31, 2008, the daily weighted average interest rates were as follows:

|             | <b>Daily Weighted<br/>Average Interest Rate</b> |
|-------------|---|
| High Income | 2.91%   |
| High Yield  | 4.36%   |

**8. Income Tax Information:**

Reclassification: Accounting principles generally accepted in the United States of America require that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or on net asset values per share. The following permanent differences as of August 31, 2008 attributable to paydowns, accounting for swap agreements, foreign currency transactions, amortization methods on fixed income securities, expiration of capital loss carryforwards and other differences between financial reporting and tax accounting, were reclassified to the following accounts:

|  | <b>Core<br/>Bond</b> | <b>High<br/>Income</b> | <b>High<br/>Yield</b> | <b>Income<br/>Opportunity</b> |
|--|----------------------|------------------------|-----------------------|-------------------------------|
| Increase (decrease) paid-in-capital  | \$ (1,762,892)       | \$ (35,363,213)        | \$ (3,270,311)        | \$ 26,609                     |
| Increase (decrease) undistributed (distributions in excess of) net investment income | \$ 6,287,796         | \$ 290,443             | \$                    | \$ 565,020                    |
| Increase (decrease) accumulated net realized gain (loss)                             | \$ (4,524,904)       | \$ 35,072,770          | \$ 3,270,311          | \$ (591,629)                  |

|  | <b>Income<br/>Trust</b> | <b>Limited<br/>Duration</b> |
|--|-------------------------|-----------------------------|
| Increase (decrease) paid-in-capital  | \$ (1,352,206)          | \$                          |
| Increase (decrease) undistributed (distributions in excess of) net investment income | \$ 12,439,340           | \$ (2,181,484)              |
| Increase (decrease) accumulated net realized gain (loss)                             | \$ (11,087,134)         | \$ 2,181,484                |

The tax character of distributions paid during the years ended August 31, 2008, October 31, 2007 and October 31, 2006 was as follows:

|                 | <b>Core<br/>Bond</b> | <b>High<br/>Income</b> | <b>High<br/>Yield</b> | <b>Income<br/>Opportunity</b> |
|-----------------|----------------------|------------------------|-----------------------|-------------------------------|
| Ordinary income |                      |                        |                       |                               |
| 8/31/08         | \$ 16,387,174        | \$ 6,958,699           | \$ 3,273,618          | \$ 17,707,143                 |
| 10/31/07        | \$ 11,064,934        | \$ 12,923,299          | \$ 3,927,807          | \$ 20,862,233                 |

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|                               |               |               |              |               |
|-------------------------------|---------------|---------------|--------------|---------------|
| 10/31/06                      | \$ 25,048,230 | \$ 12,792,689 | \$ 4,175,232 | \$ 22,238,533 |
| <b>Long-term capital gain</b> |               |               |              |               |
| 8/31/08                       | \$            | \$            | \$           | \$            |
| 10/31/07                      |               |               |              |               |
| 10/31/06                      | 7,914,351     |               |              | 8,976,685     |
| <b>Tax return of capital</b>  |               |               |              |               |
| 8/31/08                       | \$ 499,560    | \$            | \$           | \$            |
| 10/31/07                      | 5,227,386     |               |              | 1,874,570     |
| 10/31/06                      |               |               |              | 2,162,198     |
| <b>Total</b>                  |               |               |              |               |
| 8/31/08                       | \$ 16,886,734 | \$ 6,958,699  | \$ 3,273,618 | \$ 17,707,143 |
| 10/31/07                      | 16,292,320    | 12,923,299    | 3,927,807    | 22,736,803    |
| 10/31/06                      | 32,962,581    | 12,792,689    | 4,175,232    | 33,377,416    |

|                               |  | <b>Income Trust</b> | <b>Limited Duration</b> | <b>Strategic Bond</b> |
|-------------------------------|--|---------------------|-------------------------|-----------------------|
| <b>Ordinary income</b>        |  |                     |                         |                       |
| 8/31/08                       |  | \$ 15,793,806       | \$ 43,898,690           | \$ 5,434,969          |
| 10/31/07                      |  | 18,808,452          | 51,967,739              | 6,521,963             |
| 10/31/06                      |  | 21,910,288          | 55,725,066              | 6,969,104             |
| <b>Long-term capital gain</b> |  |                     |                         |                       |
| 8/31/08                       |  | \$                  | \$                      | \$                    |
| 10/31/07                      |  |                     | 2,229,742               |                       |
| 10/31/06                      |  |                     |                         |                       |
| <b>Tax return of capital</b>  |  |                     |                         |                       |
| 8/31/08                       |  | \$                  | \$                      | \$                    |
| 10/31/07                      |  | 4,978,175           | 1,074,826               |                       |
| 10/31/06                      |  | 5,576,693           | 760,960                 | 251,641               |
| <b>Total</b>                  |  |                     |                         |                       |
| 8/31/08                       |  | \$ 15,793,806       | \$ 43,898,690           | \$ 5,434,969          |
| 10/31/07                      |  | 23,786,627          | 55,272,307              | 6,521,963             |
| 10/31/06                      |  | 27,486,981          | 56,486,026              | 7,220,745             |

As of August 31, 2008, the tax components of accumulated earnings (losses) were as follows:

|  | <b>Core Bond</b>       | <b>High Income</b>      | <b>High Yield</b>      | <b>Income Opportunity</b> |
|--|------------------------|-------------------------|------------------------|---------------------------|
| Undistributed ordinary income                  | \$ 2,301,597           | \$ 1,760,914            | \$ 82,363              | \$ 2,297,559              |
| Capital loss carryforwards                     | (22,295,867)           | (207,134,596)           | (35,284,031)           | (19,529,044)              |
| Net unrealized gains (losses)*                 | (12,455,918)           | (16,051,072)            | (8,078,246)            | (11,801,449)              |
| <b>Total Accumulated Net Earnings (Losses)</b> | <b>\$ (32,450,188)</b> | <b>\$ (221,424,754)</b> | <b>\$ (43,279,914)</b> | <b>\$ (29,032,934)</b>    |





## Notes to Financial Statements (concluded)

|   | Income<br>Trust | Limited<br>Duration | Strategic<br>Bond |
|---|-----------------|---------------------|-------------------|
| Undistributed ordinary income           | \$ 7,072,280    | \$ 382,595          | \$ 111,699        |
| Capital loss carryforwards              | (85,705,294)    | (21,933,927)        | (2,483,153)       |
| Net unrealized gains (losses)*          | 43,360,925      | (63,398,025)        | (5,986,733)       |
| Total Accumulated Net Earnings (Losses) | \$ (35,272,089) | \$ (84,949,357)     | \$ (8,358,187)    |

\* The difference between book-basis and tax-basis net unrealized gains (losses) is attributable primarily to the tax deferral of losses on wash sales, the realization for tax purposes of unrealized gains on certain options, futures and foreign currency contracts, the difference between book and tax amortization methods for premiums and discounts on fixed income securities, the deferral of compensation to trustees, accounting for swap agreements, book/tax differences in the accrual of income on securities in default and other book/tax temporary differences.

As of August 31, 2008, the Trusts had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates:

| Expires<br>August 31, | Core<br>Bond  | High<br>Income | High<br>Yield | Income<br>Opportunity |
|-----------------------|---------------|----------------|---------------|-----------------------|
| 2009                  | \$            | \$ 55,878,284  | \$ 15,159,280 | \$                    |
| 2010                  |               | 102,576,339    | 8,468,860     |                       |
| 2011                  |               | 28,467,396     | 4,771,417     |                       |
| 2012                  |               | 2,339,279      | 316,410       |                       |
| 2013                  |               |                |               |                       |
| 2014                  | 4,880,373     | 7,043,976      | 2,060,533     | 2,451,626             |
| 2015                  |               |                | 2,467,772     | 2,342,921             |
| 2016                  | 17,415,494    | 10,829,322     | 2,039,759     | 14,734,497            |
| Total                 | \$ 22,295,867 | \$ 207,134,596 | \$ 35,284,031 | \$ 19,529,044         |

| Expires<br>August 31, | Income<br>Trust | Limited<br>Duration | Strategic<br>Bond |
|-----------------------|-----------------|---------------------|-------------------|
| 2009                  | \$ 13,940,898   | \$                  | \$                |
| 2010                  |                 |                     |                   |
| 2011                  | 21,960,613      |                     |                   |
| 2012                  | 10,100,201      |                     |                   |
| 2013                  | 3,861,222       |                     |                   |
| 2014                  | 6,952,429       |                     | 447,113           |
| 2015                  | 8,585,744       |                     |                   |
| 2016                  | 20,304,187      | 21,933,927          | 2,036,040         |
| Total                 | \$ 85,705,294   | \$ 21,933,927       | \$ 2,483,153      |

## 9. Subsequent Events:

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The Trusts paid net investment income dividends on September 30, 2008 to shareholders of record on September 15, 2008 in the following amounts:

|                    |    |          |
|--------------------|----|----------|
| Core Bond          | \$ | 0.068200 |
| High Income        | \$ | 0.018200 |
| High Yield         | \$ | 0.051000 |
| Income Opportunity | \$ | 0.051000 |
| Income Trust       | \$ | 0.024000 |
| Limited Duration   | \$ | 0.105000 |
| Strategic Bond     | \$ | 0.077000 |

On September 15, 2008, Bank of America Corporation announced that it has agreed to acquire Merrill Lynch & Co., Inc., one of the principal owners of BlackRock, Inc. The purchase has been approved by the directors of both companies. Subject to shareholder and regulatory approvals, the transaction is expected to close in the first quarter of 2009.

On September 15, 2008, Lehman Brothers Holdings, Inc. and various other Lehman Brothers entities filed for Chapter 11 bankruptcy. As of August 31, 2008, Core Bond and Income Opportunity held Lehman Brothers Holdings, Inc. bonds valued at \$1,600,494 and \$2,629,741 with interest receivable of approximately \$43,000 and \$35,000, respectively. The bankruptcy adversely impacted the value of such investments, and realization of any principal or interest receivable is not guaranteed. Core Bond, High Yield, Income Opportunity and Income Trust had swap contracts outstanding on August 31, 2008 with various Lehman counterparties with net unrealized appreciation or (depreciation) of \$(28,557), \$61, \$(38,235) and \$(365,890), respectively, and interest receivable or (payable) of approximately \$(477,000) \$1,000, \$(535,000) and \$(122,000), respectively. Furthermore, Core Bond, Income Opportunity and Income Trust had outstanding swaptions with Lehman with net values of \$1,473,254, \$1,777,955 and \$43,082, respectively as of August 31, 2008. On September 15, 2008, the Trusts terminated the various contracts that were outstanding as of that date. Core Bond, High Yield, Income Opportunity and Income Trust incurred losses as a result of terminating the contracts of approximately \$1,155,000, \$6,000, \$1,273,000 and \$886,000, respectively. Additionally, as of August 31, 2008, Core Bond, Income Opportunity, Limited Duration and Strategic Bond had reverse repurchase agreements outstanding with Lehman with face amounts of \$93,529,145, \$71,292,462, \$43,083,208 and \$1,571,363, respectively. Core Bond, Income Opportunity and Strategic Bond terminated the reverse repurchase agreements prior to September 15, 2008 without any realized gain or loss. Subsequent to September 15, 2008, Limited Duration terminated any remaining reverse repurchase agreements that were outstanding as of August 31, 2008 incurring losses of approximately \$500,000 as a result.

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## Report of Independent Registered Public Accounting Firm

**To the Shareholders and Board of Trustees/Directors of:**

**BlackRock Core Bond Trust**

**BlackRock High Income Shares**

**BlackRock High Yield Trust**

**BlackRock Income Opportunity Trust, Inc.**

**BlackRock Income Trust, Inc.**

**BlackRock Limited Duration Income Trust**

**BlackRock Strategic Bond Trust**

**(Collectively the Trusts )**

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of BlackRock Core Bond Trust, BlackRock High Yield Trust, BlackRock Income Opportunity Trust, Inc., BlackRock Income Trust, Inc., BlackRock Limited Duration Income Trust, and BlackRock Strategic Bond Trust as of August 31, 2008, and the related statements of operations for the period November 1, 2007 to August 31, 2008 and for the year ended October 31, 2007, the statements of cash flows for the period November 1, 2007 to August 31, 2008 for BlackRock Core Bond Trust, BlackRock High Yield Trust, BlackRock Income Opportunity Trust, Inc., and BlackRock Limited Duration Income Trust, the statements of changes in net assets for the period November 1, 2007 to August 31, 2008 and for each of the two years in the period ended October 31, 2007, and the financial highlights for the periods presented. We have also audited the accompanying statement of assets and liabilities, including the schedule of investments, of BlackRock High Income Shares as of August 31, 2008, and the related statements of operations for the period January 1, 2008 to August 31, 2008 and for the year ended December 31, 2007, the statement of cash flows for the period January 1, 2008 to August 31, 2008, the statements of changes in net assets for the period January 1, 2008 to August 31, 2008 and for each of the two years in the period ended December 31, 2007, and the financial highlights for the period January 1, 2008 to August 31, 2008 and for each of the three years in the period ended December 31, 2007. These financial statements and financial highlights are the responsibility of the Trusts' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The financial highlights of BlackRock High Income Shares for each of two years in the period ended December 31, 2004 were audited by other auditors whose report, dated February 22, 2005, expressed an unqualified opinion on those financial highlights.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Trusts are not required to have, nor were we engaged to perform an audit of their internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trusts' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures include confirmation of the securities owned as of August 31, 2008, by correspondence with the custodian, brokers and financial intermediaries; where replies were not received from brokers and financial intermediaries, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of BlackRock Core Bond Trust, BlackRock High Yield Trust, BlackRock Income Opportunity Trust, Inc., BlackRock Income Trust, Inc., BlackRock Limited Duration Income Trust, and BlackRock Strategic Bond Trust as of August 31, 2008, the results of their operations for the period November 1, 2007 to August 31, 2008 and for the year ended October 31, 2007, the results of cash flows for the period November 1, 2007 to August 31, 2008 for BlackRock Core Bond Trust, BlackRock High Yield Trust, BlackRock Income Opportunity Trust, Inc., and BlackRock Limited Duration Income Trust, changes in their net assets for the period November 1, 2007 to August 31, 2008 and for each of the two years in the period ended October 31, 2007, and the financial highlights for the periods presented, in conformity with accounting principles generally accepted in the United States of America. Additionally, in our opinion, the financial statements and financial highlights referred to above, present fairly, in all material respects, the financial position of BlackRock High Income Shares as of August 31, 2008, the results of its operations for the period January 1, 2008 to August 31, 2008 and for the year ended December 31, 2007, the statement of cash flows for the period January 1, 2008 to August 31, 2008, the changes in its net assets for the period January 1, 2008 to August 31, 2008 and for each of the two years in the period ended December 31, 2007, and the financial highlights for the period January 1, 2008 to August 31, 2008 and for each of the three years in the period ended December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

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Deloitte & Touche LLP  
Princeton, New Jersey  
October 30, 2008

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ANNUAL REPORT

AUGUST 31, 2008

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## Disclosure of Investment Advisory Agreement and Subadvisory Agreement

The Board of Trustees (collectively, the Board, the members of which are referred to as Trustees) of the BlackRock Core Bond Trust ( BHK ), BlackRock High Income Shares ( HIS ), BlackRock High Yield Trust ( BHY ), BlackRock Income Opportunity Trust, Inc. ( BNA ), BlackRock Income Trust, Inc. ( BKT ), BlackRock Limited Duration Income Trust ( BLW ) and BlackRock Strategic Bond Trust ( BHD, and together with BHK, HIS, BHY, BNA, BKT and BLW, the Funds ) met in April and May 2008 to consider approving the continuation of each Fund's investment advisory agreement (each, an Advisory Agreement) with BlackRock Advisors, LLC (the Advisor), each Fund's investment advisor. The Board also considered the approval of each Fund's subadvisory agreement (each, a Subadvisory Agreement and, together with the Advisory Agreement, the Agreements) between the Advisor and BlackRock Financial Management, Inc. (the Subadvisor). The Advisor and the Subadvisor are collectively referred to herein as the Advisors and, together with BlackRock, Inc., BlackRock.

Disclosure regarding HIS's Investment Advisory Agreement and Subadvisory Agreement can be found in its most recent semi-annual report dated June 30, 2008 and is incorporated herein by reference.

## Activities and Composition of the Board

The Board of each Fund consists of thirteen individuals, eleven of whom are not interested persons of the Funds as defined in the Investment Company Act of 1940 (the 1940 Act) (the Independent Trustees). The Trustees are responsible for the oversight of the operations of the Funds and perform the various duties imposed on the directors of investment companies by the 1940 Act. The Independent Trustees have retained independent legal counsel to assist them in connection with their duties. The Chairman of the Board is an Independent Trustee. The Board has established four standing committees: an Audit Committee, a Governance and Nominating Committee, a Compliance Committee and a Performance Oversight Committee.

## Advisory Agreement and Subadvisory Agreement

Upon the consummation of the combination of BlackRock, Inc.'s investment management business with Merrill Lynch & Co., Inc.'s investment management business, including Merrill Lynch Investment Managers, L.P., and certain affiliates, each Fund entered into an Advisory Agreement and a Subadvisory Agreement, each with an initial two-year term. Consistent with the 1940 Act, after the Advisory Agreement's and Subadvisory Agreement's respective initial two-year term, the Board is required to consider the continuation of each Fund's Advisory Agreement and Subadvisory Agreement on an annual basis. In connection with this process, the Board assessed, among other things, the nature, scope and quality of the services provided to each Fund by the personnel of BlackRock and its affiliates, including investment advisory services, administrative services, secondary market support services, oversight of fund accounting and custody, and assistance in meeting legal and regulatory requirements. The Board also received and assessed information regarding the services provided to each Fund by certain unaffiliated service providers.

Throughout the year, the Board also considered a range of information in connection with its oversight of the services provided by BlackRock and its affiliates. Among the matters the Board considered were: (a) investment performance for one-, three- and five-year periods, as applicable, against peer funds, as well as senior management and portfolio managers' analysis of the reasons for underperformance, if applicable; (b) fees, including advisory, administration and other fees paid to BlackRock and its affiliates by each Fund, as applicable; (c) Fund operating expenses paid to third parties; (d) the resources devoted to and compliance reports relating to each Fund's investment objective, policies and restrictions; (e) each Fund's compliance with its Code of Ethics and compliance policies and procedures; (f) the nature, cost and character of non-investment management services provided by BlackRock and its affiliates; (g) BlackRock's and other service providers' internal controls; (h) BlackRock's implementation of the proxy voting guidelines approved by the Board; (i) execution quality; (j) valuation and liquidity procedures; and (k) reviews of BlackRock's business, including BlackRock's response to the increasing scale of its business.

## Board Considerations in Approving the Advisory Agreement and Subadvisory Agreement

To assist the Board in its evaluation of the Agreements, the Trustees received information from BlackRock in advance of the April 22, 2008 meeting which detailed, among other things, the organization, business lines and capabilities of the Advisors, including: (a) the responsibilities of various departments and key personnel and biographical information relating to key personnel; (b) financial statements for BlackRock; (c) the advisory and/or administrative fees paid by each Fund to the Advisors, including comparisons, compiled by Lipper Inc. (Lipper), an independent third party, with the management fees, which include advisory and administration fees, of funds with similar investment objectives (Peers); (d) the profitability of BlackRock and certain industry profitability analyses for advisors to registered investment companies; (e) the expenses of BlackRock in providing various services; (f) non-investment advisory reimbursements, if applicable, and fallout benefits to BlackRock; (g) economies of scale, if any,

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generated through the Advisors' management of all of the BlackRock closed-end funds (the Fund Complex); (h) the expenses of each Fund, including comparisons of each such Fund's expense ratios (both before and after any fee waivers) with the expense ratios of its Peers; (i) an internal comparison of management fees classified by Lipper, if applicable; and (j) each Fund's performance for the past one-, three- and five-year periods, as applicable, as well as each Fund's performance compared to its Peers.

The Board also considered other matters it deemed important to the approval process, where applicable, such as payments made to BlackRock or its affiliates relating to the distribution of Fund shares, services related to the valuation and pricing of Fund portfolio holdings, and direct and indirect benefits to BlackRock and its affiliates from their relationship with the Funds.

In addition to the foregoing materials, independent legal counsel to the Independent Trustees provided a legal memorandum outlining, among other things, the duties of the Board under the 1940 Act, as well as the general principles of relevant law in reviewing and approving advisory contracts, the requirements of the 1940 Act in such matters, an advisor's fiduciary duty

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### Disclosure of Investment Advisory Agreement and Subadvisory Agreement (continued)

with respect to advisory agreements and compensation, and the standards used by courts in determining whether investment company boards of directors have fulfilled their duties and the factors to be considered by boards in voting on advisory agreements.

The Independent Trustees reviewed this information and discussed it with independent legal counsel prior to the meeting on April 22, 2008. At the Board meeting on April 22, 2008, BlackRock made a presentation to and responded to questions from the Board. Following the meeting on April 22, 2008, the Board presented BlackRock with questions and requests for additional information. BlackRock responded to these requests with additional written materials provided to the Trustees prior to the meetings on May 29 and 30, 2008. At the Board meetings on May 29 and 30, 2008, BlackRock responded to further questions from the Board. In connection with BlackRock's presentations, the Board considered each Agreement and, in consultation with independent legal counsel, reviewed the factors set out in judicial decisions and Securities and Exchange Commission (SEC) statements relating to the renewal of the Agreements.

#### Matters Considered by the Board

In connection with its deliberations with respect to the Agreements, the Board considered all factors it believed relevant with respect to each Fund, including the following: the nature, extent and quality of the services provided by the Advisors; the investment performance of each Fund; the costs of the services to be provided and profits to be realized by the Advisors and their affiliates from their relationship with the Funds; the extent to which economies of scale would be realized as the Fund Complex grows; and whether BlackRock realizes other benefits from its relationship with the Funds.

**A. Nature, Extent and Quality of the Services:** In evaluating the nature, extent and quality of the Advisors' services, the Board reviewed information concerning the types of services that the Advisors provide and are expected to provide to each Fund, narrative and statistical information concerning each Fund's performance record and how such performance compares to each Fund's Peers, information describing BlackRock's organization and its various departments, the experience and responsibilities of key personnel and available resources. The Board noted the willingness of the personnel of BlackRock to engage in open, candid discussions with the Board. The Board further considered the quality of the Advisors' investment process in making portfolio management decisions.

In addition to advisory services, the Trustees considered the quality of the administrative and non-investment advisory services provided to the Funds. The Advisors and their affiliates provided each Fund with such administrative and other services, as applicable (in addition to any such services provided by others for the Funds), and officers and other personnel as are necessary for the operations of the respective Fund. In addition to investment management services, the Advisors and their affiliates provided each Fund with services such as: preparing shareholder reports and communications, including annual and semi-annual financial statements and the Funds' websites; communications with analysts to support secondary market trading; assisting with daily accounting and pricing; preparing periodic filings with regulators and stock exchanges; overseeing and coordinating the activities of other service providers; administering and organizing Board meetings and preparing the Board materials for such meetings; providing legal and compliance support (such as helping to prepare proxy statements and responding to regulatory inquiries); and performing other Fund administrative tasks necessary for the operation of the respective Fund (such as tax reporting and fulfilling regulatory filing requirements). The Board considered the Advisors' policies and procedures for assuring compliance with applicable laws and regulations.

**B. The Investment Performance of the Funds and BlackRock:** As previously noted, the Board received performance information regarding each Fund and its Peers. Among other things, the Board received materials reflecting each Fund's historic performance and each Fund's one-, three- and five-year total returns (as applicable) relative to its Peers (including the Peers median performance). The Board was provided with a description of the methodology used by Lipper to select each Fund's Peers. The Board noted that it regularly reviews the performance of each Fund throughout the year. The Board reviewed a narrative and statistical analysis of the Lipper data that was prepared by BlackRock, which analyzed various factors that affect Lipper rankings.

The Board noted that in general BHK, BHY and BKT performed better than their respective Peers in that their performance was at or above the median of their respective Peers in at least two of the one-, three- and five-year periods reported.

The Board noted that in general BLW performed better than its Peers in that its performance was at or above the median of its Peers in at least two of the one-year, three-year and since inception periods reported.

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The Board noted that although BNA underperformed its Peers in at least two of the one-, three- and five-year periods reported, such underperformance was not greater than 10% of the median return of its Peers for any of the periods above and therefore was not considered to be material.

The Board noted that BHD performed below the median of its Peers in at least two of the one-, three- and five-year periods reported. The Board then discussed with representatives of BlackRock the reasons for BHD's under-performance during these periods compared with its Peers. The Board noted that two of BHD's Peers have very different investment objectives in that they invest in private placement/mezzanine companies and, when recalculating the Peer universe to exclude these two funds, BHD outperforms the median of its Peers for all periods.

For each of BNA and BHD, the Board concluded that BlackRock was committed to providing the resources necessary to assist the portfolio managers and to continue improving each Fund's performance. Based on its review, the Board generally was satisfied with BlackRock's efforts to manage each of the Funds.



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### Disclosure of Investment Advisory Agreement and Subadvisory Agreement (continued)

**C. Consideration of the Advisory Fees and the Cost of the Services and Profits to be Realized by BlackRock and its Affiliates from their Relationship with the Funds:** In evaluating the management fees and expenses that each Fund is expected to bear, the Board considered each Fund's current management fee structure and each Fund's expense ratios in absolute terms as well as relative to the fees and expense ratios of its applicable Peers. The Board, among other things, reviewed comparisons of each Fund's gross management fees before and after any applicable reimbursements and fee waivers and total expense ratios before and after any applicable waivers with those of applicable Peers. The Board also reviewed a narrative analysis of the Peer rankings prepared by Lipper and summarized by BlackRock at the request of the Board. This summary placed the Peer rankings into context by analyzing various factors that affect these comparisons.

The Board noted that each of BHK, BKT, BLW and BHD paid contractual management fees lower than or equal to the median contractual fees paid by each Fund's respective Peers. This comparison was made without giving effect to any expense reimbursements or fee waivers.

The Board noted that, although BHY paid contractual management fees that were higher than the median of its Peers, the Advisor had incurred substantially greater business risk in connection with the initial public offering of common shares of the Fund because the Advisor had paid the underwriting commissions on behalf of investors. The Board concluded that a higher fee to compensate the Advisor for this additional risk was reasonable.

The Board noted that, although BNA paid contractual management fees that were higher than the median of its Peers, the Fund's actual management fees were below the median of its Peers.

The Board also compared the management fees charged and services provided by the Advisors to closed-end funds in general versus other types of clients (such as open-end investment companies and separately managed institutional accounts) in similar investment categories. The Board noted certain differences in services provided and costs incurred by the Advisor with respect to closed-end funds compared to these other types of clients and the reasons for such differences.

In connection with the Board's consideration of the fees and expense information, the Board reviewed the considerable investment management experience of the Advisors and considered the high level of investment management, administrative and other services provided by the Advisors.

**D. Profitability of BlackRock:** The Board also considered BlackRock's profitability in conjunction with its review of fees. The Board reviewed BlackRock's profitability with respect to the Fund Complex and other fund complexes managed by the Advisors. In reviewing profitability, the Board recognized that one of the most difficult issues in determining profitability is establishing a method of allocating expenses. The Board also reviewed BlackRock's assumptions and methodology of allocating expenses, noting the inherent limitations in allocating costs among various advisory products. The Board also recognized that individual fund or product line profitability of other advisors is generally not publicly available.

The Board recognized that profitability may be affected by numerous factors including, among other things, the types of funds managed, expense allocations and business mix, and therefore comparability of profitability is somewhat limited. Nevertheless, to the extent available, the Board considered BlackRock's operating margin compared to the operating margin estimated by BlackRock for a leading investment management firm whose operations consist primarily of advising closed-end funds. The comparison indicated that BlackRock's operating margin was approximately the same as the operating margin of such firm.

In evaluating the reasonableness of the Advisors' compensation, the Board also considered any other revenues paid to the Advisors, including partial reimbursements paid to the Advisors for certain non-investment advisory services, if applicable. The Board noted that these payments were less than the Advisors' costs for providing these services. The Board also considered indirect benefits (such as soft dollar arrangements) that the Advisors and their affiliates are expected to receive, which are attributable to their management of the Fund.

**E. Economies of Scale:** In reviewing each Fund's fees and expenses, the Board examined the potential benefits of economies of scale, and whether any economies of scale should be reflected in the Fund's fee structure, for example through the use of breakpoints for the Fund or the Fund Complex. In this regard, the Board reviewed information provided by BlackRock, noting that most closed-end fund complexes do not have fund-level breakpoints because closed-end funds generally do not experience substantial growth after their initial public offering and each fund is managed independently consistent with its own investment objectives. The Board noted that only three closed-end funds in the Fund Complex have breakpoints in their fee structures.

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Information provided by Lipper also revealed that only one closed-end fund complex used a complex-level breakpoint structure. The Board found, based on its review of comparable funds, that each Fund's management fee is appropriate in light of the scale of the respective Fund.

**F. Other Factors:** In evaluating fees, the Board also considered indirect benefits or profits the Advisors or their affiliates may receive as a result of their relationships with the Funds ( "fall-out benefits" ). The Trustees, including the Independent Trustees, considered the intangible benefits that accrue to the Advisors and their affiliates by virtue of their relationships with the Funds, including potential benefits accruing to the Advisors and their affiliates as a result of participating in offerings of the Funds' shares, potentially stronger relationships with members of the broker-dealer community, increased name recognition of the Advisors and their affiliates, enhanced sales of other investment funds and products sponsored by the Advisors and their affiliates and increased assets under management which may increase the benefits realized by the Advisors from soft dollar arrangements with broker-dealers. The Board also considered the unquantifiable nature of these potential benefits.

[Disclosure of Investment Advisory Agreement and Subadvisory Agreement \(concluded\)](#)

**Conclusion with Respect to the Agreements**

In reviewing and approving the continuation of the Agreements, the Trustees did not identify any single factor discussed above as all-important or controlling, but considered all factors together, and different Trustees may have attributed different weights to the various factors considered. The Independent Directors were also assisted by the advice of independent legal counsel in making this determination. The Trustees, including the Independent Trustees, unanimously determined that each of the factors described above, in light of all the other factors and all of the facts and circumstances applicable to each respective Fund, was acceptable for each Fund and supported the Trustees' conclusion that the terms of each Agreement were fair and reasonable, that each Fund's fees are reasonable in light of the services provided to the respective Fund and that each Agreement should be approved.

## Dividend Reinvestment Plans

Pursuant to each Trust's respective Dividend Reinvestment Plan (the "Plan"), common shareholders of High Income, Income Opportunity and Income Trust may elect, while shareholders of Core Bond, High Yield, Limited Duration and Strategic Bond are automatically enrolled, to have all distributions of dividends and capital gains reinvested by Computershare Trust Company, N.A. (the "Plan Agent") in the respective Trust's shares pursuant to the Plan. Shareholders who do not participate in the Plan will receive all distributions in cash paid by check and mailed directly to the shareholders of record (or if the shares are held in street or other nominee name, then to the nominee) by the Plan Agent, which serves as agent for the shareholders in administering the Plan.

After Core Bond, High Income, High Yield, Income Trust, Limited Duration and Strategic Bond declares a dividend or determines to make a capital gain distribution, the Plan Agent will acquire shares for the participants' account, depending upon the circumstances described below, either (i) through receipt of unissued but authorized shares from the Trust ("newly issued shares") or (ii) by open market purchases. If, on the dividend payment date, the net asset value per share ("NAV") is equal to or less than the market price per share plus estimated brokerage commissions (such condition being referred to herein as "market premium"), the Plan Agent will invest the dividend amount in newly issued shares on behalf of the participants. The number of newly issued shares to be credited to each participant's account will be determined by dividing the dollar amount of the dividend by the NAV on the date the shares are issued. However, if the NAV is less than 95% of the market price on the payment date, the dollar amount of the dividend will be divided by 95% of the market price on the payment date. If, on the dividend payment date, the NAV is greater than the market value per share plus estimated brokerage commissions (such condition being referred to herein as "market discount"), the Plan Agent will invest the dividend amount in shares acquired on behalf of the participants in open-market purchases.

The Plan Agent's fees for the handling of the reinvestment of dividends and distributions will be paid by each Trust. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open market purchases in connection with the reinvestment of dividends and distributions. The automatic reinvestment of dividends and distributions will not relieve participants of any Federal income tax that may be payable on such dividends or distributions.

Each Trust reserves the right to amend or terminate the Plan. There is no direct service charge to participants in the Plan; however, each Trust reserves the right to amend the Plan to include a service charge payable by the participants. Participants who request a sale of shares through the Plan Agent are subject to a \$2.50 sales fee and a \$0.15 per share sold brokerage commission. All correspondence concerning the Plan should be directed to the Plan Agent at P.O. Box 43078, Providence, RI 02940-3078 or by calling (800) 699-1BFM. All overnight correspondence should be directed to the Plan Agent at 250 Royall Street, Canton, MA 02021.

## Important Tax information

The following information is provided with respect to the ordinary income distributions paid by the Trusts for the taxable period ended August 31, 2008:

|   | BlackRock<br>Core Bond<br>Trust | BlackRock<br>High Yield<br>Trust | BlackRock<br>Income<br>Trust | BlackRock<br>Income<br>Opportunities<br>Trust | BlackRock<br>Limited<br>Duration<br>Income<br>Trust | BlackRock<br>Strategic<br>Bond<br>Trust | BlackRock<br>High<br>Income<br>Shares |
|---|---------------------------------|----------------------------------|------------------------------|---|---|---|---------------------------------------|
| Federal Obligation Interest <sup>(1)</sup>                          | 2.22%                           | 0.76%                            | 3.57%                        | 1.26%   | 1.61%   | 5.54%                                   | None                                  |
| Interest-Related Dividends for<br>Non-U.S. Residents <sup>(2)</sup> |                                 |                                  |                              |   |   |   |                                       |
| November 2007   | 68.02%                          | 82.91%                           | 70.00%                       | 75.00%  | 75.00%  | 79.65%                                  | 92.82%                                |
| December 2007   | 68.02%                          | 68.81%                           | 70.00%                       | 75.00%  | 75.00%  | 66.41%                                  | 92.82%                                |
| January 2008  | 60.34%                          | 68.81%                           | 70.00%                       | 75.00%  | 75.00%  | 66.41%                                  | 92.82%                                |
| February 2008   | 60.34%                          | 92.32%                           | 78.67%                       | 89.07%  | 76.79%  | 88.21%                                  | 86.72%                                |
| March 2008  | 60.34%                          | 92.32%                           | 78.67%                       | 89.07%  | 76.79%  | 88.21%                                  | 86.72%                                |
| April 2008  | 60.34%                          | 92.32%                           | 78.67%                       | 89.07%  | 76.79%  | 88.21%                                  | 86.72%                                |

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|             |        |        |        |        |        |        |        |
|-------------|--------|--------|--------|--------|--------|--------|--------|
| May 2008    | 60.34% | 92.32% | 78.67% | 89.07% | 76.79% | 88.21% | 86.72% |
| June 2008   | 60.34% | 92.32% | 78.67% | 89.07% | 76.79% | 88.21% | 86.72% |
| July 2008   | 60.34% | 92.32% | 78.67% | 89.07% | 76.79% | 88.21% | 86.72% |
| August 2008 | 60.34% | 92.32% | 78.67% | 89.07% | 76.79% | 88.21% | 86.72% |

- (1) The law varies in each state as to whether and what percentage of dividend income attributable to federal obligations is exempt from state income tax. We recommend that you consult your adviser to determine if any portion of the dividends you received is exempt from state income taxes.
- (2) Represents the portion of the taxable ordinary income dividends eligible for exemption from U.S. withholding tax for nonresident aliens and foreign corporations.

## Officers and Directors/Trustees

| Name, Address and Year of Birth   | Position(s) Held with Trusts   | Length of Time Served as Director/Trustee <sup>2</sup> | Principal Occupation(s) During Past Five Years  | Number of BlackRock-Advised Funds and Portfolios Overseen | Public Directorships   |
|---|--|--|---|---|--|
| <b>Non-Interested Directors/Trustees<sup>1</sup></b>                                      |  |  |   |   |  |
| <b>Richard E. Cavanagh</b><br>40 East 52nd Street<br>New York, NY 10022<br><br>1946       | Chairman of the Board and Director/Trustee                                 | Since 1994   | Trustee, Aircraft Finance Trust since 1999; Director, The Guardian Life Insurance Company of America since 1998; Trustee, Educational Testing Service since 1997; Director, The Fremont Group since 1996; Formerly President and Chief Executive Officer of The Conference Board, Inc. (global business research organization) from 1995 to 2007.   | 113 Funds<br>110 Portfolios                               | Arch Chemical (chemical and allied products)                                     |
| <b>Karen P. Robards</b><br>40 East 52nd Street<br>New York, NY 10022<br><br>1950          | Vice Chair of the Board, Chair of the Audit Committee and Director/Trustee | Since 2007   | Partner of Robards & Company, LLC, (financial advisory firm) since 1987; Co-founder and Director of the Cooke Center for Learning and Development, (a not-for-profit organization) since 1987; Formerly Director of Enable Medical Corp. from 1996 to 2005; Formerly an investment banker at Morgan Stanley from 1976 to 1987.  | 112 Funds<br>109 Portfolios                               | AtriCure, Inc. (medical devices); Care Investment Trust, Inc. (health care REIT) |
| <b>G. Nicholas Beckwith, III</b><br>40 East 52nd Street<br>New York, NY 10022<br><br>1945 | Director/Trustee   | Since 2007   | Chairman and Chief Executive Officer, Arch Street Management, LLC (Beckwith Family Foundation) and various Beckwith property companies since 2005; Chairman of the Board of Directors, University of Pittsburgh Medical Center since 2002; Board of Directors, Shady Side Hospital Foundation since 1977; Board of Directors, Beckwith Institute for Innovation In Patient Care since 1991; Member, Advisory Council on Biology and Medicine, Brown University since 2002; Trustee, Claude Worthington Benedum Foundation (charitable foundation) since 1989; Board of Trustees, Chatham University since 1981; Board of Trustees, University of Pittsburgh since 2002; Emeritus Trustee, Shady Side Academy since 1977; Formerly Chairman and Manager, Penn West Industrial Trucks LLC (sales, rental and servicing of material handling equipment) from 2005 to 2007; Formerly Chairman, President and Chief Executive Officer, Beckwith Machinery Company (sales, rental and servicing of construction and equipment) from 1985 to 2005; | 112 Funds<br>109 Portfolios                               | None   |

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Formerly Board of Directors, National Retail Properties (REIT) from 2006 to 2007.

|  |  |            |                                 |                             |      |
|--|--|------------|---------------------------------|-----------------------------|------|
| <b>Kent Dixon</b><br>40 East 52nd Street<br>New York, NY 10022 | Director/Trustee and<br>Member of the Audit<br>Committee | Since 1988 | Consultant/Investor since 1988. | 113 Funds<br>110 Portfolios | None |
|--|--|------------|---------------------------------|-----------------------------|------|

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|  |  |            |   |                             |      |
|--|--|------------|---|-----------------------------|------|
| <b>Frank J. Fabozzi</b><br>40 East 52nd Street<br>New York, NY 10022 | Director/Trustee and<br>Member of the Audit<br>Committee | Since 1988 | Consultant/Editor of The Journal of Portfolio Management since 2006; Professor in the Practice of Finance and Becton Fellow, Yale University, School of Management, since 2006; Formerly Adjunct Professor of Finance and Becton Fellow, Yale University from 1994 to 2006. | 113 Funds<br>110 Portfolios | None |
|--|--|------------|---|-----------------------------|------|

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## Officers and Directors/Trustees (continued)

| Name, Address and Year of Birth   | Position(s) Held with Trust                        | Length of Time Served as a Director/Trustee | Principal Occupation(s) During Past Five Years   | Number of BlackRock-Advised Funds and Portfolios Overseen | Public Directorships  |
|---|--|---|--|---|---|
| <b>Non-Interested Directors/Trustees<sup>1</sup></b>                                  |  |   |  |   |   |
| <b>Kathleen F. Feldstein</b><br>40 East 52nd Street<br>New York, NY 10022<br><br>1941 | Director/Trustee                                   | Since 2005                                  | President of Economics Studies, Inc. (private economic consulting firm) since 1987; Chair, Board of Trustees, McLean Hospital from 2000 to 2008 and Trustee Emeritus thereof since 2008; Member of the Corporation of Partners Community Healthcare, Inc. since 2005; Member of the Corporation of Partners HealthCare since 1995; Member of the Corporation of Sherrill House (healthcare) since 1990; Trustee, Museum of Fine Arts, Boston since 1992; Member of the Visiting Committee to the Harvard University Art Museum since 2003; Trustee, The Committee for Economic Development (research organization) since 1990; Member of the Advisory Board to the International School of Business, Brandeis University since 2002. | 113 Funds<br>110 Portfolios                               | The McClatchy Company (newspaper publishing)  |
| <b>James T. Flynn</b><br>40 East 52nd Street<br>New York, NY 10022<br><br>1939        | Director/Trustee and Member of the Audit Committee | Since 2007                                  | Formerly Chief Financial Officer of JP Morgan & Co., Inc. from 1990 to 1995.   | 112 Funds<br>109 Portfolios                               | None  |
| <b>Jerrold B. Harris</b><br>40 East 52nd Street<br>New York, NY 10022<br><br>1942     | Director/Trustee                                   | Since 2007                                  | Trustee, Ursinus College since 2000; Director, Troemner LLC (scientific equipment) since 2000.   | 112 Funds<br>109 Portfolios                               | BlackRock Kelso Capital Corp.   |
| <b>R. Glenn Hubbard</b><br>40 East 52nd Street<br>New York, NY 10022<br><br>1958      | Director/Trustee                                   | Since 2004                                  | Dean of Columbia Business School since 2004; Columbia faculty member since 1988; Formerly Co-Director of Columbia Business School's Entrepreneurship Program from 1997 to 2004; Visiting Professor at the John F. Kennedy School of Government at Harvard University and the Harvard Business School since 1985 and at the University of Chicago since 1994; Formerly Chairman of the U.S. Council of Economic Advisers under the President of the United States from 2001 to 2003.  | 113 Funds<br>110 Portfolios                               | ADP (data and information services), KKR Financial Corporation (finance), Duke Realty (real estate), Metropolitan Life Insurance Company (insurance), Information Services Group (media/technology) |



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|   |   |  |                                     |             |
|---|---|--|-------------------------------------|-------------|
| <p><b>W. Carl Kester</b><br/>40 East 52nd Street<br/>New York, NY 10022</p> <p>1951</p>             | <p>Director/Trustee and<br/>Member of the Audit<br/>Committee</p> <p>Since 2007</p> | <p>Mizuho Financial Group Professor of<br/>Finance, Harvard Business School.<br/>Deputy Dean for Academic Affairs<br/>since 2006; Unit Head, Finance,<br/>Harvard Business School, from 2005 to<br/>2006; Senior Associate Dean and<br/>Chairman of the MBA Program of<br/>Harvard Business School, from 1999 to<br/>2005; Member of the faculty of Harvard<br/>Business School since 1981;<br/>Independent Consultant since 1978.</p> | <p>112 Funds<br/>109 Portfolios</p> | <p>None</p> |
| <p><b>Robert S.<br/>Salomon, Jr.</b><br/>40 East 52nd Street<br/>New York, NY 10022</p> <p>1936</p> | <p>Director/Trustee and<br/>Member of the Audit<br/>Committee</p> <p>Since 2007</p> | <p>Formerly Principal of STI Management<br/>LLC (investment adviser) from 1994 to<br/>2005.</p>  | <p>112 Funds<br/>109 Portfolios</p> | <p>None</p> |

- <sup>1</sup> Directors/Trustees serve until their resignation, removal or death, or until December 31 of the year in which they turn 72.
- <sup>2</sup> Following the combination of Merrill Lynch Investment Managers, L.P. ( MLIM ) and BlackRock, Inc. ( BlackRock ) in September 2006, the various legacy MLIM and legacy BlackRock Fund boards were realigned and consolidated into three new Fund boards in 2007. As a result, although the chart shows certain directors/trustees as joining the Fund s board in 2007, each director/trustee first became a member of the board of directors/trustees of other legacy MLIM or legacy BlackRock Funds as follows: G. Nicholas Beckwith, III since 1999; Richard E. Cavanagh since 1994; Kent Dixon since 1988; Frank J. Fabozzi since 1988; Kathleen F. Feldstein since 2005; James T. Flynn since 1996; Jerrold B. Harris since 1999; R. Glenn Hubbard since 2004; W. Carl Kester since 1998; Karen P. Robards since 1998 and Robert S. Salomon, Jr. since 1996.

## Officers and Directors/Trustees (continued)

| Name, Address and Year of Birth  | Position(s) Held with Trusts                | Length of Time Served as a Director/Trustee | Principal Occupation(s) During Past Five Years  | Number of BlackRock-Advised Funds and Portfolios Overseen | Public Directorships |
|--|---|---|---|---|----------------------|
| <b>Interested Directors/Trustees<sup>1</sup></b>                                 |   |   |   |   |                      |
| <b>Richard S. Davis</b><br>40 East 52nd Street<br>New York, NY 10022<br><br>1945 | Director/Trustee                            | Since 2007                                  | Managing Director, BlackRock, Inc. since 2005; Formerly Chief Executive Officer, State Street Research & Management Company from 2000 to 2005; Formerly Chairman of the Board of Trustees, State Street Research Mutual Funds from 2000 to 2005; Formerly Chairman, SSR Realty from 2000 to 2004.   | 185 Funds<br>295 Portfolios                               | None                 |
| <b>Henry Gabbay</b><br>40 East 52nd Street<br>New York, NY 10022<br><br>1947     | Director/Trustee                            | Since 2007                                  | Consultant, BlackRock, Inc. since 2007; Formerly Managing Director, BlackRock, Inc. from 1989 to 2007; Formerly Chief Administrative Officer, BlackRock Advisors, LLC from 1998 to 2007; Formerly President of BlackRock Funds and BlackRock Bond Allocation Target Shares from 2005 to 2007; Formerly Treasurer of certain closed-end funds in the BlackRock fund complex from 1989 to 2006. | 184 Funds<br>294 Portfolios                               | None                 |
| <b>Trust Officers<sup>2</sup></b>  |   |   |   |   |                      |
| <b>Donald C. Burke</b><br>40 East 52nd Street<br>New York, NY 10022<br><br>1960  | Trust President and Chief Executive Officer | Since 2007                                  | Managing Director of BlackRock, Inc. since 2006; Formerly Managing Director of Merrill Lynch Investment Managers, L.P. ( MLIM ) and Fund Asset Management, L.P. ( FAM ) in 2006; First Vice President thereof from 1997 to 2005; Treasurer thereof from 1999 to 2006 and Vice President thereof from 1990 to 1997.  |   |                      |
| <b>Anne F. Ackerley</b><br>40 East 52nd Street<br>New York, NY 10022<br><br>1962 | Vice President                              | Since 2003                                  | Managing Director of BlackRock, Inc. since 2000; Chief Operating Officer of BlackRock's U.S. Retail Group since 2006; Head of BlackRock's Mutual Fund Group from 2000 to 2006; Merrill Lynch & Co., Inc. from 1984 to 1986 and from 1988 to 2000, most recently as First Vice President and Operating Officer of the Mergers and Acquisitions Group.  |   |                      |
| <b>Neal J. Andrews</b><br>40 East 52nd Street                                    | Chief Financial Officer                     | Since 2007                                  | Managing Director of BlackRock, Inc. since 2006; Formerly Senior Vice   |   |                      |

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|                                       |   |
|---------------------------------------|---|
| <p>New York, NY 10022</p> <p>1966</p> | <p>President and Line of Business Head of Fund Accounting and Administration at PNC Global Investment Servicing (U.S.) Inc. (formerly PFPC Inc.) from 1992 to 2006.</p> |
|---------------------------------------|---|

|   |                                    |  |
|---|------------------------------------|--|
| <p><b>Jay M. Fife</b></p> <p>40 East 52nd Street<br/>New York, NY 10022</p> <p>1970</p> | <p>Treasurer</p> <p>Since 2007</p> | <p>Managing Director of BlackRock, Inc. since 2007 and Director in 2006; Formerly Assistant Treasurer of the MLIM/FAM advised funds from 2005 to 2006; Director of MLIM Fund Services Group from 2001 to 2006.</p> |
|---|------------------------------------|--|

|   |   |   |
|---|---|---|
| <p><b>Brian P. Kindelan</b></p> <p>40 East 52nd Street<br/>New York, NY 10022</p> <p>1959</p> | <p>Chief Compliance Officer of the Trusts</p> <p>Since 2007</p> | <p>Chief Compliance Officer of the BlackRock-advised Funds since 2007; Anti-Money Laundering Officer of the BlackRock-advised Funds since 2007; Managing Director and Senior Counsel of BlackRock, Inc. since 2005; Director and Senior Counsel of BlackRock Advisors, Inc. from 2001 to 2004 and Vice President and Senior Counsel thereof from 1998 to 2000; Formerly Senior Counsel of The PNC Bank Corp. from 1995 to 1998.</p> |
|---|---|---|

|  |                                    |   |
|--|------------------------------------|---|
| <p><b>Howard Surloff</b></p> <p>40 East 52nd Street<br/>New York, NY 10022</p> <p>1965</p> | <p>Secretary</p> <p>Since 2007</p> | <p>Managing Director of BlackRock, Inc. and General Counsel of U.S. Funds at BlackRock, Inc. since 2006; Formerly General Counsel (U.S.) of Goldman Sachs Asset Management, L.P. from 1993 to 2006.</p> |
|--|------------------------------------|---|

<sup>1</sup> Messrs. Davis and Gabbay are both interested persons, as defined in the Investment Company Act of 1940, of the Trusts based on their positions with BlackRock, Inc. and its affiliates. Directors/Trustees serve until their resignation, removal or death, or until December 31 of the year in which they turn 72.

<sup>2</sup> Officers of the Trusts serve at the pleasure of the Board of Directors/Trustees.

Officers and Directors/Trustees (concluded)

**Custodian**

State Street Bank and Trust Company  
Boston, MA 02101

**Trusts Address**

BlackRock Closed-End Funds  
c/o BlackRock Advisors, LLC  
100 Bellevue Parkway  
Wilmington, DE 19809

**Transfer Agents Common Shares:**

Computershare Trust  
Companies, N.A.  
Canton, MA 02021

**For Preferred and Equity Preferred Shares:**

BNY Mellon Shareowner Services  
Jersey City, NJ 07310

**Accounting Agent**

State Street Bank and Trust Company  
Princeton, NJ 08540

**Independent Registered Public Accounting Firm**

Deloitte & Touche LLP  
Princeton, NJ 08540

**Legal Counsel**

Skadden, Arps, Slate,  
Meagher & Flom LLP  
New York, NY 10036

## Additional Information

### Fund Certification

The Trusts are listed for trading on the New York Stock Exchange ( NYSE ) and have filed with the NYSE their annual chief executive officer certification regarding compliance with the NYSE s listing standards. Each Trust filed with the SEC the certification of their chief executive officer and chief financial officer required by section 302 of the Sabanes-Oxley Act.

### Availability of Quarterly Schedule of Investments

Each Trust files their complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. Each Trust s Forms N-Q are available on the SEC s website at <http://www.sec.gov> and may also be reviewed and copied at the SEC s Public Reference Room in Washington, DC.

Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. Each Trust s Forms N-Q may also be obtained upon request and without charge by calling (800) 441-7762.

### Electronic Delivery

Electronic copies of most financial reports are available on the Trusts website or shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual reports and prospectuses by enrolling in the Trusts electronic delivery program.

### Shareholders Who Hold Accounts with Investment Advisors, Banks or Brokerages:

Please contact your financial advisor to enroll. Please note that not all investment advisors, banks or brokerages may offer this service.

### General Information

The Trusts do not make available copies of their Statements of Additional Information because the Trusts shares are not continuously offered, which means that the Statements of Additional Information of the Trusts have not been updated after completion of the Trusts offering and the information contained in the Trusts Statements of Additional Information may have become outdated.

During the period, there were no material changes in the Trusts investment objectives or policies or to the Trusts charters or by-laws that were not approved by the shareholders or in the principal risk factors associated with the investment in the Trusts. There have been no changes in the persons who are primarily responsible for the day-to-day management of the Trusts portfolios. The Trusts will mail only one copy of shareholder documents, including annual and semi-annual reports and proxy statements, to shareholders with multiple accounts at the same address. This practice is commonly called householding and it is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. Mailings of your shareholder documents may be householded indefinitely unless you instruct us otherwise. If you do not want the mailing of these documents to be combined with those for other members of your household, please contact the Trusts at (800) 441-7762

Quarterly performance, semi-annual and annual reports and other information regarding each Trust may be found on BlackRock s website, which can be accessed at <http://www.blackrock.com>. This reference to BlackRock s website is intended to allow investors public access to information regarding each Trust and does not, and is not intended to, incorporate BlackRock s website into this report.

### Section 19 Notices

The amounts and sources of distributions reported are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources for tax reporting purposes will depend upon each Trust s investment experience during the year and may be subject to changes based on the tax regulations. The Trusts will send you a Form 1099-DIV each calendar year that will tell you how to report these distributions for federal income tax purposes.

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|  | Total Fiscal Period to Date Cumulative Distributions by Character |                            |                   |                        | Percentage of Fiscal Period to Date Cumulative Distributions by Character |                            |                   |                        |
|--|---|----------------------------|-------------------|------------------------|---|----------------------------|-------------------|------------------------|
|  | Net Investment Income   | Net Realized Capital Gains | Return of Capital | Total Per Common Share | Net Investment Income   | Net Realized Capital Gains | Return of Capital | Total Per Common Share |
| BlackRock Core Bond Trust                | \$ 0.545  | \$                         | \$ 0.08           | \$ 0.625               | 87%   | 0%                         | 13%               | 100%                   |
| BlackRock High Income Shares             | \$ 0.127  | \$                         | \$                | \$ 0.127               | 100%  | 0%                         | 0%                | 100%                   |
| BlackRock High Yield Trust               | \$ 0.510  | \$                         | \$                | \$ 0.510               | 100%  | 0%                         | 0%                | 100%                   |
| BlackRock Income Opportunity Trust, Inc. | \$ 0.514  | \$                         | \$                | \$ 0.514               | 100%  | 0%                         | 0%                | 100%                   |
| BlackRock Income Trust, Inc.             | \$ 0.247  | \$                         | \$                | \$ 0.247               | 100%  | 0%                         | 0%                | 100%                   |
| BlackRock Limited Duration Income Trust  | \$ 1.190  | \$                         | \$                | \$ 1.190               | 100%  | 0%                         | 0%                | 100%                   |
| BlackRock Strategic Bond Trust           | \$ 0.770  | \$                         | \$                | \$ 0.770               | 100%  | 0%                         | 0%                | 100%                   |

## Additional Information (concluded)

### BlackRock Privacy Principles

BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, Clients ) and to safeguarding their nonpublic personal information. The following information is provided to help you understand what personal information BlackRock collects, how we protect that information and why in certain cases we share such information with select parties.

If you are located in a jurisdiction where specific laws, rules or regulations require BlackRock to provide you with additional or different privacy-related rights beyond what is set forth below, then BlackRock will comply with those specific laws, rules or regulations.

BlackRock obtains or verifies personal nonpublic information from and about you from different sources, including the following: (i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our websites.

BlackRock does not sell or disclose to nonaffiliated third parties any nonpublic information about its Clients, except as permitted by law or as necessary to service Client accounts. These nonaffiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

We may share information with our affiliates to service your account or to provide you with information about other BlackRock products or services that may be of interest to you. In addition, BlackRock restricts access to nonpublic personal information about its Clients to those BlackRock employees with a legitimate business need for the information. BlackRock maintains physical, electronic and procedural safeguards that are designed to protect the nonpublic personal information of its Clients, including procedures relating to the proper storage and disposal of such information.

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This report is transmitted to shareholders only. It is not a prospectus. The Trusts have leveraged their Common Shares, which creates risks for Common Shareholders, including the likelihood of greater volatility of net asset value and market price of Common Shares, and the risk that fluctuations in the short-term interest rates may reduce the Common Shares yield. Past performance results shown in these reports should not be considered a representation of future performance. Statements and other information herein are as dated and are subject to change.

A description of the policies and procedures that the Trusts use to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling toll-free (800) 441-7762; (2) at [www.blackrock.com](http://www.blackrock.com); and (3) on the Securities and Exchange Commission's website at <http://www.sec.gov>. Information about how each Trust voted proxies relating to securities held in each Trust's portfolio during the most recent 12-month period ended June 30 is available upon request and without charge (1) at [www.blackrock.com](http://www.blackrock.com) or by calling (800) 441-7762 and (2) on the Securities and Exchange Commission's website at <http://www.sec.gov>.

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Item 2 ☐ Code of Ethics ☐ The registrant (or the "Fund") has adopted a code of ethics, as of the end of the period covered by this report, applicable to the registrant's principal executive officer, principal financial officer and principal accounting officer, or persons performing similar functions. During the period covered by this report, there have been no amendments to or waivers granted under the code of ethics. A copy of the code of ethics is available without charge at [www.blackrock.com](http://www.blackrock.com).

Item 3 ☐ Audit Committee Financial Expert ☐ The registrant's board of directors or trustees, as applicable (the "board of directors") has determined that (i) the registrant has the following audit committee financial experts serving on its audit committee and (ii) each audit committee financial expert is independent:

Kent Dixon

Frank J. Fabozzi

James T. Flynn

W. Carl Kester

Karen P. Robards

Robert S. Salomon, Jr.

The registrant's board of directors has determined that W. Carl Kester and Karen P. Robards qualify as financial experts pursuant to Item 3(c)(4) of Form N-CSR.

Prof. Kester has a thorough understanding of generally accepted accounting principles, financial statements and internal control over financial reporting as well as audit committee functions. Prof. Kester has been involved in providing valuation and other financial consulting services to corporate clients since 1978. Prof. Kester's financial consulting services present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements.

Ms. Robards has a thorough understanding of generally accepted accounting principles, financial statements and internal control over financial reporting as well as audit committee functions. Ms. Robards has been President of Robards & Company, a financial advisory firm, since 1987. Ms. Robards was formerly an investment banker for more than 10 years where she was responsible for evaluating and assessing the performance of companies based on their financial results. Ms. Robards has over 30 years of experience analyzing financial statements. She also is a member of the audit committee of one publicly held company and a non-profit organization.

Under applicable securities laws, a person determined to be an audit committee financial expert will not be deemed an "expert" for any purpose, including without limitation for the purposes of Section 11 of the Securities Act of 1933, as a result of being designated or identified as an audit committee financial expert. The designation or identification as an audit committee financial expert does not impose on such person any duties, obligations, or liabilities greater than the duties, obligations, and liabilities imposed on such person as a member of the audit committee and board of directors in the absence of such designation or identification.

Item 4 ☐ Principal Accountant Fees and Services

| <u>Entity Name</u> | <b>(a) Audit Fees</b> |                    | <b>(b) Audit-Related Fees<sup>1</sup></b> |                    | <b>(c) Tax Fees<sup>2</sup></b> |
|--------------------|-----------------------|--------------------|---|--------------------|---------------------------------|
|                    | <u>Current</u>        | <u>Previous</u>    | <u>Current</u>                            | <u>Previous</u>    | <u>Current</u>                  |
|                    | <u>Fiscal Year</u>    | <u>Fiscal Year</u> | <u>Fiscal Year</u>                        | <u>Fiscal Year</u> | <u>Fiscal Year</u>              |
|                    | <u>End</u>            | <u>End</u>         | <u>End</u>                                | <u>End</u>         | <u>End</u>                      |
| BlackRock Limited  |                       |                    |   |                    |                                 |
| Duration Income    | \$49,300              | \$44,200           | \$0                                       | \$0                | \$6,100                         |
| Trust              |                       |                    |   |                    |                                 |

<sup>1</sup> The nature of the services include assurance and related services reasonably related to the performance of the audit of financial statements not included in Audit Fees.

<sup>2</sup> The nature of the services include tax compliance, tax advice and tax planning.

<sup>3</sup> The nature of the services include a review of compliance procedures and attestation thereto.

(e)(1) Audit Committee Pre-Approval Policies and Procedures:

The registrant's audit committee (the "Committee") has adopted policies and procedures with regard to the pre-approval of services. Audit, audit-related and tax compliance services provided to the registrant on an annual basis require specific pre-approval by the Committee. The Committee also must approve other non-audit services provided to the registrant and those non-audit services provided to the registrant's affiliated service providers that relate directly to the operations and the financial reporting of the registrant. Certain of these non-audit services that the Committee believes are a) consistent with the SEC's auditor independence rules and b) routine and recurring services that will not impair the independence of the independent accountants may be approved by the Committee without consideration on a specific case-by-case basis ("general pre-approval"). The term of any general pre-approval is 12 months from the date of the pre-approval, unless the Committee provides for a different period. Tax or other non-audit services provided to the registrant which have a direct impact on the operation or financial reporting of the registrant will only be deemed pre-approved provided that any individual project does not exceed \$10,000 attributable to the registrant or \$50,000 for all of the registrants the Committee oversees. For this purpose, multiple projects will be aggregated to determine if they exceed the previously mentioned cost levels.

Any proposed services exceeding the pre-approved cost levels will require specific pre-approval by the Committee, as will any other services not subject to general pre-approval (e.g., unanticipated but permissible services). The Committee is informed of each service approved subject to general pre-approval at the next regularly scheduled in-person board meeting. At this meeting, an analysis of such services is presented to the Committee for ratification. The Committee may delegate to one or more of its members the authority to approve the provision of and fees for any specific engagement of permitted non-audit services, including services exceeding pre-approved cost levels.

(e)(2) None of the services described in each of Items 4(b) through (d) were approved by the audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

(f) Not Applicable

(g) Affiliates' Aggregate Non-Audit Fees:

| <u>Entity Name</u> | <u>Current Fiscal Year</u> | <u>Previous Fiscal Year</u> |
|--------------------|----------------------------|-----------------------------|
|                    | <u>End</u>                 | <u>End</u>                  |

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|  |           |           |
|--|-----------|-----------|
| BlackRock Limited Duration<br>Income Trust | \$294,649 | \$291,642 |
|--|-----------|-----------|

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(h) The registrant's audit committee has considered and determined that the provision of non-audit services that were rendered to the registrant's investment advisor (not including any non-affiliated sub-advisor whose role is primarily portfolio management and is subcontracted with or overseen by the registrant's investment advisor), and any entity controlling, controlled by, or under common control with the investment advisor that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

Regulation S-X Rule 2-01(c)(7)(ii)  \$287,500, 0%

Item 5  Audit Committee of Listed Registrants  The following individuals are members of the registrant's separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(58)(A)):

Kent Dixon  
Frank J. Fabozzi  
James T. Flynn  
W. Carl Kester  
Karen P. Robards  
Robert S. Salomon, Jr.

Item 6  Investments

(a) The registrant's Schedule of Investments is included as part of the Report to Stockholders filed under Item 1 of this form.

(b) Not Applicable due to no such divestments during the semi-annual period covered since the previous Form N-CSR filing.

Item 7  Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies  The board of directors has delegated the voting of proxies for the Fund securities to the Fund's investment advisor (the "Investment Advisor") pursuant to the Investment Advisor's proxy voting guidelines. Under these guidelines, the Investment Advisor will vote proxies related to Fund securities in the best interests of the Fund and its stockholders. From time to time, a vote may present a conflict between the interests of the Fund's stockholders, on the one hand, and those of the Investment Advisor, or any affiliated person of the Fund or the Investment Advisor, on the other. In such event, provided that the Investment Advisor's Equity Investment Policy Oversight Committee, or a sub-committee thereof (the "Oversight Committee") is aware of the real or potential conflict or material non-routine matter and if the Oversight Committee does not reasonably believe it is able to follow its general voting guidelines (or if the particular proxy matter is not addressed in the guidelines) and vote impartially, the Oversight Committee may retain an independent fiduciary to advise the Oversight Committee on how to vote or to cast votes on behalf of the Investment Advisor's clients. If the Investment Advisor determines not to retain an independent fiduciary, or does not desire to follow the advice of such independent fiduciary, the Oversight Committee shall determine how to vote the proxy after consulting with the Investment Advisor's Portfolio Management Group and/or the Investment Advisor's Legal and Compliance Department and concluding that the vote cast is in its client's best interest notwithstanding the conflict. A copy of the Fund's Proxy Voting Policy and Procedures are attached as Exhibit 99.PROXYPOL. Information on how the Fund voted proxies relating to portfolio securities during the most recent 12-month period

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ended June 30 is available without charge, (i) at [www.blackrock.com](http://www.blackrock.com) and (ii) on the SEC's website at <http://www.sec.gov>.

Item 8 ☐ Portfolio Managers of Closed-End Management Investment Companies ☐ as of August 31, 2008.

(a)(1) BlackRock Limited Duration Income Trust is managed by a team of investment professionals comprised of Mark J. Williams, Managing Director and head of the bank loan investment team at BlackRock, Kevin J. Booth, CFA, Managing Director and co-head of the high yield team at BlackRock, James Keenan, CFA, Managing Director and co-head of the high yield team at BlackRock, and Jeffrey Gary, CPA, Managing Director at BlackRock. Each is a member of BlackRock's fixed income portfolio management group. Messrs. Williams, Booth and Keenan are the Fund's co-portfolio managers and are responsible for the day-to-day management of the Fund's portfolio and the selection of its investments. Mr. Gary has been a member of the Fund's portfolio management team since 2006. Messrs. Williams, Booth and Keenan have been members of the Fund's portfolio management team since 2007.

Mark J. Williams heads BlackRock's bank loan investment team within the Fixed Income Portfolio Management Group and is co-head of BlackRock's leveraged finance business. He is a member of the firm's Investment Strategy Group and the Alternatives Operating Committee. Mr. Williams is also involved in the evaluation and sourcing of mezzanine investments, and is a member of the Investment Committee for BlackRock Kelso Capital, the firm's business development company. Prior to joining BlackRock in 1998, Mr. Williams spent eight years with PNC Bank's New York office and was a founding member of the bank's leveraged finance group. In that capacity he was responsible for structuring proprietary middle market leveraged deals and sourcing and evaluating broadly syndicated leveraged loans in the primary and secondary markets for PNC Bank's investment portfolio. Mr. Williams has developed extensive contacts over the years working with private equity sponsors and major loan syndication groups. From 1984 until 1990, Mr. Williams worked in PNC Bank's Philadelphia office in a variety of marketing and corporate finance positions.

Kevin Booth is co-head of the high yield team within BlackRock's Fixed Income Portfolio Management Group, he also co-heads BlackRock's leveraged finance business. His primary responsibilities are managing portfolios and directing investment strategy. He specializes in hybrid high yield portfolios, consisting of leveraged bank loans, high yield bonds, and distressed obligations. Prior to joining BlackRock, Mr. Booth was a Managing Director (Global Fixed Income) of Merrill Lynch Investment Managers (MLIM) in 2006, a Director from 1998 to 2006 and was a Vice President of MLIM from 1991 to 1998. He has been a portfolio manager with BlackRock or MLIM since 1992, and was a member of MLIM's bank loan group from 2000 to 2006.

James Keenan is co-head of the high yield team within BlackRock's Fixed Income Portfolio Management Group and co-head of BlackRock's leveraged finance business. His primary responsibilities are managing portfolios and directing investment strategy. Mr. Keenan has been with BlackRock since 2004. Prior to joining BlackRock, he was a senior high yield trader at Columbia Management Group. Mr. Keenan began his investment career at UBS Global Asset Management where he held roles as a trader, research analyst and a portfolio analyst from 1998 through 2003.

Jeffrey Gary is a senior member of the high yield team within BlackRock's Fixed Income Portfolio Management Group. His primary responsibilities are business development, client service, and

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product development. Prior to joining BlackRock in 2003, Mr. Gary was a Managing Director and portfolio manager with AIG (American General) Investment Group.

(a)(2) As of August 31, 2008:

| Name of<br>Portfolio Manager | Number of Other Accounts Managed<br>and Assets by Account Type |  |                      | Number of Other Accounts and<br>Assets for Which Advisory Fee is<br>Performance-Based |  |                      |
|------------------------------|--|--|----------------------|---|--|----------------------|
|                              | Other<br>Registered<br>Investment<br>Companies                 | Other Pooled<br>Investment<br>Vehicles | Other<br>Accounts    | Other<br>Registered<br>Investment<br>Companies  | Other Pooled<br>Investment<br>Vehicles | Other<br>Accounts    |
| Mark J. Williams             | 10<br>\$2.61 Billion   | 17<br>\$6.7 Billion                    | 2<br>\$364 Million   | 0<br>\$0  | 12<br>\$5.5 Billion                    | 0<br>\$0             |
| Kevin Booth                  | 24<br>\$8.44 Billion   | 10<br>\$4.87 Billion                   | 10<br>\$1.97 Billion | 0<br>\$0  | 4<br>\$2.98 Billion                    | 3<br>\$400 Million   |
| James Keenan                 | 18<br>\$6.62 Billion   | 9<br>\$4.93 Billion                    | 59<br>\$8.9 Billion  | 0<br>\$0  | 4<br>\$3.56 Billion                    | 20<br>\$4.29 Billion |
| Jeffrey Gary                 | 14<br>\$5.66 Billion   | 8<br>\$2.7 Billion                     | 15<br>\$5.94 Billion | 0<br>\$0  | 4<br>\$1.7 Billion                     | 6<br>\$800.7 Million |

(iv) Potential Material Conflicts of Interest

BlackRock, Inc. and its affiliates (collectively, herein "BlackRock") has built a professional working environment, firm-wide compliance culture and compliance procedures and systems designed to protect against potential incentives that may favor one account over another. BlackRock has adopted policies and procedures that address the allocation of investment opportunities, execution of portfolio transactions, personal trading by employees and other potential conflicts of interest that are designed to ensure that all client accounts are treated equitably over time. Nevertheless, BlackRock furnishes investment management and advisory services to numerous clients in addition to the Fund, and BlackRock may, consistent with applicable law, make investment recommendations to other clients or accounts (including accounts which are hedge funds or have performance or higher fees paid to BlackRock, or in which portfolio managers have a personal interest in the receipt of such fees), which may be the same as or different from those made for the Fund. In addition, BlackRock, its affiliates and any officer, director, stockholder or employee may or may not have an interest in the securities whose purchase and sale BlackRock recommends to the Fund. BlackRock, or any of its affiliates, or any officer, director, stockholder, employee or any member of their families may take different actions than those recommended to the Fund by BlackRock with respect to the same securities. Moreover, BlackRock may refrain from rendering any advice or services concerning securities of companies of which any of BlackRock's (or its affiliates') officers, directors or employees are directors or officers, or companies as to which BlackRock or any of its affiliates or the officers, directors or employees of any of them has any substantial economic interest or possesses material non-public information. Each portfolio manager also may manage accounts whose investment strategies may at times be opposed to the strategy utilized for a fund. In this regard, it should be noted that Messrs. Williams, Booth, Keenan and Gary currently manage certain accounts that are subject to performance fees. In addition, Mr. Keenan assists in managing certain hedge funds and may be entitled to receive a portion of any incentive fees earned on such funds and a portion of such incentive fees may be voluntarily or involuntarily deferred. Additional portfolio managers may in the future manage other such accounts or funds and may be entitled to receive incentive fees.

As a fiduciary, BlackRock owes a duty of loyalty to its clients and must treat each client fairly. When BlackRock purchases or sells securities for more than one account, the trades must be allocated in a manner consistent with its fiduciary duties. BlackRock attempts to allocate investments in a fair and equitable manner among client accounts, with no account receiving preferential treatment. To this end, BlackRock has adopted a policy that is intended to ensure that investment opportunities are allocated fairly and equitably among client accounts over time. This policy also seeks to achieve reasonable efficiency in client transactions and provide BlackRock with sufficient flexibility to allocate investments in a manner that is consistent with the particular investment discipline and client base.

(a)(3) As of August 31, 2008:

### **Portfolio Manager Compensation Overview**

BlackRock's financial arrangements with its portfolio managers, its competitive compensation and its career path emphasis at all levels reflect the value senior management places on key resources. Compensation may include a variety of components and may vary from year to year based on a number of factors. The principal components of compensation include a base salary, a performance-based discretionary bonus, participation in various benefits programs and one or more of the incentive compensation programs established by BlackRock such as its Long-Term Retention and Incentive Plan and Restricted Stock Program.

**Base compensation.** Generally, portfolio managers receive base compensation based on their seniority and/or their position with the firm. Senior portfolio managers who perform additional management functions within the portfolio management group or within BlackRock may receive additional compensation for serving in these other capacities.

### **Discretionary Incentive Compensation**

Discretionary incentive compensation is a function of several components: the performance of BlackRock, Inc., the performance of the portfolio manager's group within BlackRock, the investment performance, including risk-adjusted returns, of the firm's assets under management or supervision by that portfolio manager relative to predetermined benchmarks, and the individual's seniority, role within the portfolio management team, teamwork and contribution to the overall performance of these portfolios and BlackRock. In most cases, including for the portfolio managers of the Fund, these benchmarks are the same as the benchmark or benchmarks against which the performance of the Fund or other accounts managed by the portfolio managers are measured. BlackRock's Chief Investment Officers determine the benchmarks against which the performance of funds and other accounts managed by each portfolio manager is compared and the period of time over which performance is evaluated. With respect to the portfolio managers, such benchmarks for the Fund include the following:

#### **Portfolio Manager Benchmarks Applicable to Each Manager**

|               |  |
|---------------|--|
| Mark Williams | A combination of market-based indices (e.g., Credit Suisse Leveraged Loan Index, LIBOR), certain customized indices and certain fund industry peer groups.                         |
| Kevin Booth   | A combination of market-based indices (e.g., The Lehman Brothers U.S. Corporate High Yield 2% Issuer Cap Index), certain customized indices and certain fund industry peer groups. |

BlackRock's Chief Investment Officers make a subjective determination with respect to the portfolio managers' compensation based on the performance of the funds and other accounts managed by each portfolio manager relative to the various benchmarks noted above. Performance is measured on both a pre-tax and after-tax basis over various time periods including 1, 3, 5 and 10-year periods, as applicable.

### **Distribution of Discretionary Incentive Compensation**

Discretionary incentive compensation is distributed to portfolio managers in a combination of cash and BlackRock, Inc. restricted stock units which vest ratably over a number of years. The BlackRock, Inc. restricted stock units, if properly vested, will be settled in BlackRock, Inc. common stock. Typically, the cash bonus, when combined with base salary, represents more than 60% of total compensation for the portfolio managers. Paying a portion of annual bonuses in stock puts compensation earned by a portfolio manager for a given year "at risk" based on BlackRock's ability to sustain and improve its performance over future periods.

*Long-Term Retention and Incentive Plan (LTIP)* The LTIP is a long-term incentive plan that seeks to reward certain key employees. Prior to 2006, the plan provided for the grant of awards that were expressed as an amount of cash that, if properly vested and subject to the attainment of certain performance goals, will be settled in cash and/or in BlackRock, Inc. common stock. Beginning in 2006, awards are granted under the LTIP in the form of BlackRock, Inc. restricted stock units that, if properly vested and subject to the attainment of certain performance goals, will be settled in BlackRock, Inc. common stock. Each portfolio manager has received awards under the LTIP.

*Deferred Compensation Program* A portion of the compensation paid to eligible BlackRock employees may be voluntarily deferred into an account that tracks the performance of certain of the firm's investment products. Each participant in the deferred compensation program is permitted to allocate his deferred amounts among the various investment options. Each portfolio manager has participated in the deferred compensation program.

*Options and Restricted Stock Awards* A portion of the annual compensation of certain employees is mandatorily deferred into BlackRock restricted stock units. Prior to the mandatory deferral into restricted stock units, BlackRock granted stock options to key employees, including certain portfolio managers who may still hold unexercised or unvested options. BlackRock, Inc. also granted restricted stock awards designed to reward certain key employees as an incentive to contribute to the long-term success of BlackRock. These awards vest over a period of years. Mr. Williams has been granted stock options and/or restricted stock in prior years.

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**Other compensation benefits.** In addition to base compensation and discretionary incentive compensation, portfolio managers may be eligible to receive or participate in one or more of the following:

*Incentive Savings Plans* □ BlackRock, Inc. has created a variety of incentive savings plans in which BlackRock employees are eligible to participate, including a 401(k) plan, the BlackRock Retirement Savings Plan (RSP), and the BlackRock Employee Stock Purchase Plan (ESPP). The employer contribution components of the RSP include a company match equal to 50% of the first 6% of eligible pay contributed to the plan capped at \$4,000 per year, and a company retirement contribution equal to 3% of eligible compensation, plus an additional contribution of 2% for any year in which BlackRock has positive net operating income. The RSP offers a range of investment options, including registered investment companies managed by the firm. BlackRock contributions follow the investment direction set by participants for their own contributions or, absent employee investment direction, are invested into a balanced portfolio. The ESPP allows for investment in BlackRock common stock at a 5% discount on the fair market value of the stock on the purchase date. Annual participation in the ESPP is limited to the purchase of 1,000 shares or a dollar value of \$25,000. Each portfolio manager is eligible to participate in these plans.

(a)(4) *Beneficial Ownership of Securities.* As of August 31, 2008, none of Messrs. Williams, Booth, Keenan or Gary beneficially owned any stock issued by the Fund.

Item 9 □ Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers □ Not Applicable due to no such purchases during the period covered by this report.

Item 10 □ Submission of Matters to a Vote of Security Holders □ The registrant's Nominating and Governance Committee will consider nominees to the board of directors recommended by shareholders when a vacancy becomes available. Shareholders who wish to recommend a nominee should send nominations that include biographical information and set forth the qualifications of the proposed nominee to the registrant's Secretary. There have been no material changes to these procedures.

Item 11 □ Controls and Procedures

11(a) □ The registrant's principal executive and principal financial officers or persons performing similar functions have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended.

11(b) □ There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12 □ Exhibits attached hereto

12(a)(1) □ Code of Ethics □ See Item 2

12(a)(2) □ Certifications □ Attached hereto

12(a)(3) □ Not Applicable

12(b) □ Certifications □ Attached hereto

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Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BlackRock Limited Duration Income Trust

By: /s/ Donald C. Burke  
Donald C. Burke  
Chief Executive Officer of  
BlackRock Limited Duration Income Trust

Date: October 20, 2008

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

By: /s/ Donald C. Burke  
Donald C. Burke  
Chief Executive Officer (principal executive officer) of  
BlackRock Limited Duration Income Trust

Date: October 20, 2008

By: /s/ Neal J. Andrews  
Neal J. Andrews  
Chief Financial Officer (principal financial officer) of  
BlackRock Limited Duration Income Trust

Date: October 20, 2008

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